



**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

SAN DIEGO GAS & ELECTRIC COMPANY) DOCKET NO. ER10-__-__

SAN DIEGO GAS & ELECTRIC COMPANY

OPEN ACCESS DISTRIBUTION TARIFF

VOLUME NO. 6

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1. PREAMBLE AND APPLICABILITY

1.1 Preamble: San Diego Gas & Electric Company (SDG&E) hereby offers open access, wholesale distribution service to Eligible Customers, under the rates, terms and conditions set forth in this Wholesale Distribution Open Access Tariff (Tariff).

1.2 Applicability. Distribution Service is limited to Eligible Customers seeking new Distribution Service and to existing Distribution Customers seeking to modify Distribution Service. This Tariff may not be used for: 1) CPUC jurisdictional or otherwise retail electric service; 2) service that does not originate or terminate on the ISO Controlled Grid; 3) service prohibited under Section 212(h) of the Federal Power Act; or 4) service that is otherwise in conflict with the provisions of this Tariff, State or Federal law, or the rules and regulations of an agency or organization to which SDG&E may be subject.

2. DEFINITIONS

Capitalized terms used in this Tariff shall have the meaning set out below unless otherwise stated in this Tariff.

2.1 Ancillary Services: As indicated by Good Utility Practice, services necessary to transmit capacity and energy from resources to load while maintaining reliable transmission system operation.

2.2 Application: A request for Distribution Service pursuant to Section 15 of this Tariff.

2.3 CIAC - Contribution In-Aid-of Construction: All property, including money, received by SDG&E from an Eligible Customer to provide for the installation, improvement, replacement, or expansion of SDG&E Distribution Facilities.

2.4 Commission: The Federal Energy Regulatory Commission.

2.5 Completed Application: An Application meeting all of the requirements of Section 15 of this Tariff and all other applicable Tariff terms and conditions.

2.6 CPUC: The California Public Utilities Commission.

2.7 Curtailment: A reduction in Distribution Service ordered by SDG&E to address system reliability conditions or pursuant to a directive from the ISO.

2.8 Designated Agent: An entity that performs actions pursuant to the Tariff on the behalf of a Distribution Customer or SDG&E. Any such entity must be either: 1) a registered energy service provider as that term is defined by CPUC regulations, California State law or both; or 2) owned, operated, directly managed, or staffed by a California Licensed Professional Engineer with a minimum of 15 years' experience in the electric utility industry.

2.9 Direct Assignment Facilities: Distribution Facilities or portions of those facilities that are constructed by SDG&E for the sole use or benefit of a particular Distribution Customer.

2.10 Distribution Customer: An Eligible Customer (or its Designated Agent) receiving Distribution Service.

2.11 Distribution Service: Service under this Tariff, limited to: 1) delivery of resources from the ISO Controlled Grid to the loads of Load Serving Entities interconnected to the Distribution System; or 2) providing Generators interconnected to the Distribution System access to the ISO Controlled Grid. Any service that does not originate or terminate on the ISO Controlled Grid is specifically prohibited.

2.12 Distribution System: Facilities owned, operated and controlled by SDG&E that are used to transmit electricity but that are not a part of the ISO Controlled Grid. Distribution Facilities are those facilities that comprise the

Distribution System.

2.13 Eligible Customer: Any electric utility (including SDG&E), power marketing agency, or any person generating or purchasing electric energy for resale. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico.

2.14 Facilities Study: An engineering study conducted by SDG&E to determine any required modifications to the Distribution System, including the cost and scheduled completion date for such modifications, that will be required to provide Distribution Service.

2.15 Generator: A facility that produces electric energy for delivery to the ISO Controlled Grid.

2.16 Good Utility Practice: Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility 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. Good Utility Practice includes the development of standard practices and operating

procedures that are responsive to ISO regulations, neighboring utilities (including SDG&E), regulatory agencies and other government entities.

2.17 ISO: The California Independent System Operator or successor organization. The ISO Tariff is the Commission-approved tariff filed by the ISO. The ISO Controlled Grid is comprised of those facilities under the operational control of the ISO, as defined in the ISO Tariff and as approved by the Commission.

2.18 ITCC: Income Tax Component of Contributions is the Federal and State tax SDG&E pays on income received as a CIAC.

2.19 Load Serving Entity (LSE): An Eligible Customer or Distribution Customer that receives capacity and energy from the ISO Controlled Grid for delivery to load interconnected to the Distribution System.

2.20 Load Shedding: The reduction of system demand by a Load Serving Entity.

2.21 Party or Parties: SDG&E, Eligible Customers and Distribution Customers.

2.22 Service Agreement: The initial agreement and any amendments or supplements specifying the rates, terms and conditions for Distribution Service to a specific Distribution Customer.

2.23 System Impact Study: An assessment by SDG&E of (i) the adequacy of the Distribution Facilities to accommodate a request for Distribution Service and (ii) whether any additional costs may be incurred in order to provide Distribution Service. The System Impact Study shall identify any system constraints and redispatch options and Direct Assignment Facilities required to provide the requested service.

3. ANCILLARY SERVICES

Ancillary Services are not available under this Tariff. As a condition to service under this Tariff, all Distribution Customers must comply with all ISO Tariff requirements, including those governing Ancillary Services. Upon reasonable notice, Distribution Customers must provide SDG&E with verifiable documentation of ISO Tariff compliance.

4. LOCAL FURNISHING BONDS

4.1 Applicability: This provision is applicable only in the event that SDG&E has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this Tariff, the SDG&E shall not be required to provide Distribution Service if the provision of such Distribution Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the facilities that would be used in providing such Distribution Service.

4.2 Alternative Procedures for Requesting Distribution Service:

(i) If the SDG&E determines that the provision of Distribution Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Distribution Service, it shall advise the Eligible Customer within thirty (30) days of receipt of a Completed Application.

If the Eligible Customer thereafter renews its request for the same Distribution Service referred to in Section 4.2(i) of this Tariff by tendering an application under Section 211 of the Federal Power Act, SDG&E will, within ten (10) days of receiving a copy of the Section 211 application, waive its rights to object to the issuance of a proposed order under Section 212(c) of the Federal Power Act.

5. BILLING AND PAYMENT

5.1 Billing Procedure: Within a reasonable time after the first day of each month, SDG&E shall submit an invoice to the Distribution Customer for the charges for all services furnished under this Tariff during the preceding month. The Distribution Customer shall pay the invoice within twenty (20) days of receipt. All payments shall immediately be made in U.S. funds payable to SDG&E. If payment is by wire transfer, payment shall be to a bank named by SDG&E and to an account number in the name of SDG&E.

5.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by SDG&E.

5.3 Customer Default: In the event the Distribution Customer fails, for any reason other than a billing dispute as described below, to make payment to SDG&E on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after SDG&E notifies the Distribution Customer to cure such failure, a default by the Distribution Customer shall be deemed to exist. Upon the occurrence of a default, SDG&E may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission approves any such request. In the event of a billing dispute between SDG&E and the Distribution Customer, SDG&E will continue to provide

service under the Service Agreement as long as the Distribution Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Distribution Customer fails to meet these two requirements for continuation of service, then SDG&E may provide notice to the Distribution Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

6. REGULATORY FILINGS

Nothing contained in this Tariff or any Service Agreement, except to the extent provided in such Service Agreement, shall be construed as affecting in any way the right of SDG&E to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under this Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

7. UNCONTROLLABLE FORCE AND INDEMNIFICATION

7.1 Uncontrollable Force: An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of SDG&E or a Distribution Customer which could not be avoided through the exercise of Good Utility Practice. Neither SDG&E nor a Distribution Customer will be considered in default of any obligation under this Tariff or Service Agreement if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force.

7.2 Occurrence of Uncontrollable Force: In the event of the occurrence of an Uncontrollable Force which prevents SDG&E or a Distribution Customer from performing any of its obligations under this Tariff, the affected entity shall (i) if it is SDG&E, immediately notify the Distribution Customer in writing of the occurrence of such Uncontrollable Force and, if it is a Distribution Customer, immediately notify SDG&E in writing of the occurrence of such Uncontrollable Force; (ii) not be entitled to suspend performance of its obligations under this Tariff in any greater scope or for any longer duration than is required by the Uncontrollable Force; (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform and resume full performance of its obligations hereunder; (iv) in the case of SDG&E, keep the Distribution Customer apprised of such efforts, and in the case of the Distribution Customer, keep SDG&E apprised of such efforts, in each case on a continual basis; and (v) provide written notice of the resumption of its performance

of its obligations hereunder.

Notwithstanding any of the foregoing, the settlement of any strike, lockout or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the entity involved in such strike, lockout or labor dispute and the requirement that an entity must use its best efforts to mitigate the effects of the Uncontrollable Force and/or remedy its inability to perform and resume full performance of its obligations hereunder shall not apply to strikes, lockouts, or labor disputes.

7.3 Liability for Damages: SDG&E shall not be liable for damages to any Distribution Customer for any losses, damages, claims, liability, costs or expenses (including legal expenses) arising from the performance or nonperformance of its obligations under this Tariff, except to the extent that they result from negligence or intentional wrongdoing on the part of SDG&E.

7.4 Exclusion of Certain Types of Loss: SDG&E shall not be liable to any Distribution Customer under any circumstances for any consequential or indirect financial loss including but not limited to loss of profit, loss of earnings or revenue, loss of use, loss of contract or loss of goodwill except to the extent that it results from negligence or intentional wrongdoing on the part of SDG&E.

7.5 Distribution Customer Indemnity: Each Distribution Customer, to the extent permitted by law, shall indemnify SDG&E and hold it harmless against all losses, damages, claims, liabilities, costs or expenses (including legal expenses) arising from any act or omission of the Distribution Customer except to the extent

that they result from SDG&E's default under this Tariff or negligence or intentional wrongdoing on the part of SDG&E or of its officers, directors or employees.

8. CREDITWORTHINESS

For the purpose of determining the ability of an Eligible Customer or a Distribution Customer to meet its obligations related to service hereunder, SDG&E may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, SDG&E may require an Eligible Customer or a Distribution Customer to provide and maintain in effect during the term of the Service Agreement, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under the Tariff, or an alternative form of security proposed by an Eligible Customer or a Distribution Customer and acceptable to SDG&E and consistent with commercial practices established by the Uniform Commercial Code that protects SDG&E against the risk of non-payment. SDG&E will determine on a non-discriminatory basis whether security will be required. Absent a material adverse change in the creditworthiness of a Distribution Customer, security will not be required where the Distribution Customer has previously established its creditworthiness pursuant to a tariff, rate schedule, or service contract for service provided by SDG&E, and has not defaulted on its obligation under that applicable tariff or rate schedule.

9. DISPUTE RESOLUTION PROCEDURES

9.1 Applicability: Except as otherwise limited by this Tariff or by law (including the rights of any Party to file a complaint with the Commission under the relevant provisions of the Federal Power Act), the following Dispute Resolution Procedures (Procedures) shall apply to all disputes between Parties that arise under the Tariff. Provided, however, that the Procedures shall not apply to:

9.1.1 Disputes arising under contracts that pre-date the original Tariff filing, except as the disputing Parties may otherwise agree;

9.1.2 Disputes as to whether rates, terms, conditions, and charges set forth in the Tariff are just and reasonable under the Federal Power Act.

9.2 Disputes Involving Government Agencies: If a Party to a dispute is a government agency the procedures which herein provide for the resolution of claims and arbitration of disputes are subject to any limitations imposed on the agency by law, including but not limited to the authority of the agency to effect a remedy. If the governmental agency is a federal entity, the procedures herein shall not apply to disputes involving issues arising under the United States Constitution.

9.3 Injunctive and Declaratory Relief: Where the court having

jurisdiction so determines, use of the Procedures shall not be a condition precedent to a court action for injunctive relief nor shall the provisions of California Code of Civil Procedures sections 1281 *et seq.* apply to such court actions.

9.4 Negotiation and Mediation:

9.4.1 Negotiation.

The Parties shall make good-faith efforts to negotiate and resolve any dispute between them arising under the Tariff prior to invoking the Procedures outlined herein. Each Party shall designate an individual with authority to negotiate the matter in dispute to participate in such negotiations.

9.4.2 Statement of Claim.

In the event a dispute is not resolved through such good-faith negotiations, any one of the Parties may submit a statement of claim, in writing, to each other disputing Party, which submission shall commence the Procedures. The statement of claim shall set forth in reasonable detail (i) each claim; (ii) the relief sought, including the proposed award, if applicable; (iii) a summary of the grounds for such relief and the basis for each claim; (iv) the Parties to the dispute; and (v) the individuals having knowledge of each claim. The other Parties to the dispute shall similarly submit their respective statements of claim within fourteen (14) days of the date of the initial statement of claim. If any responding Party wishes to submit

a counterclaim in response to the statement of claim, it shall be included in such Party's responsive statement of claim. A summary of the statements of claim shall be published by SDG&E on SDG&E's Internet web site.

9.4.3 Selection of Mediator.

After submission of the statements of claim, the Parties may request mediation, if at least 75% of the disputing Parties so agree, except that where a dispute involves three Parties, at least two of the Parties must agree to mediation. If the Parties agree to mediate, SDG&E shall distribute to the Parties by facsimile or other electronic means a list containing the names of at least seven prospective mediators with mediation experience, or with technical or business experience in the electric power industry, or both, as it shall deem appropriate to the dispute. The Parties shall either agree upon a mediator from the list provided or from any alternative source, or alternate in striking names from the list with the last name on the list becoming the mediator. The first Party to strike off a name from the list shall be determined by lot. The Parties shall have seven (7) days from the date of receipt of SDG&E's list of prospective mediators to complete the mediator selection process and appoint the mediator, unless the time is extended by mutual agreement.

9.4.4 Mediation.

The mediator and representatives of the disputing Parties, with authority to settle the dispute, shall within fourteen (14) days after the mediator's date of appointment schedule a date to mediate the dispute. Matters discussed

during the mediation shall be confidential and shall not be referred to in any subsequent proceeding.

9.5 Demand for Arbitration: If the disputing Parties have not succeeded in negotiating a resolution of the dispute within thirty (30) days of the initial statement of claim or, if within that period the Parties agreed to mediate, within thirty (30) days of the Parties first meeting with the mediator, such Parties shall be deemed to be at impasse and any such disputing Party may then commence the arbitration process, unless the Parties by mutual agreement agree to extend the time. A Party seeking arbitration shall provide notice of its demand for arbitration to the other disputing Parties and to SDG&E, who shall publish notice of such demand on its Internet web site.

9.6 Arbitration: The Arbitration shall be generally conducted in accord with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Commission approved regional transmission organization rules, unless otherwise specifically provided for herein or by mutual agreement of the Parties. Where a dispute involves issues also pending arbitration under the ISO Tariff, the dispute may be consolidated with the other pending proceeding(s) by agreement of the Parties, which agreement shall not be unreasonably withheld.

9.6.1 Arbitration Decision.

The Arbitration Decision shall be based on: (i) the terms and conditions of the Tariff; (ii) the evidence in the record; (iii) applicable United States federal law, including the Federal Power Act and any applicable

Commission regulations and decisions; and (iv) applicable state law.

Unless the Arbitration Decision is appealed under Section 9.6.2 of this Tariff, the disputing Parties shall, upon receipt of the decision, immediately take whatever action is required to comply with the award to the extent the award does not require regulatory action. An award that is not appealed shall be deemed to have the same force and effect as an order entered by the Commission or any court of competent jurisdiction. Following the expiration of the time for appeal of an award pursuant to Section 9.6.2 of this Tariff, any Party may apply to the Commission or any court of competent jurisdiction for entry and enforcement of judgment based on the award.

9.6.2 Appeal of Arbitration Decision

Within 30 days of issuance of the Arbitration Decision, a Party may give notice to all other Parties and apply to the Commission or any court of competent jurisdiction to hear an appeal of an arbitration award only upon the grounds that the award is contrary to or beyond the scope of the Tariff, United States federal law, including, without limitation, the Federal Power Act, and any Commission regulations and decisions, or state law. The Parties intend that the Commission or the court of competent jurisdiction should afford substantial deference to the factual findings of the arbitrator. No Party shall seek to expand the record before the Commission or court of competent jurisdiction beyond that assembled by the arbitrator, except (i) by making reference to legal authority which did not exist at the time of the Arbitration Decision, or (ii) if such Party contends the decision was

based upon or affected by fraud, collusion, corruption, misconduct or misrepresentation. The appellant shall file the complete evidentiary record of the arbitration and a copy of the Arbitration Award with the Commission or with the court of competent jurisdiction. The appellant shall serve on all Parties copies of a description of all materials included in the submitted evidentiary record.

9.6.3 Costs.

The costs of the time, expenses, and other charges of the arbitrator(s) shall be borne by the Parties to the dispute, with each side on an arbitrated issue bearing its pro-rata share of such costs, and each Party to an arbitration proceeding bearing its own costs and fees. If the arbitrator(s) determine(s) that a demand for arbitration or response to a demand for arbitration was made in bad faith, the arbitrator(s) shall have discretion to award the costs of the time, expenses, and other charges of the arbitrator(s) to the prevailing Party.

9.6.4 Judicial Review of Commission Orders.

Commission orders resulting from appeals shall be subject to judicial review pursuant to the FPA.

10. GOVERNING LAW

Except as otherwise provided by federal law, this Tariff shall be governed by and construed in accordance with the laws of the state of California.

11. [Not Used]

12. NATURE OF DISTRIBUTION SERVICE

12.1 [Not Used]

12.2 Term: The minimum term of Distribution Service shall be five years and the maximum term shall be as specified in the Service Agreement.

12.3 Reservation Priority: Distribution Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Eligible Customer has submitted a Completed Application. If the Distribution System becomes oversubscribed, requests for longer term service may preempt requests for shorter term service. If existing Distribution Facilities are insufficient to satisfy all Applications, an Eligible Customer with a service request for shorter term service has the right of first refusal to match any longer term request for service before losing its service priority. A longer term competing request for Distribution Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours from being notified by SDG&E of a longer-term competing request for Distribution Service.

12.4 Use of Distribution Service by SDG&E: SDG&E will be subject to the rates, terms and conditions of this Tariff when utilizing its Distribution System for transactions not for the benefit of SDG&E's wholesale or CPUC jurisdictional customers. Accounting for such transactions shall be maintained separately.

12.5 Service Agreements: SDG&E shall offer a standard form Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed

Application for Distribution Service. Executed Service Agreements shall be filed with the Commission by SDG&E in compliance with applicable Commission regulations.

12.6 Distribution Customer Obligations for Facility Additions or

Redispatch Costs: In cases where SDG&E determines that its Distribution Facilities are not capable of providing Distribution Service without (1) degrading or impairing the reliability of service to SDG&E CPUC jurisdictional customers or existing Distribution Customers, or (2) interfering with SDG&E's ability to meet prior firm contractual commitments to others, SDG&E will expand or upgrade its distribution system pursuant to the terms of Section 13 of this Tariff. The Distribution Customer must compensate SDG&E for any necessary Distribution Facility additions pursuant to the terms of Section 23 of this Tariff. To the extent SDG&E can relieve any system constraint more economically by redispatching SDG&E's resources than through constructing upgrades, it shall do so, provided that the Eligible Customer agrees to compensate SDG&E pursuant to the terms of Section 23 of this Tariff. Any redispatch or Distribution System upgrade costs to be charged to the Distribution Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service. Nothing in this section or Tariff shall be construed to require SDG&E to expand or upgrade the Distribution System in a manner that may cause risk to the safe and reliable operation of the Distribution System.

12.7 Curtailment of Distribution Service

12.7.1 Protocols:

Prior to execution of any Service Agreement, SDG&E and an Eligible Customer shall reach agreement on written protocols governing circumstances for curtailing Distribution Service . Such protocols shall be in accord with the provisions set forth in this section, shall include provisions for mandatory Load Shedding, and shall set forth the procedures a Distribution Customer shall follow when ordered to curtail by SDG&E

12.7.2 Conditions Requiring Curtailment:

A condition or conditions requiring curtailment exist any time when: 1) SDG&E determines that a constraint or circumstance exists on all or a portion of its Distribution System, and such constraint may impair the reliability or safety of its Distribution System; or 2) ISO issues a directive or directives to SDG&E under similar circumstances. In the event any adverse condition(s) or disturbance(s), directly or indirectly interconnected with SDG&E's Distribution System, occur, SDG&E, consistent with Good Utility Practice, also may curtail Distribution Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to distribution facilities, or (iii) expedite restoration of service. SDG&E will give the Distribution Customer as much advance notice as is practicable in the event of such curtailment.

12.7.3 SDG&E's Rights:

In response to a Section 12.7.2 condition, SDG&E may take whatever actions, consistent with Good Utility Practice, are reasonably necessary to maintain the

safety and reliability of SDG&E's Distribution System.

12.7.4 Distribution Customer Obligation:

Distribution Customers must abide by all orders issued by SDG&E pursuant to this section, including but not limited to curtailing of ISO scheduled deliveries or physical disconnection of Distribution Customer facilities from SDG&E Distribution Facilities.

12.7.5 Liability:

All SDG&E actions taken pursuant to this section are without liability on SDG&E's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Distribution Service would endanger persons or property.

12.8 Classification of Distribution Service:

There shall be two types of Distribution Service:

- (a) LSE Service: Delivery of resources from the ISO Controlled Grid to LSE load located on the Distribution System.
- (b) Generator Service: Use of the Distribution System to deliver Generator output to the ISO Controlled Grid.

12.9 Scheduling of Distribution Service:

Separate Distribution Service schedules in addition to ISO Tariff required schedules shall not be required under this Tariff. Notwithstanding anything to the contrary in this section, upon reasonable notice, SDG&E reserves the right to verify or monitor

Distribution Customer ISO Tariff schedules for coordination with Distribution System requirements.

12.10 Self Provision of Ancillary Services: To the extent a Distribution Customer is eligible to self provide or sell Ancillary Services under the terms of the ISO Tariff, nothing in this Tariff limits the right of a Distribution Customer to do so, except when emergency conditions preclude such transactions. Except to the extent that a Distribution Customer may be called upon to provide reactive power support consistent with the operations of SDG&E, a Distribution Customer must maintain power factor at the interface between the Distribution Customer's facilities and SDG&E's facilities pursuant to Section 20.4 of this Tariff.

12.11 Conflict with the ISO Tariff. If a Distribution Customer or SDG&E identifies a conflict between this Tariff or a Service Agreement and the ISO Tariff, SDG&E and the Distribution Customer shall make good-faith efforts to resolve the conflict. If the Parties are unable to informally resolve the conflict, the Parties shall use the Dispute Resolution Procedures set forth in Section 9 of this Tariff.

12.12 Conflicting Operating Instructions. In the event a Distribution Customer receives conflicting operating instructions from the ISO, one or more Participating Transmission Owners (as that term is defined in the ISO Tariff) or SDG&E, and, if human safety would not knowingly be jeopardized nor electric facilities subject to damage while the Distribution Customer seeks to reconcile the conflict with the appropriate ISO, prior to taking action, SDG&E and the Distribution Customer should attempt a reconciliation. Otherwise, the Distribution Customer shall adhere to the

applicable ISO Tariff provisions and follow the ISO's instructions. In no event shall a Distribution Customer be required to follow operating instructions from the ISO if following those instructions would knowingly jeopardize human safety.

13. SERVICE AVAILABILITY

13.1 Distribution Service that Requires Expansion or Modification of

Distribution Facilities: If SDG&E determines that it cannot accommodate a Completed Application for Distribution Service because of insufficient capacity on its Distribution Facilities, SDG&E will use due diligence to expand or modify its Distribution Facilities to provide the requested Distribution Service, provided the Distribution Customer agrees to compensate SDG&E for such costs pursuant to the terms of Section 23 of this Tariff. SDG&E will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. All such obligations apply only to those Distribution Facilities that SDG&E has the right to expand or modify. Notwithstanding anything to the contrary in this section or any other provisions in this Tariff, SDG&E reserves the right to refuse to implement expansions or modifications that may cause risk to the safe and reliable operation of the Distribution System.

13.2 Deferral of Service: SDG&E may defer providing service until it completes construction of new Distribution Facilities or upgrades needed to provide Distribution Service whenever SDG&E determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing services.

13.3 Other Distribution Service Schedules: Any customer receiving service under other agreements on file with the Commission may continue to receive service under those agreements until such time as the Commission may modify those agreements.

13.4 Real Power Losses: Real Power Losses are associated with all Distribution Service. SDG&E is not obligated to provide Real Power Losses. The Distribution Customer is responsible for compensating SDG&E for losses associated with all Distribution Service as calculated by SDG&E. Real Power Losses associated with Distribution Service are calculated by multiplying the metered quantity, whether energy or demand, by the Real Power Loss Factor calculated by SDG&E. The applicable Real Power Loss Factors for Distribution Service over the Distribution System will be set forth in the Service Agreement.

14. ELIGIBLE AND DISTRIBUTION CUSTOMER RESPONSIBILITIES

14.1 Conditions Required of Eligible Customers: Distribution Service shall be provided by SDG&E only if the Eligible Customer satisfies the following conditions:

- i. Submission of a Completed Application for service;
- ii. Fulfillment of creditworthiness criteria set forth in Section 8 of this Tariff;
- iii. Submission of proof of arrangements for all other services related to Distribution Service, including executed agreements with the ISO;
- iv. For LSEs, submission of proof of arrangements for secured capacity and energy from generation sources sufficient to satisfy forecasted loads on a rolling twelve (12) month basis starting from the commencement of service.
- v. Agreement to pay for any facilities constructed and chargeable under this Tariff, whether or not the Eligible Customer ultimately takes service for the full term requested;
- vi. Ownership or control of sufficient equipment installed and verifiable as specified under the Service Agreement, consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed by SDG&E, to ensure safe and reliable interconnection to and operation of the Distribution System;
- vii. Development of written standard practices and operating procedures governing facilities to be owned or controlled by the Eligible Customer;

- viii. Walk-through access by SDG&E to Eligible Customer facilities to verify design and construction of the facilities in accordance with Good Utility Standard Practice;
- ix. Execution of a Service Agreement in compliance with the rates, terms and conditions set forth in this Tariff; and
- x. Compliance with any other term or condition in this Tariff or State or Federal law or the rules and regulations of any agency or organization to which SDG&E is subject.

14.2 Distribution Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Distribution Customer. The Distribution Customer shall provide, unless waived by SDG&E, notification to SDG&E identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by SDG&E pursuant to this Tariff.

14.3 Distribution Customer Facilities: Distribution Service is conditioned upon the Eligible Customer's constructing, maintaining and operating facilities necessary to interconnect with SDG&E and to allow SDG&E to maintain the safe and reliable operation of the Distribution System. The Distribution Customer shall be solely responsible for constructing, installing, and maintaining all facilities on the Distribution Customer's side of the SDG&E interconnection.

14.4 Annual Capacity Updates: The Distribution Customer shall provide SDG&E with annual updates of Distribution Service capacity forecasts consistent

with those submitted pursuant to Section 15.2(v) of this Tariff. The Distribution Customer also shall provide SDG&E with timely written notice of material changes to any other information provided in its Application.

15. PROCEDURES FOR DISTRIBUTION SERVICE AND INTERCONNECTION SERVICE

15.1 Interconnection: An Eligible Customer requesting interconnection to the Distribution System shall follow the procedures set forth in Section 15. A Generator shall follow the SGIP or LGIP based on the maximum output megawatts as set forth in Attachment D and Attachment F, as applicable, to request Interconnection Service and Section 15.2 through 15.8 to request Distribution Service. If the Generator requests both Interconnection Service and Distribution Service at the same time, SDG&E shall process such requests concurrently in accordance with the SGIP. The Generator requesting Interconnection Service shall execute the SGIA or LGIA based on the maximum output megawatts pursuant to the terms of the SGIP or the LGIA.

15.2 Application: Distribution Service may be requested only by written Application at least sixty (60) days in advance of the calendar month in which service is to commence. SDG&E will consider requests for such services on shorter notice when feasible. An Application may be submitted by mail or in person to the name and address posted on SDG&E's Internet website. Such name and address is subject to change with a 10 day notice, but shall initially be:

Regulatory Policy Manager
FERC Regulatory Affairs, Sempra Utilities
8330 Century Park Court, CP 32D
San Diego, CA 92123-1530

SDG&E shall treat all information provided by an Eligible Customer consistent with the standards of conduct contained in Part 358 of the Commission's regulations. SDG&E shall time-stamp each Application for establishing the priority of the Application.

15.3 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- i. The identity, address, telephone number and facsimile number of the entity requesting service and the name and contact information of the entity's Designated Agent;
- ii. A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff, and a brief description of why or how the entity does or will qualify as an Eligible Customer;
- iii. The desired points of interconnection to the Distribution System and the points on the CAISO Controlled Grid for: 1) LSE resource take out; or 2) Generator resource delivery, including requested deliverability status to the aggregate of Load on the CAISO Controlled Grid.
- iv. For LSEs, a description of the supply characteristics of the capacity and energy to be delivered and a description of the load to be served. For Generators, a description of the generating facility, including generating capacity and intended operation, and a description of load served.
- v. A forecast of desired Distribution Service capacity, including a five (5) year forecast of monthly and peak demand requirements beginning with the first year after the service is scheduled to commence. For LSEs, consistent with SDG&E Distribution Planning criteria, forecasts must incorporate a minimum 7% reserve. The forecast required in this section shall be used to set LSE contract demand in Service Agreements;

- vi. The requested service commencement date and the term of the requested Distribution Service;

15.4 Deposit: All Applications for Distribution Service shall include a deposit of no less than \$2.00 per anticipated maximum monthly peak demand of desired Distribution Service capacity under the first year of service, pursuant to Section 15.3(v) of this Tariff. If an Application is rejected by SDG&E because it does not meet the conditions for service as set forth herein, SDG&E shall return the deposit with interest less any reasonable costs incurred by SDG&E. Deposits shall also be returned with interest less any reasonable costs incurred by SDG&E if SDG&E is unable to complete new facilities needed to provide Distribution Service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Distribution Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by SDG&E to the extent such costs have not already been recovered by SDG&E from the Eligible Customer. SDG&E will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 16 of this Tariff. If a Service Agreement for Distribution Service is executed, the deposit, with interest, will be returned to the Distribution Customer upon expiration or termination of the Service Agreement for Distribution Service. In the alternative, if the Distribution Customer has satisfactorily fulfilled its Distribution Service payment and financial obligations for a six-month consecutive period and meets the creditworthiness requirements in Section 8 of this Tariff, the deposit, with interest, will be returned to the Distribution Customer upon written request of the Distribution Customer. Applicable interest shall be computed in

accordance with the Commission's regulations at 18 CFR 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to SDG&E's account.

15.5 Notice of Deficient Application: If an Application fails to meet the requirements of this Tariff, SDG&E shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. SDG&E will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, SDG&E shall return the Application, along with any deposit, with interest.

15.6 Response to a Completed Application: Upon receipt of a new or revised Application that fully complies with the requirements of this Tariff, the Eligible Customer shall be assigned a priority consistent with the date of the new or revised Application. Following receipt of a Completed Application, SDG&E shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application, either if it will be able to provide service without performing a System Impact Study or if such a study is needed to evaluate the impact of the Application pursuant to Section 16.1 of this Tariff. The notice shall also include an estimate of the cost of the study. If an existing SDG&E wholesale distribution customer seeks to convert its service, without material changes, to service under this Tariff, no System Impact Study shall be required.

15.7 Execution of Service Agreement: Whenever SDG&E determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 16 and 17 of this Tariff will govern the execution of a Service

Agreement. Failure of an Eligible Customer to execute and return the Service Agreement within fifteen (15) days after it is tendered by SDG&E will be deemed a withdrawal and termination of the Completed Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

15.8 Technical Arrangements to be Completed Prior to Commencement of

Service: Distribution Service shall not commence unless SDG&E and the Eligible Customer have completed installation of all equipment specified under the Service Agreement and inspection of these facilities by SDG&E verifies the design and construction of the facilities per Good Utility Standard Practice. All determinations shall be made consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the safe and reliable operation of the Distribution System. SDG&E shall exercise reasonable efforts, in coordination with the Eligible Customer, to complete such arrangements as soon as practicable taking into consideration the desired service commencement date.

15.9 Changes in Service Requests: Under no circumstance shall the Distribution Customer's decision to change its requested Distribution Service in any way relieve the Distribution Customer of its obligation to pay the costs of all facilities constructed by SDG&E and charged to the Distribution Customer as reflected in the Service Agreement.

**16. ADDITIONAL STUDY PROCEDURES FOR DISTRIBUTION
SERVICE**

16.1 Notice of Need for System Impact Study: After receiving a request for service, SDG&E shall determine whether a System Impact Study is needed. A description of SDG&E's methodology for completing a System Impact Study is provided in Attachment B. If SDG&E determines that a System Impact Study is necessary to accommodate the requested service, it shall notify the Eligible Customer, as soon as practicable. In such cases, SDG&E shall, within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse SDG&E for performing the required System Impact Study. If the Eligible Customer does not execute the System Impact Study Agreement and return it to SDG&E within fifteen (15) days, the Application shall be deemed withdrawn and the deposit, pursuant to Section 15.3 of this Tariff, shall be returned with interest.

16.2 System Impact Study Agreement and Cost Reimbursement:

- i. The System Impact Study Agreement will clearly specify SDG&E's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, SDG&E shall rely, to the extent reasonably practicable, on existing studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges

associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Distribution Facilities.

- ii. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for SDG&E to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

16.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, SDG&E will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify any system constraints, redispatch options, and additional Direct Assignment Facilities or Distribution System upgrades required to provide the requested service in accordance with Attachment B. In the event that SDG&E is unable to complete the required System Impact Study within such time period, it shall notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer. SDG&E will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. SDG&E shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Distribution Facilities will be

adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new Distribution Facilities or upgrades. In the event of no impact in order for a request to remain a Completed Application, within twenty (20) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or the Application shall be deemed withdrawn and the deposit, pursuant to Section 15.3 of this Tariff, shall be returned with interest.

16.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the distribution system are needed to supply the Eligible Customer's service request, SDG&E, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse SDG&E for performing the required Facilities Study. A description of SDG&E's methodology for completing a Facilities Study is provided in Attachment C. If the Eligible Customer does not execute the Facilities Study Agreement and return it, together with the payment for the estimated costs to do the study, to SDG&E within fifteen (15) days of receipt of the Facilities Study Agreement by the Eligible Customer, the Application shall be deemed withdrawn and its deposit, pursuant to Section 15.3 of this Tariff, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, SDG&E will use due diligence to complete the required Facilities Study within a sixty (60) day period. If SDG&E is unable to complete the Facilities Study in the allotted time period, SDG&E shall notify the Distribution Customer and provide an estimate of the time needed to reach a final

determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Distribution Customer, (ii) the Distribution Customer's appropriate share of the cost of any required upgrades as determined pursuant to the provisions of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. Upon completion of the Facilities Study the Distribution Customer shall have thirty (30) days to: 1) provide SDG&E with a letter of credit or other reasonable form of security acceptable to SDG&E equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code; and 2) execute a Service Agreement, otherwise, the Application shall be deemed withdrawn and the deposit, pursuant to Section 15.3 of this Tariff, shall be returned with interest.

16.5 Facilities Study Modifications: Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate by SDG&E. New good faith estimates will also be required in the event of: 1) new statutory or regulatory requirements that are effective before the completion of construction; 2) circumstances occurring beyond the control of SDG&E that significantly affect the final cost of new facilities; or 3) additional upgrades to be charged to the Distribution Customer pursuant to the provisions of this Tariff.

16.6 Due Diligence in Completing New Facilities: SDG&E shall use due diligence to add necessary facilities or upgrade its Distribution System within a

reasonable time. SDG&E will not upgrade its existing or planned Distribution System in order to provide requested Distribution Service if doing so would cause risk to the safe and reliable operation of the Distribution System or otherwise impair or degrade service to CPUC jurisdictional customers or existing wholesale customers.

17. IF DISTRIBUTION PROVIDER CANNOT COMPLETE NEW FACILITIES

17.1 Delays in Construction of New Facilities for Distribution

Services: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, SDG&E shall promptly notify the Distribution Customer. In such circumstances, SDG&E shall within thirty (30) days of notifying the Distribution Customer of such delay, convene a technical meeting with the Distribution Customer to evaluate the alternatives available to the Distribution Customer. SDG&E shall make available to the Distribution Customer studies and work papers related to the delay, including all information SDG&E's possession reasonably needed by the Distribution Customer to evaluate any alternatives.

17.2 Alternatives to the Original Facility Additions: When the review process of Section 17.1 of this Tariff determines that one or more alternatives exist to the originally planned construction project, SDG&E shall present such alternatives for consideration by the Distribution Customer. If, upon review of any alternatives, the Distribution Customer desires to proceed with its Application subject to construction of the alternative facilities, the Service Agreement shall be modified accordingly. In the event a resolution can not be reached, the Application shall be deemed withdrawn and the deposit, pursuant to Section 15.3 of this Tariff, shall be returned with interest.

17.3 Refund Obligation for Unfinished Facility Additions: If SDG&E and the Distribution Customer mutually agree that no other reasonable alternatives

exist and the requested service cannot be provided out of existing capability under the conditions of the Tariff, the obligation to provide the requested Distribution Service shall terminate and any deposit made by the Distribution Customer shall be returned with interest pursuant to Section 35.19a(a)(2)(iii) of the Commission's regulations. However, the Distribution Customer shall be responsible for all costs prudently incurred by SDG&E through the time construction was suspended.

18. DISTRIBUTION CONSTRUCTION AND OTHER SERVICES OF OTHER UTILITIES

18.1 Responsibility for Third-Party System Additions: SDG&E shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities.

18.2 Coordination of Third-Party System Additions: In circumstances where the need for additional Distribution Facilities or upgrades is identified pursuant to the provisions of the Tariff, and if such upgrades further require the addition of distribution facilities on other systems, SDG&E shall have the right to coordinate construction on its own system with the construction required by others. SDG&E, after consultation with the Distribution Customer and representatives of such other systems, may defer construction of its new Distribution Facilities, if the new distribution facilities on another system cannot be completed in a timely manner.

19. CHANGES IN SERVICE SPECIFICATIONS

SDG&E will make good faith efforts to accommodate minor changes in Distribution Service, provide such changes are requested in writing. Any request to materially modify Distribution Service, particularly any request requiring reevaluation of potential impact to the Distribution System, shall be treated as a new request for service, shall be processed in accordance with Section 15 of this Tariff, and shall require a new Service Agreement which shall subsume the prior Distribution Service and Service Agreement.

20. METERING AND POWER FACTOR CORRECTION

20.1 [Not Used]

20.2 [Not Used]

20.3 Distribution Customer Obligations: The Distribution Customer shall compensate SDG&E for installing and maintaining metering and communications equipment to allow SDG&E to accurately account for the capacity and energy being transmitted under this Tariff. The equipment must be capable of providing 15-minute interval reads. Such equipment shall remain the property of the Distribution Customer.

20.4 Power Factor: The Distribution Customer's bill will be adjusted each month for power factor by the amount specified in the Service Agreement. The amount is based upon the per KVA_r of maximum reactive demand the Distribution Customer imposed on SDG&E as reflected in the Service Agreement.

20.5 SDG&E's Access to Metering Data: SDG&E shall have access to metering data which may reasonably be required to facilitate measurements and billing under the Service Agreement.

21. COMPENSATION FOR DISTRIBUTION SERVICE

Rates for Distribution Service are provided in the Schedules appended to this Tariff (Schedule WDS1). SDG&E shall account for such use at the applicable Tariff rates.

22. STRANDED COST RECOVERY

SDG&E may seek to recover stranded costs from the Distribution Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in Commission Order No. 888 and 888-A, or subsequent Commission decision. However, SDG&E must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

23. COMPENSATION

All costs associated with facility additions and Direct Assignment Facilities shall be pre-paid by the Distribution Customer in accordance with the terms of the Service Agreement and Schedule WDS 1. All costs associated with redispatch shall be paid by the Distribution Customer in advance of the redispatch.

24. STANDARDS OF CONDUCT

Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR Parts 37 and 358 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and will be followed to the extent applicable.

**ATTACHMENT A
FORM OF SERVICE AGREEMENT FOR
WHOLESALE DISTRIBUTION SERVICE**

1. This Service Agreement (Agreement), dated as of _____, is entered into, by and between _____ (SDG&E), and _____ (Distribution Customer). SDG&E and Distribution Customer shall each be referred to as a "Party" and collectively as "Parties."
2. The Distribution Customer has been determined by SDG&E to have a Completed Application for Distribution Service (Completed Application) under the Wholesale Distribution Open Access Tariff (Tariff). All capitalized terms, unless otherwise specified, shall have the same meaning as the capitalized terms defined in the Tariff.
3. The Distribution Customer has provided to SDG&E an application deposit in accordance with the provisions of Section 15 of the Tariff.
4. Service under this Agreement shall commence on the latter of: (1) the service commencement date requested in the Application; or (2) the date on which construction of any Direct Assignment Facilities are completed; or (3) such other date as designated by the Commission. Service under this agreement shall terminate no earlier than 5 years from the commencement of service.
5. SDG&E agrees to provide and the Distribution Customer agrees to

take and pay for Distribution Service in accordance with the provisions of the Tariff and this Service Agreement and Schedules attached hereto.

6. The Distribution Customer shall make a customer advance payment to SDG&E for all Direct Assignment Facilities at the time it returns an executed Service Agreement.

7. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

SDG&E:

Distribution Customer:

8. Interconnection

8.1 Interconnection of LSEs to SDG&E

- 8.1.1** All facilities needed for the interconnection of the LSE's facilities to SDG&E's Distribution Facilities shall be installed, operated, and maintained in accordance with

Good Utility Practice.

- 8.1.2** The LSE shall specify: (i) the voltage level of service desired, provided such voltage shall be compatible with standard voltages used on SDG&E's system; and (ii) any applicable service criteria of the LSE, including, but not limited to, any redundancy desired in SDG&E's Distribution Facilities. If technically feasible, SDG&E shall provide service at such voltage and in accordance with such criteria, conditioned on SDG&E obtaining any necessary regulatory permits and complying with any other federal, state, or local requirements for the construction of any such facilities.
- 8.1.3** The LSE shall keep SDG&E informed on a timely basis of any changes that may materially affect Distribution Service. If such changes may cause risk to the safe and reliable operation of the Distribution System, or impact the ability of SDG&E to serve CPUC jurisdictional customers or existing wholesale customers, the LSE must take immediate action to reverse the change to previous circumstances.
- 8.1.4** SDG&E shall own, operate, and maintain all Direct Assignment Facilities. The LSE shall pre-pay all costs and expenses for such Direct Assignment Facilities that are exclusively used to provide Distribution Service to the LSE including, but not limited to, the costs of permitting, planning, procuring, constructing, owning, maintaining,

and operating any such facilities.

8.1.5 The LSE shall maintain its own facilities, at its sole expense, in a manner consistent with Good Utility Practice. The LSE shall also install protective equipment on its own system and take any other reasonable measures to protect the safe and reliable operation of SDG&E's system from disturbances on the LSE's system.

8.1.6 [Not Used]

8.1.7 The LSE shall provide SDG&E access to the LSE's interconnection facilities to the extent necessary for SDG&E to construct, operate, or maintain interconnection facilities. The LSE agrees to grant SDG&E all necessary easements and rights of way, including adequate and continuing access rights, on the property of the LSE to transport, install, operate, maintain, replace, and remove the interconnection facilities, and any equipment or line extension that may be provided, owned, operated and maintained by SDG&E on the property of the LSE. The LSE agrees to grant such easements and rights of way to SDG&E at no cost and in a form satisfactory to SDG&E and capable of being recorded in the office of the San Diego County Recorder.

8.1.8 The Parties shall cooperate with one another in scheduling maintenance to any interconnection facility or in taking any interconnection facility out of service, provided that in an

emergency SDG&E may take facilities out of service if necessary to protect SDG&E's Distribution System.

8.2 Interconnection of Generators to SDG&E

8.2.1 Generators shall interconnect with SDG&E's Distribution Facilities in accordance with all applicable Commission, ISO, WECC and NERC rules and criteria (or the rules and criteria of any successor to any of these entities), and Good Utility Practice. Requests to interconnect generators that are larger than 20 MW shall be processed pursuant to the applicable provisions of the compliance filings made by the ISO and SDG&E in response to FERC's July 24, 2003 Final Rule issued in connection with FERC's Standardization of Generator Interconnection Agreements and Procedures rulemaking. Requests to interconnect generators that are not larger than 20 MW shall be subject to the provisions of sections 8.2.2 through 8.2.2.3.

8.2.2 SDG&E shall design, own, install, and maintain all facilities necessary to interconnect the Generator to the Distribution System (Direct Assignment Facilities) at the Generator's sole expense, to the extent permitted by Commission policies. Such facilities shall include any equipment necessary to protect SDG&E's electric system, employees,

and customers from damage or injury arising out of or connected with the operation of the Generator's facilities, including, but not limited to, short circuit protection, breaker closing/re-closing control, unit tripping, loss of synchronism, over current/under current devices such as relays, remote terminal units, circuit breakers, and meters. The Generator's facilities, and their operation and maintenance, shall meet SDG&E's specifications and shall be subject to inspection and testing by SDG&E as follows:

8.2.2.1 Design of Interconnection Facilities

The Generator, at Generator's sole expense, shall acquire all permits and approvals and complete all environmental impact studies necessary for the design, construction, installation, operation, and maintenance of the interconnection facilities.

The Generator shall provide to SDG&E electrical specifications and design drawings pertaining to the interconnection facilities for SDG&E's review prior to finalizing design of the interconnection facilities and before beginning construction work based on such specifications and drawings. The Generator shall provide to SDG&E reasonable advance written notice of any changes

in the interconnection facilities and provide to SDG&E specifications and design drawings of any such changes for SDG&E's review and approval. SDG&E may require modifications to such specifications and designs as it deems necessary to allow SDG&E to operate SDG&E's electrical system in accordance with Good Utility Practices.

8.2.2.2 Interconnection Specifications for Generators

A means of disconnection must be available on both sides of SDG&E's metering and must be under the control of SDG&E. Disconnection can be accomplished with switches, load break elbows, cutouts, or secondary breakers. Generator disconnects can also be used provided that the switches meet with SDG&E's approval and SDG&E has preemptive control. Generators with three-phase generators should be aware that certain conditions in SDG&E's system may cause negative sequence currents to flow in the generator. It is the sole responsibility of the Generator to protect its equipment from excessive negative sequence currents. The Generator shall provide suitable devices to ensure adequate protection for:

- (a) all faults on the Generator's system;

- (b) all faults on the Distribution system; and
- (c) back feed or start-up of a generator into a dead utility bus

The following generator protective devices are required as a minimum to effect connection and separation of SDG&E and Generator (For generators below 11 kVA, the following are recommended but not required.):

- (d) individual phase over current trip devices;
- (e) under voltage trip devices,
- (f) over/under frequency trip devices,
- (g) synchronizing or equivalent controls, either automatic or manual, supervised by a synchronizing relay if the short circuit contribution ratio ("SCCR") is in excess of .05, to ensure a smooth connection with SDG&E's system (Synchronous generators only).

For synchronous generators, sufficient generator reactive capability shall be provided to withstand normal voltage changes on SDG&E's electric system. For induction generators, capacitor installations may be required for reactive power support. Such capacitors will be at the expense of the Generator.

8.2.2.3 Supplemental Interconnection Design Specifications

(1) Unintended Islanding for Generating Facilities.

Generator facilities must mitigate their potential contribution to an unintended island.

This can be accomplished by one of the following options: (1) incorporating certified non-islanding control functions into the protective functions; (2) verifying that loads served by the Generator sufficiently exceed the Net Nameplate Rating of the Generator's facilities; or (3) incorporating a Transfer Trip or an equivalent protective function.

(2) Fault Detection.

A generating facility with an SCCR exceeding 0.1 or one with protective functions that do not meet any one of the options for detecting unintended islands in 8.2.2.3(1) shall be equipped with protective functions designed to detect Distribution System faults, both line-to-line and line-to-ground, and promptly cease to energize SDG&E's Distribution System in the event of a fault. For a generating facility that cannot detect these faults within two seconds, SDG&E may require a Transfer Trip system or equivalent protective function. Reclose-blocking of SDG&E 's affected recloser(s) may also be required for generating facilities that exceed 15% of the peak load on the line section.

For generator capacity greater than 1 MW, Generator may be required to provide telemetering of generator output to SDG&E.

9. Interconnection Facilities and Review Disclaimer

SDG&E's review of the design, construction, operation, or maintenance of Distribution Customer interconnection facilities shall not constitute any representation as to the economic or technical feasibility, operational capability, or reliability of such facilities. Distribution Customer shall in no way represent to any third party that any such review by SDG&E of such facilities is a representation by SDG&E as to the economic or technical feasibility, operational capability, or reliability of such facilities.

Distribution Customer is solely responsible for the economic and technical feasibility, operational capability, and reliability of the interconnection facilities.

SDG&E shall notify Distribution Customer in writing of the outcome of SDG&E's review of the design and all of the specifications, drawings, and explanatory material for Distribution Customer's interconnection facilities within thirty (30) calendar days of the receipt of the design and all of the specifications, drawings, explanatory material for the interconnection facilities. Any flaws in the design perceived by SDG&E in the review of all of the specifications, drawings, and explanatory material for the interconnection facilities shall be described in SDG&E's written notification.

10. Operational Aspects of Generator Interconnection

The Generator shall not commence parallel operation of any generating facility until written approval for operation of the interconnection facilities has been given by SDG&E. Such approval shall not be unreasonably withheld. The Generator shall notify SDG&E of its intent to energize the interconnection facilities not less than forty-five (45) calendar days prior to such energizing. SDG&E shall have the right to inspect the interconnection facilities within thirty (30) calendar days of receipt of such notice. If the interconnection facilities are not approved by SDG&E, SDG&E shall provide written notice to the Generator stating the reasons for SDG&E's disapproval within five (5) calendar days of the inspection.

The Generator shall provide written notice to SDG&E at least fourteen (14) calendar days prior to the initial and subsequent testing of the protective apparatus. The protective apparatus shall be tested thereafter at intervals not to exceed three (3) years using qualified personnel. SDG&E shall have the right to have a representative present at the initial and subsequent testing of the protective apparatus and to receive copies of the test results. At all times the Generator shall operate its generating facilities and interconnection facilities in accord with Good Utility Practice

10.1 Nominal Voltage and Grounding

SDG&E's most common voltages are as follows:

- a) Distribution system voltages are 4 and 12 kV

The majority of the common distribution voltages are grounded.

SDG&E will provide information on the specific circuit serving the

Generator.

10.2 Operating Requirements for Generators

In order for SDG&E to supply and maintain proper voltages on the Distribution System, SDG&E electric system voltages may fluctuate from the nominal values. SDG&E uses various regulation techniques to raise and lower both distribution and transmission voltages in order to maintain desired customer service voltage. Generators shall design and operate their facilities to withstand such voltage changes and to respond with proper power factor adjustment in sufficient time so as not to interfere with SDG&E's voltage regulation.

Generators must assure that at their point of interconnection to the Distribution System, the location shall be identified with a special tag for the purpose of notifying SDG&E field crews of the possibility of back feed.

SDG&E may ground de-energized lines and equipment upon which work will be performed. SDG&E may test its electrical lines that have automatically tripped (de-energized) due to a fault by reclosing the affected circuit at least one time.

The Generator shall not reconnect generating facilities after a protective device trip unless the Generator's system is energized from SDG&E. Additionally, Generator control circuit(s) must be designed to prevent accidental Generator connection to a

dead utility system. Design variations are acceptable provided the requirements of this Exhibit are satisfied.

10.3 Power Factor:

Unless otherwise agreed, the Distribution Customer is required to maintain its power factor within the same range as SDG&E, pursuant to Good Utility Practices. The Distribution Customer's bill will be adjusted each month for power factor by the amount the Distribution Customer deviates from SDG&E's range.

10.4 Power Factor Maintenance and Future Changes in

Target Power Factor

SDG&E may change the per kVAr amount from time to time upon 30 days notice to Distribution Customer. SDG&E shall allow a reasonable amount of time for corrective action by the Distribution Customer.

11. Real Property Rights

Distribution Customer agrees to grant SDG&E all necessary easements and rights of way, including adequate and continuing access rights, on property of Distribution Customer to transport, install, operate, maintain, replace, and remove the Direct Assignment Facilities, and any equipment or line extension that may be provided, owned, operated and maintained by SDG&E on the property of Distribution Customer. Distribution Customer agrees to grant such easements and rights of way to SDG&E at no cost and in a form satisfactory to SDG&E and capable of being recorded in the office of the San Diego County

Recorder.

If any part of SDG&E's Direct Assignment Facilities, equipment, and/or line extension is to be installed on property owned by other than Distribution Customer, or under the jurisdiction or control of any other individual, agency or organization, SDG&E may, at its discretion and at Distribution Customer's cost and expense, obtain from the owners thereof all necessary easements and rights of way including adequate and continuing access rights, and/or such other grants, consents and licenses, in a form satisfactory to SDG&E, for the construction, operation, maintenance, and replacement of Direct Assignment Facilities, equipment, and/or line extension upon such property.

If SDG&E does not elect to obtain or cannot obtain such easements and rights of way, Distribution Customer shall obtain them at its cost and expense.

SDG&E shall have the right of ingress to and egress from the Generation facility at all reasonable hours for any purposes reasonably connected with the Service Agreement or the exercise of any and all rights secured to SDG&E by law or its tariff schedules on file with the Commission.

SDG&E shall have no obligation to Distribution Customer for any loss, liability, damage, claim, cost, charge, or expense due to SDG&E's inability to acquire a satisfactory right of way, easement or other real property interest necessary to SDG&E's performance of its obligations under this Agreement or the Tariff.

Nothing in this Agreement shall be construed to require SDG&E to acquire land rights through condemnation or any other means for the Distribution Customer either inside or outside of SDG&E's service area unless SDG&E shall in its sole discretion elect to do so.

12. Assignment

Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement without the written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation made without such written consent shall be null and void. Consent for assignment shall not be unreasonably withheld.

13. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. The failure of any Party at any time or times to enforce any right or obligation with respect to any matter arising in connection with this Agreement shall not constitute a waiver as to future enforcement of that right or obligation or any right or obligation of this Agreement.

14. Section Headings

Section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

15. Governing Law

This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of

California except to the extent disputes are the responsibility of the Commission.

16. Amendment, Modification or Waiver Any amendments or modifications to this Agreement shall be in writing and agreed to by both Parties. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

Notwithstanding any of the foregoing, nothing contained in this Service Agreement shall be construed as affecting in any way the right of SDG&E to unilaterally make application to the Commission for a change in rates, terms, conditions, charges or classification of service under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in this Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under this Service Agreement to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

17. The Tariff is incorporated herein and made a part hereof.

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

SDG&E:

By: _____
Name Title Date

Distribution Customer:

By: _____
Name Title Date

**SPECIFICATIONS FOR
WHOLESALE DISTRIBUTION SERVICE**

5. For Generators, the maximum amount of capacity and energy to be transmitted on SDG&E's Distribution System: _____. For LSEs, the maximum contract demand as specified in Section 15.2(v): _____

6. [Not Used]

7. Name(s) of any Intervening Systems providing transmission service:

8. Service under this Agreement is subject to the charges set forth in Schedule WDS 1 of the Tariff.

**DISTRIBUTION
SERVICE AGREEMENT
ATTACHMENT A**

EXHIBIT 2 - DIRECT ASSIGNMENT FACILITIES

The following is SDG&E's site-specific estimate (gross financial costs -- labor, material, indirect and overhead cost components) for the facilities required to provide Distribution Service to the above project. This estimate excludes any work on SDG&E's facilities done for the convenience of SDG&E, such as work to accommodate future system expansion, or capacity increases.

Description of Direct Assignment Facilities to be installed:

- | | |
|--|----------|
| 1. Protection System Modifications (installation and reconfiguration of protective devices) | _____ |
| 2. Power Factor Adjustment | \$ _____ |
| 3. Voltage Correction Devices (installation of regulators, boosters, and capacitors) | \$ _____ |
| 4. Primary Extension Estimated Costs (Poles, conductors, other equipment) | _____ |
| 5. Revenue Meters
(Initial cost to install and the field set up revenue meters, plus the administrative costs of setting up the revenue data retrieval) | \$ _____ |
| 6. Telecommunications Facilities
(Initial payments to telephone company (or other similar organization) for the installation of phone lines, etc., plus related telecommunications work by SDG&E to establish telecom links. Does not include on-going monthly service charges.) | \$ _____ |
| 7. Other Facility Costs and Applicable ITCC Tax | \$ _____ |

8. **Total Initial Installation Charge**
(Sum of 1 through 7) \$ _____

**DISTRIBUTION
SERVICE AGREEMENT
ATTACHMENT A**

EXHIBIT 3 - ITCC TAX

1.	One-time Advance Payment by Distribution Customer (From Exhibit 2 - Direct Assignment Facilities)	\$ _____
2.	Value of trenching, conduits, and other facilities subject to ITCC (Description of facilities)	\$ _____
3.	Total taxable amount (Sum of Items 1 through 2)	\$ _____
4.	Tax Rate (Sum of 1 through 7)	22%
5.	Tax Due Tax Rate (In 4) X Taxable Amount (In 3) =	\$ _____

**DISTRIBUTION
SERVICE AGREEMENT
ATTACHMENT A**

**EXHIBIT 4 - COST OF OWNERSHIP CHARGE
FOR DIRECT ASSIGNMENT FACILITIES**

The cost of ownership for Direct Assignment Facilities is SDG&E's on-going cost liabilities operating facilities, including such costs as maintenance

costs, replacement costs (due to age and normal life and deterioration), and property taxes.

1. **Cost of Direct Assignment Facilities Installed by SDG&E** (From line 8 of Exhibit 2 - Installation Charge (includes ITCC tax) \$ _____
2. **Cost of Direct Assignment Facilities Installed by Distribution Customer or Others and Deeded to SDG&E** \$ _____
3. **ITCC Tax** (From line 5 of Exhibit 3 - ITCC Tax and ITCC Tax applicable to line 2, above) \$ _____
4. **Total Cost Basis** (Sum of line 1, line 2, less line 3) \$ _____
5. **Applicable Cost of Ownership Rate** (Annual fix charge rate to be determined at time of service request) _____%
6. **Applicable Monthly Cost of Ownership** (Line 4 X line 5)/12 \$ _____/month

ATTACHMENT A

EXHIBIT 5

**SERVICE AGREEMENT
ATTACHMENT A**

EXHIBIT 6 - DISTRIBUTION LOSSES

A. Distribution Losses Applicable to LSEs

Based on a case-by-case analysis, the Distribution Customer shall compensate SDG&E for the monthly energy losses that occur on the Distribution System up to the Distribution Customer's point of interconnection. Energy losses will be based upon the Distribution

Customer's maximum monthly demand and monthly-metered energy flow at the point of interconnection. Such energy losses shall be calculated using applicable standard engineering loss formulas.

SERVICE AGREEMENT

ATTACHMENT A

EXHIBIT 7a - CALCULATION OF DISTRIBUTION DEMAND CHARGE FOR LSEs

- | | | |
|----|---|----------|
| 1. | Allocated Preexisting and New Distribution Facilities (Note A, below) | \$ _____ |
| 2. | Annual Fixed Carrying Cost (Note B, below) | |
| 3. | Annual Revenue Requirements (Line 1 X line 2) | \$ _____ |
| 4. | Monthly Demand Charge (Line 3 / Note C, below) | _____/kw |

Note A: SDG&E shall do a special study to determine the allocated portion of preexisting and new facilities that should be assigned to the customer.

Note B: The annual fixed carrying charge will be derived to recover SDG&E's cost of capital, depreciation, O&M expenses, property taxes, income taxes, etc. related with the allocated preexisting and new Distribution Facilities.

Note C: The sum of the customer's twelve monthly maximum demands as measured at the customer's meter.

**EXHIBIT 7b - CALCULATION OF DISTRIBUTION
DEMAND CHARGE FOR GENERATORS**

DISTRIBUTION SERVICE AGREEMENT

Although a

ATTACHMENT A

Distribution Customer who is a Generator will not be charged for an allocated portion of preexisting Distribution Facilities, such Distribution Customers will be responsible for the costs of distribution upgrades or an allocated portion of the upgrades directly benefiting them. The Distribution Customer can pay a customer advance as calculated in Exhibit 7c or pay a monthly demand charge as derived in this Exhibit 7b.

- | | | |
|----|--|-----------|
| 1. | Distribution Upgrade or allocated portion thereof
(Note A, below) | \$ _____ |
| 2. | Annual Fixed Carrying Cost (Note B, below) | |
| 3. | Annual Revenue Requirements (Line 1 X line 2) | \$ _____ |
| 4. | Monthly Demand Charge (Line 3 / Note C, below) | _____ /kw |

Note A: SDG&E shall determine the upgrade or allocated portion of the upgrade the Customer will pay. These upgrades will be determined in the Facility Study.

Note B: The annual fixed carrying charge will be derived to recover SDG&E's cost of capital, depreciation, O&M expenses, property taxes, income taxes, etc. related with the upgrade.

Note C: The sum of the customer's twelve monthly maximum demands as measured at the customer's meter.

**EXHIBIT 7C CALCULATION OF DISTRIBUTION CUSTOMER'S ADVANCE
PAYMENT FOR GENERATORS**

Distribution Customer _____

Project Name and Location _____

The total advance payment for the upgrade facilities or an allocated portion thereof required for the above project prior to the start of construction is as follows:

1. Upgrade Costs or portion thereof incurred by SDG&E

The Distribution Customer agrees to pay SDG&E's total estimated cost of the facilities to serve the Distribution Customer, less credits, if any.

\$ _____

2. ITCC Tax

The Distribution Customer must pay the taxes on such upgrades. Calculation will be made similar to that shown in Exhibit 3 - ITCC Tax) \$ _____

3. Total

(Sum of Installation Charge and ITCC Tax) \$ _____

ATTACHMENT B

METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

SDG&E will assess the capability of its Distribution System to provide the energy and capacity levels of the service requested. In determining the level of capacity available for new service requests, SDG&E may exclude, from capacity to be made available for new service requests, that capacity needed to meet current and reasonably forecasted load of SDG&E's customers (i.e., CPUC jurisdictional and existing wholesale distribution customers), previously pending Applications for Distribution Service and existing contractual obligations under other rate schedules.

The System Impact Study shall include:

- An assessment whether SDG&E's existing distribution system is adequate to provide the requested service.

ATTACHMENT C

METHODOLOGY FOR COMPLETING A FACILITY STUDY

SDG&E will utilize the results of the completed System Impact Study to:

- Determine the scope of the Direct Assignment Facilities and Distribution System upgrades required to provide the requested service. (Note that the scope of required new upgraded facilities should generally be the same as those determined in the System Impact Study. However, additional or changing information about the requested service, or changes to SDG&E's system may warrant an addition assessment of the distribution system impacts.) Every reasonable effort shall be made to utilize the results of the System Impact Study to avoid duplication of work. Determine the cost and schedule to construct the Direct Assignment Facilities and perform distribution system upgrades necessary to provide the requested service.

Attachment D

**SMALL GENERATOR
INTERCONNECTION PROCEDURES (SGIP)**

(For Generating Facilities No Larger Than 20 MW)

Section 1. Application

1.1 Applicability

- 1.1.1 A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.
- 1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures.
- 1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures.
- 1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the Distribution Provider's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The Distribution Provider shall respond within 15 Business Days.
- 1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all Distribution Providers, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the Presidents Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. AO public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.
- 1.1.6 References in these procedures to interconnection agreement are to the Small Generator Interconnection Agreement (SGIA)

1.2 Pre-Application

The Distribution Provider shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the Distribution Provider's Internet web site. Electric system information

provided to the Interconnection Customer should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Distribution Provider's Distribution System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The Distribution Provider shall comply with reasonable requests for such information.

1.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the Distribution Provider, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the Distribution Provider within three Business Days of receiving the Interconnection Request. The Distribution Provider shall notify the Interconnection Customer within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the Distribution Provider shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the Distribution Provider.

1.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the Distribution Provider and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.

1.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

- 1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;
- 1.5.2 An option to purchase or acquire a leasehold site for such purpose; or
- 1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the

Interconnection Customer the right to possess or occupy a site for such purpose.

1.6 Queue Position

1.6.1 General

The Distribution Provider shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. The Distribution Provider shall maintain a single queue per geographic region. At the Distribution Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

1.6.2 Clustering.

At Distribution Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If Distribution Provider elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 3.4, for all Interconnection Requests assigned to the same Queue Cluster Window. Distribution Provider may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the Distribution System's and Transmission System's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on Distribution Provider's website beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior the effective date of

this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this SGIP.

1.8 The Interconnection Studies.

The Interconnection Studies consist of short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The studies would identify Interconnection Facilities, Distribution Upgrades, and any required transmission upgrades, including Reliability Network Upgrades and Delivery Network Upgrades as defined in Appendix A to the CAISO Tariff, when applicable. When requested, the Deliverability Assessment performed by the CAISO would identify any necessary Delivery Network Upgrades on the transmission system to allow full output of the proposed Small Generating Facility. The Distribution Provider may study the Distribution System under non-peak load conditions as well as peak conditions. However, upon request by the Interconnection Customer, the Distribution Provider must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

1.9 Deliverability Assessment.

1.9.1 Distribution System Deliverability.

Deliverability from the Point of Interconnection to the point where the Distribution Provider's Distribution System interconnects to the CAISO Controlled Grid (as defined in Appendix A to the CAISO Tariff) will be assessed pursuant to an Application for Distribution Service in accordance with Section 15.3 of the Tariff. An Interconnection Customer should, but is not required to, submit an Application for Distribution Service at the same time it seeks Interconnection Service.

1.9.2 CAISO Controlled Grid Deliverability.

If requested by the Interconnection Customer in writing to the Distribution Provider, at least ten (10) Business Days following the Scoping Meeting, the Distribution Provider shall submit the project to the CAISO for inclusion in the CAISO deliverability study process whereby, the CAISO will perform pursuant to Section 6.5.2 of the CAISO Generation Interconnection Procedures (GIP) tariff (Appendix Y to the CAISO Tariff) an On-Peak Deliverability Assessment and an Off-Peak Deliverability Assessment (as these terms are defined in Appendix A to the CAISO Tariff) which shall determine the Interconnection Customer's Small Generating Facility's ability to deliver its energy to the CAISO Controlled Grid and identify Delivery Network Upgrades (as defined in Appendix A to the CAISO Tariff) required to provide the Generation Facility with Full Capacity Deliverability Status (as defined in Appendix A to the CAISO Tariff).

Interconnection Requests can only be considered for Deliverability Assessment as a part of the CASIO's annual cluster studies which begin

with Phase I in June of each year. Interconnection Requests submitted by the Distribution Provider to the CAISO for Deliverability Assessment are subject to the cluster study and financial security requirements covered in the CASIO GIP Tariff, Sections 6, 7 and 9.

Should the results of the CAISO Phase I Deliverability Assessment indicate there are no Delivery Network Upgrades associated with the project, the project may qualify for the Accelerated Phase II Interconnection Process outlined in Section 7.6 of the CASIO GIP Tariff, and require no further Deliverability Assessment beyond Phase I.

The Interconnection Customer shall reimburse the Distribution Provider for the actual cost attributable to such Interconnection Customer of the Deliverability Assessment studies that the CAISO performs.

1.9.3 Delivery Network Upgrades. Unless the Distribution Provider elects to fund the capital for Delivery Network Upgrades, they shall be solely funded by the Interconnection Customer pursuant to CAISO GIP Section 12.3.1.

1.9.4 Repayment of Amounts Advanced for Delivery Network Upgrades. The Interconnection Customer shall be entitled to a repayment for the cost of Delivery Network Upgrades in accordance with CAISO GIP Section 12.3.2.

Section 2. Fast Track Process

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Distribution Provider's Distribution System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the Distribution Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within 15 Business Days after the Distribution Provider notifies the Interconnection Customer it has received a complete Interconnection Request, the Distribution Provider shall perform an initial review using the screens set forth below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the Distribution Provider's determinations under the screens.

2.2.1 Screens

2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Distribution Provider's Distribution System that is subject to the Tariff.

2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Distribution Provider's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.

2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW/.

2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10% to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

¹A spot Network is a type of distribution system found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company)

2.2.1.5. The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Distribution Provider's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the distribution side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four distribution busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Distribution Provider on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the Distribution Provider will provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the Distribution Provider determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the Distribution Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.4 If the proposed interconnection fails the screens, but the Distribution Provider does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the Distribution Provider shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the Distribution Provider determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five Business Day period after the determination, the Distribution Provider shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten

Business Days of the Distribution Provider's determination, the Distribution Provider shall offer to convene a customer options meeting with the Distribution Provider to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the Distribution Provider's determination, or at the customer options meeting, the Distribution Provider shall:

- 2.3.1** Offer to perform facility modifications or minor modifications to the Distribution Provider's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Distribution Provider's electric system; or
- 2.3.2** Offer to perform a supplemental review if the Distribution Provider concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review, or
- 2.3.3** Obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within 15 Business Days of the offer, and submit a deposit for the estimated costs. The Interconnection Customer shall be responsible for the Distribution Provider's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within 20 Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Distribution Provider will return such excess within 20 Business Days of the invoice without interest.

- 2.4.1** Within ten Business Days following receipt of the deposit for a supplemental review, the Distribution Provider will determine if the Small Generating Facility can be interconnected safely and reliably.
 - 2.4.1.1** If so, the Distribution Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days.
 - 2.4.1.2** If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the Distribution Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's

cost.

2.4.1.3 If so, and minor modifications to the Distribution Providers electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the Distribution Provider shall forward an executable interconnection agreement to the Interconnection Customer within ten Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4 If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

Section 3. Study Process

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Distribution Providers Distribution System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is not certified, or (3) is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The Distribution Provider and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the Distribution Provider should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a feasibility study should be performed, the Distribution Provider shall provide the Interconnection Customer, as soon as possible, but not later than five Business Days after the scoping meeting, a feasibility study agreement (Attachment 6) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the Distribution Provider shall provide the Interconnection Customer, no later than five Business Days after the

scoping meeting, a system impact study agreement (Attachment 7) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

3.3 Feasibility Study

- 3.3.1** The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.
- 3.3.2** A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 3.3.3** The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement.
- 3.3.4** If the feasibility study shows no potential for adverse system impacts, the Distribution Provider shall send the Interconnection Customer a facilities study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, the Distribution Provider shall send the Interconnection Customer an executable interconnection agreement within five Business Days.
- 3.3.5** If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

3.4 System Impact Study

- 3.4.1** A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.
- 3.4.2** If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. The Distribution Provider shall send the Interconnection Customer a distribution system impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.
- 3.4.3** In instances where the feasibility study or the distribution system impact

study shows potential for transmission system adverse system impacts, within five Business Days following transmittal of the feasibility study report, the Distribution Provider shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.

- 3.4.4** If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the Distribution Provider shall send the Interconnection Customer a distribution system impact study agreement.
- 3.4.5** If the feasibility study shows no potential for distribution system or Distribution System adverse system impacts, the Distribution Provider shall send the Interconnection Customer either a facilities study agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.
- 3.4.6** In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 3.4.7** A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.
- 3.4.8** The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 3.4.9** Where transmission systems and Distribution Systems have separate owners, such as is the case with transmission-dependent utilities (*MAN) – whether investor-owned or not – the Interconnection Customer may apply to the nearest Transmission Provider (Transmission Owner, Regional Transmission Operator, or Independent Transmission Provider) providing transmission service to the TDU to request project coordination. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

3.5 Facilities Study

- 3.5.1** Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.

- 3.5.2** In order to remain under consideration for interconnection, or, as appropriate, in the Distribution Provider's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.
- 3.5.3** The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s).
- 3.5.4** Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. The Distribution Provider may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the Distribution Provider may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Distribution Provider, under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the Distribution Provider shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.
- 3.5.5** A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 3.5.6** The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 3.5.7** Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the Distribution Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days.

Section 4. Provisions that Apply to All Interconnection Requests

4.1 Reasonable Efforts

The Distribution Provider shall make reasonable efforts to meet all time frames provided in these procedures unless the Distribution Provider and the Interconnection Customer agree to a different schedule. If the Distribution Provider cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

- 4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 4.2.2 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.
- 4.2.3 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.
- 4.2.4 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>.
- 4.2.5 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.
- 4.2.6 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.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state, or local regulatory requirements or the Distribution Provider's specifications.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The Distribution Provider must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

- 4.5.1 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.
- 4.5.2 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.

4.5.2.1 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.

4.5.2.2 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.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.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.

4.6 Comparability

The Distribution Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The Distribution Provider shall use the same reasonable efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Distribution Provider, its subsidiaries or affiliates, or others.

4.7 Record Retention

The Distribution Provider shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 Interconnection Agreement

After receiving an interconnection agreement from the Distribution Provider, the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the Distribution Provider file an unexecuted interconnection agreement with the Federal Energy Regulatory Commission. If the Interconnection Customer does not sign the interconnection agreement, or ask that it be filed unexecuted by the Distribution Provider within 30 Business Days, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

4.9 Coordination with Affected Systems

The Distribution Provider shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The Distribution Provider will include such Affected System operators in all meetings held with the Interconnection Customer as required by these procedures. The Interconnection Customer will cooperate with the Distribution Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Distribution Provider which may be an Affected System shall cooperate with the Distribution Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

4.10 Capacity of the Small Generating Facility

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated capacity of the Small Generating Facility.

4.11 Interconnection Customer to Meet Requirements of Distribution Provider's Interconnection Handbook

The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of the SGIP and the terms of the Distribution Provider's Interconnection Handbook, the terms in the SGIP shall govern.

Attachment 1 Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Affected System – An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection.

Business Day – Monday through Friday, excluding federal holidays.

CAISO shall mean the California Independent System Operator Corporation, a state chartered, nonprofit, corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads.

CAISO Tariff shall mean the California Independent System Operator Corporation's Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.

Distribution System – The Distribution Provider's facilities and equipment 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 transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Interconnection Customer – Any entity, including the Distribution Provider, the Distribution Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Distribution Provider's Distribution System.

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 the SGIP and terms of the Distribution Provider's Interconnection Handbook, the terms of the SGIP 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.

Material Modification — A modification that has a material impact on the cost or timing of any Interconnection Request 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. Network Upgrades do not include Distribution Upgrades.

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.

Queue Position — The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Distribution Provider.

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.

Study Process — The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, feasibility study, system impact study, and facilities study.

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 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 distribution of electricity in interstate commerce and provides distribution service under the Tariff. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Transmission System — Those transmission 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 Transmission System and Distribution System at or beyond the Point of Interconnection. Upgrades may be network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2
SMALL GENERATOR INTERCONNECTION REQUEST
(Application Form)

Distribution Provider: _____

Designated Contact Person: _____

Address: _____

Telephone Number. _____

Fax: _____

E-Mail Address: _____

An Interconnection Request is considered complete when it provides all applicable and correct information required below.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the Distribution Provider.

Processing Fee or Deposit

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the Distribution Provider a deposit not to exceed \$1,000 towards the cost of the feasibility study.

Interconnection Customer information

Legal Name of the Interconnection Customer (or, if an individual, Individual's name)

Name: _____

Contact Person: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail _____

Address: _____

Small Generating Facility Information

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: Solar Wind Hydro Hydro Type (e.g. Run-of-River): _____
Diesel Natural Gas Fuel Oil Other (state type) : _____

Prime Mover: Fuel Cell Recip Engine Gas Turb Steam Turb
Microturbine PV Other

Type of Generator: Synchronous Induction Inverter

Generator Nameplate Rating: _____ kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____ kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Is the prime mover compatible with the certified protective relay package? Yes ___ No ___

Generator (or solar collector)
Manufacturer, Model Name & Number: _____
Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____
Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor
Rated Power Factor: Leading: _____ Lagging: _____

Three phase winding configuration: ___ 3 wire delta ___ 3 wire wye ___ 4 wire wye

Total Number of Generators in wind farm to be interconnected pursuant to this Interconnection Request: ___
Elevation: _____ Single Phase Three Phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous ___ or RMS?

Short circuit produced by generator _____ amps

San Diego Gas & Electric Company
Open Access Distribution Tariff, Volume No. 6

Wiring configuration ___ Single phase ___ Three phase

Provide complete dynamic model in GE PSLF format

(Provide equivalent impedance model of the Solar Collector System in GE PSLF format)

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

Rated RPM: _____

Neutral Grounding System Used ___ underground ___ solidly grounded ___ neutral grounding Resistor (If Applicable):

Synchronous Generators:

Direct Axis Synchronous Reactance, X_d : ___ P.U.
Direct Axis Transient Reactance, X'_d : _____
Direct Axis Subtransient Reactance, X''_d : _____ : P.U.
Negative Sequence Reactance, X_2 : _____ P.U.
Zero Sequence Reactance, X_0 : _____ P.U.
KVA Base: _____
Field Volts: _____
Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____
 I_2^2t or K (Heating Time Constant): _____
Rotor Resistance, R_r : _____
Stator Resistance, R_s : _____
Stator Reactance, X_s : _____
Rotor Reactance, X_r : _____
Magnetizing Reactance, X_m : _____
Short Circuit Reactance, X_d'' : _____
Exciting Current: _____
Temperature Rise: _____
Frame Size: _____
Design Letter: _____
Reactive Power Required In Vars (No Load): _____
Reactive Power Required In Vars (Full Load): _____
Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the Distribution Provider prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? Yes _____ No

Will the transformer be provided by the Interconnection Customer? Yes _____ No

Transformer Data (If Applicable. For Interconnection Customer-Owned Transformer).

Is the transformer: _____ single phase _____ three phase? Size: _____ kVA
Transformer Impedance: _____ % on _____ kVA Base

If Three Phase:

Transformer Primary:	Volts	Delta	Wye	Wye Grounded
Transformer Secondary:	Volts	Delta	Wye	Wye Grounded
Transformer Tertiary:	Volts	Delta	Wye	Wye Grounded

Transformer Fuse Date (If Applicable. For Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____ Speed: _____

Interconnecting Circuit Breaker (If Applicable):

Manufacturer: _____ Type: _____
Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

Setpoint Function	Minimum	Maximum
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (if Applicable):

(Enclose Copy of Manufacturers Excitation and Ratio Correction Curves)

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection:

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection:

Potential Transformer Data (If Applicable):

Manufacturer: _____
Type: _____ Accuracy Class: Proposed Ratio Connection:

Manufacturer: _____

Type: _____ Accuracy Class: Proposed Ratio Connection:

General Information

Enclose copy of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Is One-Line Diagram Enclosed? _____ Yes _____ No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g. USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? Yes No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).

Are Schematic Drawings Enclosed? _____ Yes _____ No

Applicant's Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

Complete only if requested by Distribution Provider

**APPENDIX A TO ATTACHMENT 2
ADDITIONAL GENERATING FACILITY DATA**

1. Synchronous Generator – General Information:

(Repeat the following for each generator model)

- A. Rated Generator speed (rpm): _____
- B. Rated MVA: _____
- C. Rated Generator Power Factor: _____
- D. Generator Efficiency at Rated Load (%): _____
- E. Moment of Inertia (including prime mover): _____
- F. Inertia Time Constant (on machine base) H: _____ sec or MJ/MVA
- G. SCR (Short-Circuit Ratio - the ratio of the field current required for rated open-circuit voltage to the field current required for rated short-circuit current): _____
- H. Attach generator reactive capability curves.
- I. Rated Hydrogen Cooling Pressure in psig (Steam Units only): _____
- J. Attach a plot of generator terminal voltage versus field current that shows the air gap line, the open-circuit saturation curve, and the saturation curve at full load and rated power factor.

2. Excitation System Information

(Repeat the following for each generator model)

- A. Indicate the Manufacturer _____ and Type _____ of excitation system used for the generator. For exciter type, please choose from 1 to 9 below or describe the specific excitation system.
 - (1) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is independent of the generator terminal voltage and current.
 - (2) Rotating DC commutator exciter with continuously acting regulator. The regulator power source is bus fed from the generator terminal voltage.
 - (3) Rotating DC commutator exciter with non-continuously acting regulator (i.e., regulator adjustments are made in discrete increments).
 - (4) Rotating AC Alternator Exciter with non-controlled (diode) rectifiers. The regulator power source is independent of the generator terminal voltage and current (not bus-fed).
 - (5) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers. The regulator power source is fed from the exciter output voltage.
 - (6) Rotating AC Alternator Exciter with controlled (thyristor) rectifiers.
 - (7) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from the generator terminal voltage.
 - (8) Static Exciter with controlled (thyristor) rectifiers. The regulator power source is bus-fed from a combination of generator terminal voltage and current (compound-source controlled rectifiers system).
 - (9) Other (specify): _____
- B. Attach a copy of the block diagram of the excitation system from its instruction manual. The diagram should show the input, output, and all feedback loops of the excitation system.

- C. Excitation system response ratio (ASA): _____
- D. Full load rated exciter output voltage: _____
- E. Maximum exciter output voltage (ceiling voltage): _____
- F. Other comments regarding the excitation system?

3. Power System Stabilizer Information

(Repeat the following for each generator model. All new generators are required to install PSS unless an exemption has been obtained from WECC. Such an exemption can be obtained for units that do not have suitable excitation systems.)

- A. Manufacturer: _____
- B. Is the PSS digital or analog? _____
- C. Note the input signal source for the PSS?
_____ Bus frequency _____ Shaft speed _____ Bus Voltage
_____ Other (specify source)
- D. Attach a copy of a block diagram of the PSS from the PSS Instruction Manual and the correspondence between dial settings and the time constants or PSS gain.
- E. Other comments regarding the PSS?

4. Turbine-Governor Information

(Repeat the following for each generator model)

Complete Part A for steam, gas or combined-cycle turbines, Part B for hydro turbines, and Part C for both.

- A. Steam, gas or combined-cycle turbines:

- (1) List type of unit (Steam, Gas, or Combined-cycle): _____
- (2) If steam or combined-cycle, does the turbine system have a reheat process (i.e., both high and low pressure turbines)? _____
- (3) If steam with reheat process, or if combined-cycle, indicate in the space provided, the percent of full load power produced by each turbine:
Low pressure turbine or gas turbine: _____ %
High pressure turbine or steam turbine: _____ %

- B. Hydro turbines:

- (1) Turbine efficiency at rated load: _____ %
- (2) Length of penstock: _____ ft
- (3) Average cross-sectional area of the penstock: _____ ft²
- (4) Typical maximum head (vertical distance from the bottom of the penstock, at the gate, to the water level): _____ ft
- (5) Is the water supply run-of-the-river or reservoir: _____
- (6) Water flow rate at the typical maximum head: _____ ft³/sec
- (7) Average energy rate: _____ kW-hrs/acre-ft
- (8) Estimated yearly energy production: _____ kW-hrs

- C. Complete this section for each machine, independent of the turbine type.

- (1) Turbine manufacturer: _____

- (2) Maximum turbine power output: _____ kW
- (3) Minimum turbine power output (while on line): _____ kW
- (4) Governor information:
 - (a) Droop setting (speed regulation): _____
 - (b) Is the governor mechanical-hydraulic or electro-hydraulic (Electro-hydraulic governors have an electronic speed sensor and transducer.)?

 - (c) Other comments regarding the turbine governor system?

5. Step-Up Transformer Data

For each step-up transformer, fill out the data form provided in Table 1.

6. Interconnection Facilities Line Data

There is no need to provide data for new lines that are to be planned by the Participating TO. However, for transmission lines that are to be planned by the generation developer, please provide the following information:

Nominal Voltage: _____ kV
Line Length: _____ miles
Line termination Points: _____
Conductor Type: _____ Size: _____
If bundled. Number per phase: _____, Bundle spacing: _____ in.
Phase Configuration. Vertical: _____, Horizontal: _____
Phase Spacing: A-B: _____ ft., B-C: _____ ft., C-A: _____ ft.
Distance of lowest conductor to Ground at full load and 40°C: _____ ft
Ground Wire Type: _____ Size: _____ Distance to Ground: _____ ft
Attach Tower Configuration Diagram
Summer line ratings in amperes (normal and emergency) _____
Positive Sequence Resistance (R): _____ p.u.** (for entire line length)
Positive Sequence Reactance: (X): _____ p.u.** (for entire line length)
Zero Sequence Resistance (R0): _____ p.u.** (for entire line length)
Zero Sequence Reactance: (X0): _____ p.u.** (for entire line length)
Line Charging (B/2): _____ p.u.**
** On 100-MVA and nominal line voltage (kV) Base

**7. For Wind/photovoltaic plants, provide collector System Equivalence Impedance Data
Provide values for each equivalence collector circuit at all voltage levels.**

Nominal Voltage: _____
Summer line ratings in amperes (normal and emergency) _____
Positive Sequence Resistance (R1): _____ p.u. ** (for entire line length of each collector circuit)
Positive Sequence Reactance: (X1): _____ p.u.** (for entire line length of each collector circuit)
Zero Sequence Resistance (R0): _____ p.u. ** (for entire line length of each collector circuit)
Zero Sequence Reactance: (X0): _____ p.u.** (for entire line length of each collector circuit)
Line Charging (B/2): _____ p.u.** (for entire line length of each collector circuit)
** On 100-MVA and nominal line voltage (kV) Base

8. Wind Generators

List of adjustable set points for the protective equipment or software:

Field Volts: _____
Field Amperes: _____
Motoring Power (kW): _____
Neutral Grounding Resistor (If Applicable): _____
I22t or K (Heating Time Constant): _____
Rotor Resistance: _____
Stator Resistance: _____
Stator Reactance: _____
Rotor Reactance: _____
Magnetizing Reactance: _____
Short Circuit Reactance: _____
Exciting Current: _____
Temperature Rise: _____
Frame Size: _____
Design Letter: _____
Reactive Power Required In Vars (No Load): _____
Reactive Power Required In Vars (Full Load): _____
Total Rotating Inertia, H: _____ Per Unit on 100 MVA Base

Note: A completed General Electric Company Positive Sequence Load Flow (GE PSLF) data sheet must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

9. Load Flow and Dynamic Models:

Provide load flow model for the generating plant and its interconnection facilities in GE PSLF *.epc format, including new buses, generators, transformers, interconnection facilities. An equivalent model is required for the plant with generation collector systems. This data should reflect the technical data provided in the Interconnection Request.

If applicable, for each generator, governor, exciter and power system stabilizer, select the appropriate dynamic model from the GE PSLF User's Manual and provide the required input data. Include any user written *.p EPCL files to simulate inverter based plants' dynamic responses (typically needed for inverter based PV/wind plants). Provide a completed *.dyd file that contains the information specified in this section.

There are links within the GE PSLF User's Manual to detailed descriptions of specific models, a definition of each parameter, a list of the output channels, explanatory notes, and a control system block diagram.

If you require assistance in developing the models, we suggest you contact General Electric. Accurate models are important to obtain accurate study results. Costs associated with any changes in facility requirements that are due to differences between model data provided by the generation developer and the actual generator test data, may be the responsibility of the generation developer.

TABLE 1

TRANSFORMER DATA
 (Provide for each level of transformation)

UNIT _____

NUMBER OF TRANSFORMERS _____ PHASE _____

RATING	H Winding	X Winding	Y Winding
Rated MVA	_____	_____	_____
Connection (Delta, Wye, Gnd.)	_____	_____	_____
Cooling Type (OA,OA/FA, etc) :	_____	_____	_____
Temperature Rise Rating	_____	_____	_____
Rated Voltage	_____	_____	_____
BIL	_____	_____	_____
Available Taps (% of rating)	_____	_____	_____
Load Tap Changer? (Y or N)	_____	_____	_____
Tap Settings	_____	_____	_____
IMPEDANCE	H-X	H-Y	X-Y
Percent	_____	_____	_____
MVA Base	_____	_____	_____
Tested Taps	_____	_____	_____
WINDING RESISTANCE	H	X	Y
Ohms	_____	_____	_____

CURRENT TRANSFORMER RATIOS

H_____ X_____ Y_____ N_____

Percent exciting current at 100 % Voltage; _____ 110% Voltage_____

Supply copy of nameplate and manufacture's test report when available

Attachment 3

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems IEEE

Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers IEEE

Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41 .2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

- 1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")

- 1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the Distribution Provider ("Company").
- 2.0 The Company acknowledges to the Customer receipt of the Application within three Business Days of receipt
- 3.0 The Company evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The Company verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The Company has 15 Business Days to complete this process. Unless the Company determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the Company approves the Application and returns it to the Customer. Note to Customer. Please check with the Company before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the Company. Prior to parallel operation, the Company may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Company has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Company is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Company does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.
- 7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e. the Interconnection Customer). If another entity is responsible for interfacing with the Company, that contact information must be provided on the Application.
- 8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.
- 9.0 UL1741 Listed – This standard (Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility
No Larger than 10kW

This Application is considered complete when it provides all applicable and correct Information required below. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

Interconnection Customer Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer) Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility):

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Inverter Manufacturer: _____ Model _____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase _____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover. Photovoltaic Reciprocating Engine Fuel Cell

Turbine Other _____

Energy Source: Solar Wind Hydro Diesel Natural Gas

Fuel Oil Other (describe) _____

Is the equipment UL1741 Listed? Yes _____ No _____

If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____

Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Distribution Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	
2. _____	
3. _____	
4. _____	
5. _____	

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Company use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Company Signature: _____

Title: _____ Date: _____

Application ID number _____

Company waives inspection/witness test? Yes _____ No _____

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes _____ No

Interconnection Customer: _____

Contact Person: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician: Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number _____

Date Approval to Install Facility granted by the Company: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected In compliance with the local building/electrical code of

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert Company information below):

Name: _____

Company: _____

Address: _____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility (For Company use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Company Signature: _____

Title: _____ Date: _____

Terms and Conditions for interconnecting an Inverter-Based
Small Generating Facility No Larger than 10kW

- 1.0 Construction of the Facility
The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the Distribution Provider (the "Company") approves the Interconnection Request (the "Application") and returns it to the Customer.
- 2.0 Interconnection and Operation
The Customer may operate Small Generating Facility and interconnect with the Company's electric system once all of the following have occurred:
 - 2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and
 - 2.2 The Customer returns the Certificate of Completion to the Company, and
 - 2.3 The Company has either:
 - 2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or
 - 2.3.2 if the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or
 - 2.3.3 The Company waives the right to inspect the Small Generating Facility.
 - 2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.
 - 2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.
- 3.0 Safe Operations and Maintenance
The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility required to ensure that it complies at all times with the interconnection standards to which it has been certified.
- 4.0 Access
The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.
- 5.0 Disconnection
The Company may temporarily disconnect the Small Generating Facility upon the following conditions:
 - 5.1 For scheduled outages upon reasonable notice.
 - 5.2 For unscheduled outages or emergency conditions.
 - 5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.
 - 5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 Indemnification

The Parties shall at all times indemnify, defend, and save 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 inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 Insurance

The Parties each agree to maintain commercially reasonable amounts of insurance.

8.0 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, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 Termination

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

By providing written notice to the Company.

9.2 By the Company

If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

9.3 Permanent Disconnection

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

9.4 Survival Rights

This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 Assignment transfer of Ownership of the Facility This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the Company.

**Attachment 6
Feasibility Study Agreement**

THIS AGREEMENT is made and entered into this _____ day of _____ 20____ by and between _____ and _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, _____ existing under the laws of the State of _____ ("Distribution Provider"). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on _____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Distribution Provider's Distribution System; and

WHEREAS, Interconnection Customer has requested the Distribution Provider to perform a feasibility study to assess the feasibility of interconnecting the proposed Small Generating Facility with the Distribution Provider's Distribution System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Distribution Provider shall cause to be performed an interconnection feasibility study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Distribution Tariff.
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Distribution Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the feasibility study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.
- 5.0 In performing the study, the Distribution Provider shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.
- 6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:
 - 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and

- 6.4 Description and non-bonding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.
- 7.0 The feasibility study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.
- 9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a feasibility study.
- 11.0 Any study fees shall be based on the Distribution Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Distribution Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Miscellaneous.
- 13.1 Substantial portions of technical data and assumptions used to perform the facilities study, such as system conditions, existing and planned generation, and unit modeling, may change after the Distribution Provider provides the facilities study report to the Interconnection Customer. Study results will reflect available data at the time the Distribution Provider provides the facilities study to the Interconnection Customer. The Distribution Provider shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.
- 13.2 The Distribution Provider shall maintain records and accounts of all costs incurred in performing the facilities study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this facilities study at the Distribution Provider's offices and at its own expense, to audit the Distribution Provider's records as necessary and as appropriate in order to verify costs incurred by the Distribution Provider. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Distribution Provider within one hundred eighty (180) calendar days following receipt by the Interconnection Customer of the Distribution Provider's notification of the final costs of the facilities study, inclusive of any re-study or amendment thereto.
- 13.3 This Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6.0 of this Agreement are received by the Distribution Provider. If the Distribution Provider does not receive the fully executed Agreement

and payment within 30 Business Days, or request an extension, pursuant to Section 4.1 of the SGIP, then the Interconnection Request will be deemed withdrawn.

- 13.4 **Dispute Resolution.** Any dispute, or assertion of a claim, arising out of or in connection with this Agreement, shall be resolved in accordance with Section 4.2 of the SGIP.
- 13.5 **Confidentiality.** Confidential Information shall be treated in accordance with Section 4.5 of the SGIP.
- 13.6 **Binding Effect.** This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.7 **Conflicts.** In the event of a conflict between the body of this Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
- 13.8 **Rules of Interpretation.** This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder, (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Agreement or such Appendix to this Agreement, or such Section to the SGIP or such Appendix to the SGIP, as the case may be; (6) 'hereunder', 'hereof', 'herein', 'hereto' and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) 'including' (and with correlative meaning 'include') means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, 'from' means "from and including", 'to' means "to but excluding" and 'through' means "through and including".
- 13.9 **Entire Agreement.** This Agreement, including all Appendices and Schedules attached hereto, 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, any Party's compliance with its obligations under this Agreement.
- 13.10 **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.
- 13.11 **Waiver.** 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.

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 or duty of this Agreement. Termination or default of this Agreement for any reason by the 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.

- 13.12 Headings. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement
- 13.13 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.
- 13.14 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, provided that each Party shall have the right to protest any such filing by another 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 13.15 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 any Party. No 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, another Party.
- 13.16 Assignment. This Agreement may be assigned by a Party only with the written consent of the other Party; provided that a 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; and provided further that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Distribution Provider]

[insert name of Interconnection Customer]

Signed: _____

Signed: _____

Name (Printed) _____

Name (Printed) _____

Title _____

Title _____

Attachment A to
Feasibility Study Agreement
Assumptions Used in Conducting the Feasibility Study

The feasibility study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____.

- 1) Designation of Point of Interconnection and configuration to be studied.
- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Distribution Provider.

ATTACHMENT 7

SYSTEM IMPACT STUDY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20____, by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer") and _____, a _____ existing under the laws of the State of California ("Distribution Provider"). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on ____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Distribution Provider's Distribution System;

WHEREAS, the Distribution Provider has completed a feasibility study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the feasibility study(s) to assess the impact of interconnecting the Small Generating Facility with the Distribution Provider's Distribution System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Distribution Provider shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Distribution Tariff.
- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The Distribution Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.
- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A

- system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.
- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system Impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and the Distribution Provider has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.
- 8.0 If the Distribution Provider uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced –
- 8.1 Are directly interconnected with the Distribution Provider's electric system; or
- 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
- 8.3 Have a pending higher queued Interconnection Request to interconnect with the Distribution Provider's electric system.
- 9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties, or in accordance with the Distribution Provider's queuing procedures.
- 10.0 A deposit of the equivalent of the good faith estimated cost of a distribution system impact study and the one half the good faith estimated cost of a distribution system impact study may be required from the Interconnection Customer.
- 11.0 Any study fees shall be based on the Distribution Providers actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Distribution Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Miscellaneous.
- 13.1 Substantial portions of technical data and assumptions used to perform the facilities study, such as system conditions, existing and planned generation, and unit modeling, may change after the Distribution Provider provides the facilities study report to the Interconnection Customer. Study results will reflect available

data at the time the Distribution Provider provides the facilities study to the Interconnection Customer. The Distribution Provider shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.

- 13.2 The Distribution Provider shall maintain records and accounts of all costs incurred in performing the facilities study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this facilities study at the Distribution Provider's offices and at its own expense, to audit the Distribution Provider's records as necessary and as appropriate in order to verify costs incurred by the Distribution Provider. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Distribution Provider within one hundred eighty (180) calendar days following receipt by the Interconnection Customer of the Distribution Provider's notification of the final costs of the facilities study, inclusive of any re-study or amendment thereto.
- 13.3 This Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6.0 of this Agreement are received by the Distribution Provider. If the Distribution Provider does not receive the fully executed Agreement and payment within 30 Business Days, or request an extension, pursuant to Section 4.1 of the SGIP, then the Interconnection Request will be deemed withdrawn.
- 13.4 **Dispute Resolution.** Any dispute, or assertion of a claim, arising out of or in connection with this Agreement, shall be resolved in accordance with Section 4.2 of the SGIP.
- 13.5 **Confidentiality.** Confidential Information shall be treated in accordance with Section 4.5 of the SGIP.
- 13.6 **Binding Effect.** This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 13.7 **Conflicts.** In the event of a conflict between the body of this Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
- 13.8 **Rules of Interpretation.** This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated

thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Agreement or such Appendix to this Agreement, or such Section to the SGIP or such Appendix to the SGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "Including" (and with correlative meaning "Include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

- 13.9 Entire Agreement. This Agreement, including all Appendices and Schedules attached hereto, 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, any Party's compliance with its obligations under this Agreement.
- 13.10 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.
- 13.11 Waiver. 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.
- 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 or duty of this Agreement. Termination or default of this Agreement for any reason by the 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.
- 13.12 Headings. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement
- 13.13 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
- 13.14 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

- 13.15 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 any Party. No 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, another Party.
- 13.16 Assignment. This Agreement may be assigned by a Party only with the written consent of the other Party; provided that a 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; and provided further that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Distribution Provider

Insert name of Interconnection Customer

Signed _____
Name (printed) _____
Title _____

Signed _____
Name (printed) _____
Title _____

Attachment A to
System Impact Study Agreement

Assumptions Used in Conducting the System impact Study

The system impact study shall be based upon the results of the feasibility study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

- 3) 1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Distribution Provider.

Attachment 8
Facilities Study Agreement

THIS AGREEMENT is made and entered into this _____ day of _____ 20____ by and between _____ a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ existing under the laws of the State of ("Distribution Provider"). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on ___ and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Distribution Provider's Distribution System;

WHEREAS, the Distribution Provider has completed a system impact study and provided the results of said study to the Interconnection Customer, and

WHEREAS, the Interconnection Customer has requested the Distribution Provider to perform a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the Distribution Provider's Distribution System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Distribution Provider shall cause a facilities study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Distribution Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement
- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Distribution Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Distribution Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.
- 6.0 A deposit of the good faith estimated facilities study costs may be required from the Interconnection Customer.

- 7.0 In cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.
- 8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.
- 9.0 Any study fees shall be based on the Distribution Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Distribution Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 11.0 Miscellaneous.
- 11.1 Substantial portions of technical data and assumptions used to perform the facilities study, such as system conditions, existing and planned generation, and unit modeling, may change after the Distribution Provider provides the facilities study report to the Interconnection Customer. Study results will reflect available data at the time the Distribution Provider provides the facilities study to the Interconnection Customer. The Distribution Provider shall not be responsible for any additional costs, including, without limitation, costs of new or additional facilities, system upgrades, or schedule changes, that may be incurred by the Interconnection Customer as a result of changes in such data and assumptions.
- 11.2 The Distribution Provider shall maintain records and accounts of all costs incurred in performing the facilities study, inclusive of any re-studies or amendments thereto, in sufficient detail to allow verification of all costs incurred, including associated overhead. The Interconnection Customer shall have the right, upon reasonable notice, within a reasonable time following receipt of the final cost report associated with this facilities study at the Distribution Provider's offices and at its own expense, to audit the Distribution Provider's records as necessary and as appropriate in order to verify costs incurred by the Distribution Provider. Any audit requested by the Interconnection Customer shall be completed, and written notice of any audit dispute provided to the Distribution Provider within one hundred eighty (180) calendar days following receipt by the Interconnection Customer of the Distribution Provider's notification of the final costs of the facilities study, inclusive of any re-study or amendment thereto.
- 11.3 This Agreement shall become effective upon the date the fully executed Agreement and deposit specified in Section 6.0 of this Agreement are received by the Distribution Provider. If the Distribution Provider does not receive the fully executed Agreement and payment within 30 Business Days, or request an extension, pursuant to Section 3.5 of the SGIP, then the Interconnection Request will be deemed withdrawn.
- 11.4 Dispute Resolution. Any dispute, or assertion of a claim, arising out of or in connection with this Agreement, shall be resolved in accordance with Section 4.2 of the SGIP.
- 11.5 Confidentiality. Confidential Information shall be treated in accordance with Section 4.5 of the SGIP.
- 11.6 Binding Effect. This Agreement and the rights and obligations hereof, shall be binding

upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

- 11.7 Conflicts. In the event of a conflict between the body of this Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Agreement shall prevail and be deemed the final intent of the Parties.
- 11.8 Rules of Interpretation. This Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and In effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Agreement or such Appendix to this Agreement, or such Section to the SGIP or such Appendix to the SGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means Iran and including', "to" means 'to but excluding' and "through" means "through and including".
- 11.9 Entire Agreement. This Agreement, including all Appendices and Schedules attached hereto, 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, any Party's compliance with its obligations under this Agreement.
- 11.10 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.

Waiver. 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.

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 or duty of this Agreement. Termination or default of this Agreement for any reason by the 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.

- 11.12 Headings. The descriptive headings of the various Articles and Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

- 11.13 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.
- 11.14 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 11.15 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 any Party. No 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, another Party.
- 11.16 Assignment. This Agreement may be assigned by a Party only with the written consent of the other Party, provided that a 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; and provided further that the Interconnection Customer shall have the right to assign this Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Distribution Provider]

[Insert name of Interconnection Customer]

Signed _____

Signed _____

Name (Printed): _____

Name (Printed) _____

Title: _____

Title: _____

Attachment A to
Facilities Study Agreement

Data to Be Provided by the Interconnection Customer
with the Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, distribution circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location.
(Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Distribution Provider station. Number of generation connections:

Will an alternate source of auxiliary power be available during CT/PT maintenance? Yes No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes No

(Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Small Generating Facility?

What protocol does the control system of PLC use?

Please provide a 7.5 minute quadrangle map of the site. Indicate the plant, station, distribution line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line Length from interconnection station to Distribution Providers Distribution System.

Tower number observed in the field. (Painted on tower leg)*:

Number of third party easements required for distribution lines:

- To be completed in coordination with Distribution Provider.

Is the Small Generating Facility located in Distribution Provider's service area:

Yes____ No____ If No, please provide name of local provider:_____

Please provide the following proposed schedule dates:

Begin Construction Date:_____

Generator step-up transformers

Date: _____

receive back feed power

Generation Testing

Date: _____

Commercial Operation

Date: _____

ATTACHMENT E

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20____, by _____ ("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: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
Fax: _____

Interconnection Customer Information:

Customer Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
Fax: _____

Interconnection Customer Application

No.: _____

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 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.
- 1.3 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. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the Distribution Provider and the ISO in accordance with the ISO Tariff.
- 1.4 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, 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 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 and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA 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 Transmission System, Distribution System 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.

1.6 Parallel Operation Obligations

Once the Small 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 Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the system operator for the Distribution Provider's Distribution System 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.

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 a power factor within the range of 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 area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

1.8.2 The Transmission Provider is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the Distribution Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1. In addition, if the Distribution Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.

1.8.3 Payments 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.

1.9 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 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 Providers 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 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.

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 may request 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.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Distribution Provider's Distribution System. 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 This provisions of this article shall survive termination or expiration of this Agreement.

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 or the Distribution Provider's Interconnection Facilities or the Transmission Systems of others to which the Distribution System is directly connected; 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 Transmission System or Distribution System or other 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. 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. 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 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 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 Providers 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 Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Distribution Provider or the Distribution 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 Distribution charges, as payments are made under the Distribution Provider's Tariff and Affected System's Tariff for distribution 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 will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of Distribution 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 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.

5.4 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.

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 a Force Majeure 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, Force Majeure, 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;
- 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.

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 **Force Majeure**

- 7.5.1 As used in this article, a **Force Majeure Event** shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."
- 7.5.2 If a **Force Majeure Event** prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the **Force Majeure Event** (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the **Force Majeure 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 **Force Majeure 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 **Force Majeure 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 a **Force Majeure 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 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. 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 The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Providers commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Providers liabilities undertaken pursuant to this Agreement.
- 8.3 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 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 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 § 1b.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 (est., 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

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 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, 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.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractors 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.

Article 13. Notices

3.1 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:

Interconnection Customer

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

Fax: _____

If to the Distribution Provider:

Distribution Provider: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

Fax: _____

13.2 Billing and Payment

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

Interconnection Customer _____

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Distribution Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

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: _____
Phone: _____ Fax: _____

If to the Distribution Provider.

Distribution Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

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: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Distribution Provider's Operating Representative:

Distribution Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ 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

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

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.

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.

Distribution System — The Distribution Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage Distribution 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 transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate

commerce. Distribution Upgrades do not include Interconnection Facilities.

Good Utility Practice — Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility 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 any one of a number of the optimum practices, methods, or acts 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 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 proposes to interconnect its Small Generating Facility with the Distribution Provider's Distribution System.

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 and the terms of the Distribution Provider's Interconnection Handbook, the terms in this SGIA 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.

Material Modification — A modification that has a material impact on the cost or timing of any Interconnection Request or any other valid interconnection request 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 with 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

Corporation, control area, or the Distribution Provider's requirements, including those set forth in the Small Generator Interconnection Agreement.

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 Small Generator Interconnection Agreement, 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 Access 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.

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 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 distribution of electricity in interstate commerce and provides distribution service under the Tariff. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Transmission System — The facilities owned by the Distribution Provider that have been placed under the ISO's operational control and are part of the ISO Grid.

Upgrades — The required additions and modifications to the Distribution Provider's Transmission System and Distribution 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

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. 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 Generating Facility,
Interconnection Facilities, Metering Equipment, and Upgrades**

Attachment 4

Milestones

In-Service Date

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For the Distribution Provider _____
Date _____

For the Distribution 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 prior to initiating parallel operation with the Distribution Provider's Distribution System.

ATTACHMENT F

STANDARD LARGE GENERATOR INTERCONNECTION PROCEDURES (LGIP)

(Applicable to Generating Facilities that exceed 20 MW)

STANDARD LARGE GENERATOR INTERCONNECTION PROCEDURES

Section 1. Definitions.

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Distribution Provider's Distribution System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean 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.

Applicable Reliability Council shall mean the reliability council applicable to the Distribution System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Distribution System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Distribution Provider or Interconnection Customer

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

CAISO shall mean the California Independent System Operator Corporation, a state chartered, nonprofit, corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads.

CAISO Controlled Grid shall mean the transmission lines and associated facilities of the Participating TOs that have been placed under the CAISO's operational control.

CAISO Grid shall mean the system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO's operational control.

CAISO Generator Interconnection Procedures (GIP) shall mean the procedures included in Appendix Y to the CAISO Tariff to interconnect a Generating Facility as such procedures may be modified from time to time, and accepted by the Commission.

CAISO Tariff shall mean the California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of an Electric Generating Unit shall mean the date on which an Electric Generating Unit at a Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Delivery Network Upgrades shall mean the transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the CAISO Grid, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the CAISO Grid.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution Owner shall mean an 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 Standard Large Generator Interconnection Agreement to the extent necessary.

Distribution Provider shall mean 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 service under the Tariff. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Distribution Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Distribution Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Distribution Service shall mean the wholesale distribution service provided under the Tariff.

Distribution System shall mean those non-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 shall mean 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 and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Electric Generating Unit shall mean an individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

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 a 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 Distribution Provider's Distribution System, Distribution Provider's Interconnection Facilities or the electric systems of others to which the Distribution Provider's Distribution System is directly connected; or (3) that, in the case of 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 Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Distribution Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Generating Facility shall mean Interconnection Customer's Electric Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple Electric Generating Units.

Good Utility Practice shall mean 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 shall mean 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 Interconnection Customer, Distribution Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Distribution Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Distribution Provider, Distribution Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Distribution Provider's Distribution System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Distribution Provider's Distribution System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean 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, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Distribution Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Distribution Provider's Distribution System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Distribution Provider's Distribution System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Handbook shall mean 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. Distribution Provider's standards contained in the

Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards. In the event of a conflict between the terms of the Standard Large Generator Interconnection Procedures and the terms of the Distribution Provider's Interconnection Handbook, the terms in the Standard Large Generator Interconnection Procedures shall govern.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Distribution Provider's Distribution System.

Interconnection Service shall mean the service provided by the Distribution Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Distribution Provider's Distribution System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Distribution Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Distribution Provider's Distribution System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses 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 performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Upgrades shall mean Delivery Network Upgrades and Reliability Network Upgrades.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Distribution Provider, Distribution Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Distribution Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Distribution Provider's Distribution System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Distribution Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, 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.

Reliability Network Upgrades shall mean the transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the CAISO Grid, necessary to interconnect a Large Generating Facility safely and reliably to the CAISO Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the Distribution Provider's Distribution System. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a path's WECC rating.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Distribution Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Distribution Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Distribution Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Distribution Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Distribution Provider's Distribution System, the CAISO Controlled Grid and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility; and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Distribution Provider's Distribution System, the CAISO Controlled Grid or on other delivery systems or other generating systems to which the Distribution Provider's Distribution System and Transmission System is directly connected.

Tariff shall mean the Wholesale Distribution Open Access Tariff, the Distribution Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission System shall mean those transmission facilities owned by the Distribution Provider or that have been placed under the CAISO's operational control and are part of the CAISO Grid.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

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 acts of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force.

Section 2. Scope and Application.

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

Distribution Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. Distribution Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Distribution Provider, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

Distribution Provider shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to confidentiality provisions in LGIP Section 13.1. Distribution Provider is permitted to require that Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such Base Cases shall include all (1) generation projects; and (2) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Distribution Service.

Nothing in this LGIP shall constitute a request for transmission service or Distribution Service or confer upon an Interconnection Customer any right to receive transmission service or Distribution Service.

Section 3. Interconnection Requests.

3.1 General.

An Interconnection Customer shall submit to Distribution Provider an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. Distribution Provider shall apply the deposit toward the cost of an Interconnection Feasibility Study. Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection

Requests.

If the Interconnection Customer also desires Distribution Service, then the Interconnection Customer shall submit to the Distribution Provider an Application in accordance with Section 15.2 of the Tariff, including the required deposit. If the Application for Distribution Service is deemed a Completed Application, then the schedule for performing the System Impact Study and Facilities Study, and for executing the Service Agreement shall coincide with the schedule for performing the Interconnection System Impact Study and Interconnection Facilities Study, and executing the LGIA.

At Interconnection Customer's option, Distribution Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

3.2 Interconnection Service.

3.2.1 The Product.

Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Distribution System and be eligible to deliver the Large Generating Facility's output using the capacity of the Distribution System to the CAISO Grid. Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point of Delivery.

3.2.2 The Interconnection Studies.

The Interconnection Studies consist of short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The short circuit/fault duty analysis would identify direct Interconnection Facilities, Distribution Upgrades, and any required Reliability Network Upgrades necessary to address short circuit issues associated with the Interconnection Facilities. The stability and steady state studies would identify any necessary Delivery Network Upgrades to allow full output of the proposed Large Generating Facility and would also identify the maximum allowed output, at the time the study is performed, of the interconnecting Large Generating Facility without the Delivery Network Upgrades. The Distribution Provider may also study the Distribution System under non-peak load conditions. However, upon request by the Interconnection Customer, the Distribution Provider must explain in writing to the Interconnection Customer why the study of nonpeak load conditions is required for reliability purposes.

The Distribution Provider will complete or cause to be completed all Interconnection Studies required within the timelines provided in this LGIP.

Each Interconnection Customer shall pay the actual cost of all Interconnection Studies and any additional studies the Distribution Provider determines to be reasonably necessary in response to the Interconnection Request.

3.2.3 Deliverability Assessment.

3.2.3.1 Distribution System Deliverability. Deliverability from the Point of Interconnection to the point where the Distribution Provider's Distribution System interconnects to the CAISO Grid will be assessed pursuant to an Application for Distribution Service in accordance with Section 15.3 of the Tariff. An Interconnection Customer should, but is not required to, submit an Application for Distribution Service at the same time it seeks Interconnection Service.

3.2.3.2 CAISO Grid Deliverability. If requested by the Interconnection Customer in writing to the Distribution Provider, after at least ten (10) Business Days following the Scoping Meeting, the Distribution Provider shall submit the Interconnection Request to the CAISO whereby the CAISO will perform on behalf of the Distribution Provider pursuant to Section 6.5.2 of the CAISO Generation Interconnection Procedures (GIP) Tariff (Appendix Y to the CAISO Tariff) an On-Peak Deliverability Assessment and an Off-Peak Deliverability Assessment (as those terms are defined in Appendix A to the CAISO Tariff) which shall determine the Interconnection Customer's Large Generating Facility's ability to deliver its energy to the CAISO Controlled Grid (as defined in Appendix A to the CAISO Tariff) and identify Delivery Network Upgrades required to provide the Generation Facility with Full Capacity Deliverability Status (as these terms are defined in Appendix A to the CAISO Tariff).

Interconnection Requests can only be considered for Deliverability Assessment as a part of the CASIO's annual cluster studies which begin with Phase I in June of each year. Interconnection Requests submitted by the Distribution Provider to the CAISO for Deliverability Assessment are subject to the cluster study and financial security requirements covered in the CASIO GIP Tariff, Sections 6, 7 and 9.

Should the results of the CAISO Phase I Deliverability Assessment indicate there are no Delivery Network Upgrades associated with the Interconnection Request, the Interconnection Request may qualify for the Accelerated Phase II Interconnection Process outlined in Section 7.6 of the CASIO GIP Tariff, and require no further Deliverability Assessment beyond Phase I.

The Interconnection Customer shall reimburse the the Distribution Provider for the actual cost attributable to the Generating Facility of such Interconnection Customer of the Interconnection Studies (including the Deliverability Assessment that the CAISO performs).

3.2.3.3 Network Upgrades. Unless the Distribution Provider elects to fund the capital for Network Upgrades, they shall be solely funded by the Interconnection Customer pursuant to CAISO GIP Section 12.3.1.

3.2.3.4 Repayment of Amounts Advanced for Network Upgrades. The Interconnection Customer shall be entitled to a repayment for the cost of Network Upgrades in accordance with CAISO GIP Section 12.3.2.

3.3 Valid Interconnection Request.

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit; (ii) a completed application in the form of Appendix 1; and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits shall be applied toward any Interconnection Studies pursuant to the Interconnection Request. If Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for Distribution Provider's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by Distribution Provider, unless Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by Distribution Provider by a period up to ten years, or longer where Interconnection Customer and Distribution Provider agree, such agreement not to be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

Distribution Provider shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgment.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by Distribution Provider. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, Distribution Provider shall notify Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide Distribution Provider the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, Distribution Provider shall establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. Distribution Provider and Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings; (ii) general instability issues; (iii) general short circuit issues; (iv) general voltage issues; and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. Distribution Provider and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

3.4 Internet Posting.

Distribution Provider will maintain on its website a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; and (vi) the availability of any studies related to the Interconnection Request; (vii) the date of the Interconnection Request; (viii) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (ix) for

Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of Interconnection Customer until Interconnection Customer executes an LGIA or requests that Distribution Provider file an unexecuted LGIA with FERC. Before holding a Scoping Meeting with its Affiliate, Distribution Provider shall post on its website an advance notice of its intent to do so. Distribution Provider shall post to its website any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Distribution Provider's website subsequent to the meeting between Interconnection Customer and Distribution Provider to discuss the applicable study results. Distribution Provider shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.5 Coordination with Affected Systems.

Distribution Provider will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. Distribution Provider will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP. Interconnection Customer will cooperate with Distribution Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with Distribution Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.6 Withdrawal.

Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to Distribution Provider. In addition, if Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), Distribution Provider shall deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or action that cures the deficiency or to notify Distribution Provider of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to Distribution Provider all costs that Distribution Provider prudently incurs with respect to that Interconnection Request prior to Distribution Provider's receipt of notice described above. Interconnection Customer must pay all monies due to Distribution Provider

before it is allowed to obtain any Interconnection Study data or results. Distribution Provider shall (i) update the Internet Queue Position posting; and (ii) refund to Interconnection Customer any portion of Interconnection Customer's deposit or study payments that exceeds the costs that Distribution Provider has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, Distribution Provider, subject to the confidentiality provisions of Section 13.1, shall provide, at Interconnection Customer's request, all information that Distribution Provider developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position.

4.1 General.

Distribution Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then Distribution Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Distribution Provider may allocate the cost of the common upgrades for clustered Interconnection Requests without regard to Queue Position.

4.2 Clustering.

At Distribution Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If Distribution Provider elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. Distribution Provider may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional transmission expansion plan in light of the Distribution System's and Transmission System's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on Distribution Provider's website beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

Interconnection Customer shall submit to Distribution Provider, in writing, modifications to any information provided in the Interconnection Request. Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to Section 4.4.3. Notwithstanding the above, during the course of the Interconnection Studies, either Interconnection Customer or Distribution Provider may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to Distribution Provider and Interconnection Customer, such acceptance not to be unreasonably withheld, Distribution Provider shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to Distribution Provider, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

4.4.2 Prior to the return of the executed Interconnection Facility Study Agreement to Distribution Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW); and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility

technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.

- 4.4.3** Prior to making any modification other than those specifically permitted by Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that Distribution Provider evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, Distribution Provider shall evaluate the proposed modifications prior to making them and inform Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.
- 4.4.4** Upon receipt of Interconnection Customer's request for modification permitted under this Section 4.4, Distribution Provider shall commence and perform any necessary additional studies as soon as practicable, but in no event shall Distribution Provider commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.
- 4.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures.

5.1 Queue Position for Pending Requests.

- 5.1.1** Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.
 - 5.1.1.1** If an Interconnection Study Agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.
 - 5.1.1.2** If an Interconnection Study Agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study Agreement prior to the effective date of the LGIP, Distribution Provider must offer Interconnection Customer the

option of either continuing under Distribution Provider's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with this LGIP.

5.1.1.3 If an LGIA has been submitted to FERC for approval before the effective date of the LGIP, then the LGIA would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, Distribution Provider and Interconnection Customers with an outstanding request (i.e., an Interconnection Request for which an LGIA has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any Interconnection Request, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by Distribution Provider; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form; (iii) where the relevant Interconnection Study Agreements have not yet been executed; or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by Distribution Provider to the extent consistent with the intent and process provided for under this LGIP.

5.2 New Distribution Provider.

If Distribution Provider transfers control of its Distribution System to a successor Distribution Provider during the period when an Interconnection Request is pending, the original Distribution Provider shall transfer to the successor Distribution Provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The original Distribution Provider shall coordinate with the successor Distribution Provider to complete any Interconnection Study, as appropriate, that the original Distribution Provider has begun but has not completed. If Distribution Provider has tendered a draft LGIA to Interconnection Customer but Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, Interconnection Customer must complete negotiations with the successor Distribution Provider.

Section 6. Interconnection Feasibility Study.

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request

Distribution Provider shall provide to Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following Distribution Provider's receipt of such designation, Distribution Provider shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by Distribution Provider, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. Interconnection Customer shall execute and deliver to Distribution Provider the Interconnection Feasibility Study Agreement along with a \$10,000 deposit no later than thirty (30) Calendar Days after its receipt. On or before the return of the executed Interconnection Feasibility Study Agreement to Distribution Provider, Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A. If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by either Interconnection Customer or Distribution Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and Re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if Distribution Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

If Interconnection Customer and Distribution Provider agree to forgo the Interconnection Feasibility Study, Distribution Provider will initiate an Interconnection System Impact Study under Section 7 of this LGIP and apply the \$10,000 deposit towards the Interconnection System Impact Study.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Distribution System. The Interconnection Feasibility Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Distribution Upgrades and Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced:

- (i) are directly interconnected to the Distribution

- System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Distribution System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis. The Interconnection Feasibility Study will provide a list of facilities and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

6.3 Interconnection Feasibility Study Procedures.

Distribution Provider shall utilize existing studies to the extent practicable when it performs the study. Distribution Provider shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after Distribution Provider receives the fully executed Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time Distribution Provider determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, Distribution Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Distribution Provider is unable to complete the Interconnection Feasibility Study within that time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Distribution Provider shall provide Interconnection Customer supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 13.1.

6.3.1 Meeting with Distribution Provider.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, Distribution Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If Re-Study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 6.1 Distribution Provider shall notify Interconnection Customer in writing. Such Re-Study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 7. Interconnection System Impact Study.

7.1 Interconnection System Impact Study Agreement.

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously with the delivery of the Interconnection Feasibility Study to Interconnection Customer, Distribution Provider shall provide to Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP. The Interconnection System Impact Study Agreement shall provide that Interconnection Customer shall compensate Distribution Provider for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, Distribution Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

Interconnection Customer shall execute the Interconnection System Impact

Study Agreement and deliver the executed Interconnection System Impact Study Agreement to Distribution Provider no later than thirty (30) Calendar Days after its receipt along with demonstration of Site Control, and a \$50,000 deposit. If Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, Distribution Provider shall notify Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either Interconnection Customer or Distribution Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if Distribution Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the Distribution System and Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Distribution Upgrades and Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the Distribution System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Distribution System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures.

Distribution Provider shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to Section 3.5 above. Distribution Provider shall utilize existing studies to the extent practicable when it performs the study. Distribution Provider shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data. If Distribution Provider uses Clustering, Distribution Provider shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of Interconnection Customer or at any time Distribution Provider determines that it will not meet the required time frame for completing the Interconnection System Impact Study, Distribution Provider shall notify Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If Distribution Provider is unable to complete the Interconnection System Impact Study within the time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Distribution Provider shall provide Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with Section 13.1.

7.5 Meeting with Distribution Provider.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, Distribution Provider and Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study.

If Re-Study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 7.2 Distribution Provider shall notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 8. Interconnection Facilities Study.

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to Interconnection Customer, Distribution Provider shall provide to Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that Interconnection Customer shall compensate Distribution Provider for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days

following the Interconnection System Impact Study results meeting, Distribution Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to Distribution Provider within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

8.1.1 Distribution Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Distribution Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Distribution System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures.

Distribution Provider shall coordinate the Interconnection Facilities Study with any Affected System pursuant to Section 3.5 above. Distribution Provider shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. Distribution Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if Interconnection Customer requests a +/- 10 percent cost estimate. At the request of Interconnection Customer or at any time Distribution Provider determines that it will not meet the required time frame for completing the Interconnection Facilities Study, Distribution Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If Distribution Provider is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to Distribution Provider, which Distribution Provider shall include in the final report. Distribution Provider shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. Distribution Provider may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require Distribution Provider to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Distribution Provider shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 13.1. If Network Upgrades are required, or have been elected by the Interconnection Customer, to interconnect the Large Generating Facility to the Distribution System, the Distribution Provider may provide a copy of the Interconnection Facilities Study and supporting data to the CAISO for informational purposes.

8.4 Meeting with Distribution Provider.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, Distribution Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study. Within ten (10) Business Days of this meeting the Interconnection Customer shall make the election of which Delivery Network Upgrades identified in the Interconnection Facilities Study are to be installed. Any operating constraints on the Interconnection Customer's Generating Facility arising out of the Interconnection Customer's election not to install the Delivery Network Upgrades shall be as set forth in Article 9 and Appendix C of the LGIA.

8.5 Re-Study.

If Re-Study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to Section 4.4, Distribution Provider shall so notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 9. Engineering & Procurement ("E&P") Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and Distribution Provider shall offer the Interconnection Customer, an E&P Agreement that authorizes Distribution Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, Distribution Provider shall not be obligated to offer an E&P Agreement if Interconnection Customer is in Dispute Resolution as a result of an allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for

Interconnection Customer to pay the cost of all activities authorized by Interconnection Customer and to make advance payments or provide other satisfactory security for such costs.

Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, Distribution Provider may elect: (i) to take title to the equipment, in which event Distribution Provider shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment; or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study.

10.1 Optional Interconnection Study Agreement.

On or after the date when Interconnection Customer receives Interconnection System Impact Study results, Interconnection Customer may request, and Distribution Provider shall perform a reasonable number of Optional Studies. The request shall describe the assumptions that Interconnection Customer wishes Distribution Provider to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, Distribution Provider shall provide to Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that Interconnection Customer must provide for each phase of the Optional Interconnection Study; (ii) specify Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case; and (iii) Distribution Provider's estimate of the cost of the Optional Interconnection Study. To the extent known by Distribution Provider, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, Distribution Provider shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to Distribution Provider.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify Distribution Provider's Interconnection Facilities, Distribution Upgrades, and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. Distribution Provider shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. Distribution Provider shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to Distribution Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. Distribution Provider shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If Distribution Provider is unable to complete the Optional Interconnection Study within such time period, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to Distribution Provider or refunded to Interconnection Customer, as appropriate. Upon request, Distribution Provider shall provide Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with Section 13.1.

Section 11. Standard Large Generator Interconnection Agreement (LGIA).

11.1 Tender.

Interconnection Customer shall tender comments on the draft Interconnection Facilities Study Report within thirty (30) Calendar Days of receipt of the report. Within thirty (30) Calendar Days after the comments are submitted, Distribution Provider shall tender a draft LGIA, together with draft appendices completed to the extent practicable. The draft LGIA shall be in the form of Distribution Provider's FERC-approved standard form LGIA, which is Attachment G to the Tariff. Interconnection Customer shall execute and return the completed draft appendices within thirty (30) Calendar Days.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of Interconnection Customer Distribution Provider shall begin negotiations with Interconnection Customer concerning the appendices to the LGIA at any time after Interconnection Customer executes the Interconnection Facilities Study Agreement. Distribution Provider and Interconnection Customer shall negotiate concerning any disputed

provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study Report. If Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to Section 13.5. If Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request. Distribution Provider shall provide to Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing.

Within fifteen (15) Business Days after receipt of the final LGIA, Interconnection Customer shall provide Distribution Provider (A) reasonable evidence that continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit. Interconnection Customer shall either: (i) execute two originals of the tendered LGIA and return them to Distribution Provider; or (ii) request in writing that Distribution Provider file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a FERC approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, Distribution Provider shall file the LGIA with FERC, together with its explanation of any matters as to which Interconnection Customer and Distribution Provider disagree and support for the costs that Distribution Provider proposes to charge to Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by Distribution Provider for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities.

If Interconnection Customer executes the final LGIA, Distribution Provider and Interconnection Customer shall perform their respective obligations in

accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, Interconnection Customer and Distribution Provider shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

11.5 Interconnection Customer to Meet Requirements of the Distribution Provider's Interconnection Handbook.

The Interconnection Customer's Interconnection Facilities shall be designed, constructed, operated and maintained in accordance with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of the Standard Large Generator Interconnection Procedures and the terms of the Distribution Provider's Interconnection Handbook, the terms in the Standard Large Generator Interconnection Procedures shall govern.

Section 12. Construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades.

12.1 Schedule.

Distribution Provider and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General.

In general, the In-Service Date of an Interconnection Customers seeking interconnection to the Distribution System will determine the sequence of construction of Distribution Upgrades and Network Upgrades.

12.2.2. Advance Construction of Distribution Upgrades and Network Upgrades that are an Obligation of an Entity other than Interconnection Customer.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Distribution Provider advance to the extent necessary the completion of Distribution Upgrades and Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer; (ii) are necessary to support such In-Service Date; and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than Interconnection Customer that is seeking interconnection to the Distribution System, in time to support such In-Service Date. Upon such request, Distribution Provider will use Reasonable Efforts to advance the construction of such Distribution Upgrades and Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Distribution Provider: (i) any associated expediting costs; and (ii) the cost of such Distribution Upgrades and Network Upgrades. Distribution Provider will refund to Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the

costs of the Network Upgrades that Distribution Provider has not refunded to Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. Distribution Provider shall forward to Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to Interconnection Customer. Distribution Provider then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Distribution Upgrades and Network Upgrades that are Part of an Expansion Plan of the Distribution Provider.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Distribution Provider advance to the extent necessary the completion of Distribution Upgrades and Network Upgrades that: (i) are necessary to support such In-Service Date; and (ii) would otherwise not be completed, pursuant to an expansion plan of Distribution Provider, in time to support such In-Service Date. Upon such request, Distribution Provider will use Reasonable Efforts to advance the construction of such Distribution Upgrades and Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Distribution Provider any associated expediting costs. Interconnection Customer shall be entitled to transmission credits, if any, in accordance with the CAISO LGIP and the LGIA, for any expediting costs paid.

12.2.4 Amended Interconnection Study.

An Interconnection Study will be amended to determine the facilities necessary to support the requested In-Service Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested In-Service Date.

Section 13. Miscellaneous.

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of an LGIA. Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential. If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

13.1.2 Release of Confidential Information.

Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, 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 the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying

the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when it is notified by FERC or its staff 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 section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or CAISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 Distribution Provider shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

Distribution Provider may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. Distribution Provider shall remain primarily liable to Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

Distribution Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefore. Distribution Provider shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study; (ii) Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that Distribution Provider will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study; or (iii) Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then Interconnection Customer may require Distribution Provider to utilize a third party consultant reasonably acceptable to Interconnection Customer and Distribution Provider to perform such Interconnection Study under the direction of Distribution Provider. At other times, Distribution Provider may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where Distribution Provider determines that doing so will help maintain or accelerate the study process for Interconnection Customer's pending Interconnection Request and not interfere with Distribution Provider's progress on Interconnection Studies for other pending Interconnection Requests. In cases where Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and Distribution Provider shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. Distribution Provider shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in Section 13.1. In any case, such third party contract may be entered into with either Interconnection Customer or Distribution Provider at Distribution Provider's discretion. In the case of (iii) Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if Distribution Provider were to conduct

the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. Distribution Provider shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

13.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be resolved in accordance with the Dispute Resolution Procedures set forth in Section 9 of the Tariff.

13.6 Local Furnishing Bonds.

13.6.1 Distribution Providers That Own Facilities Financed by Local Furnishing Bonds.

This provision is applicable only to a Distribution Provider that has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, Distribution Provider shall not be required to provide Interconnection Service to Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Distribution Service would jeopardize the tax exempt status of any local furnishing bond(s) used to finance Distribution Provider's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service.

If Distribution Provider determines that the provision of Interconnection Service requested by Interconnection Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receipt of the Interconnection Request. Interconnection Customer thereafter may renew its request for interconnection using the process specified in Article 4.2(ii) of the Distribution Provider's Tariff.

**APPENDIX 1
TO LGIP INTERCONNECTION REQUEST
FOR A LARGE GENERATING FACILITY**

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with Distribution Provider's Distribution System pursuant to a Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at _____ degrees C and winter at _____ degrees C megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. General description of the equipment configuration;
 - d. Commercial Operation Date (Day, Month, and Year);
 - e. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person;
 - f. Approximate location of the proposed Point of Interconnection (optional); and
 - g. Interconnection Customer Data (set forth in Attachment A)
4. Applicable deposit amount as specified in the LGIP.
5. Evidence of Site Control as specified in the LGIP (check one)
 Is attached to this Interconnection Request
 Will be provided at a later date in accordance with this LGIP
6. This Interconnection Request shall be submitted to the representative indicated below:

San Diego Gas & Electric Company
Generation Interconnection Project Manager
8316 Century Park Ct. CP52K
San Diego, CA 92123-1582
Telefax Number: (858) 654-1692

7. Representative of Interconnection Customer to contact:

[To be completed by Interconnection Customer]

8. If the Interconnection Customer also requests Distribution Service, additional information and an additional deposit is required in accordance with Section 15.4 of the Tariff.

9. This Interconnection Request is submitted by:

Name of Interconnection Customer: _____

By (signature): _____

Name (type or print): _____

Title: _____

Date: _____

LARGE GENERATING FACILITY DATA

UNIT RATINGS

kVA _____ °F _____ Voltage _____
Power Factor _____
Speed (RPM) _____ Connection (e.g. Wye) _____
Short Circuit Ratio _____ Frequency, Hertz _____
Stator Amperes at Rated kVA _____ Field Volts _____
Max Turbine MW _____ °F _____

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = _____ kW sec/kVA
Moment-of-Inertia, WR² = _____ lb. ft.²

REACTANCE DATA (PER UNIT-RATED KVA)

DIRECT AXIS QUADRATURE AXIS

Synchronous – saturated X_{dv} _____ X_{qv} _____
Synchronous – unsaturated X_{di} _____ X_{qi} _____
Transient – saturated X'_{dv} _____ X'_{qv} _____
Transient – unsaturated X'_{di} _____ X'_{qi} _____
Subtransient – saturated X''_{dv} _____ X''_{qv} _____
Subtransient – unsaturated X''_{di} _____ X''_{qi} _____
Negative Sequence – saturated X_{2v} _____
Negative Sequence – unsaturated X_{2i} _____
Zero Sequence – saturated X_{0v} _____
Zero Sequence – unsaturated X_{0i} _____
Leakage Reactance X_{lm} _____

FIELD TIME CONSTANT DATA (SEC)

Open Circuit T'_{do} _____ T'_{qo} _____
Three-Phase Short Circuit Transient T'_{d3} _____ T'_{q} _____
Line to Line Short Circuit Transient T'_{d2} _____
Line to Neutral Short Circuit Transient T'_{d1} _____
Short Circuit Subtransient T''_{d} _____ T''_{q} _____
Open Circuit Subtransient T''_{do} _____ T''_{qo} _____

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit T_{a3} _____
Line to Line Short Circuit T_{a2} _____
Line to Neutral Short Circuit T_{a1} _____

NOTE: If requested information is not applicable, indicate by marking "N / A."

**MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA**

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive R1 _____

Negative R2 _____

Zero R0 _____

Rotor Short Time Thermal Capacity I²t = _____

Field Current at Rated kVA, Armature Voltage and PF = _____ amps

Field Current at Rated kVA and Armature Voltage, 0 PF = _____ amps

Three Phase Armature Winding Capacitance = _____ microfarad

Field Winding Resistance = _____ ohms _____ °C

Armature Winding Resistance (Per Phase) = _____ ohms _____ °C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves.
Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA

RATINGS

Capacity Self-cooled/maximum nameplate

_____ / _____ kVA

Voltage Ratio Generator side/System side

_____ / _____ kV

Winding Connections Low V/High V (Delta or Wye)

_____ / _____

Fixed Taps Available _____

Present Tap Setting _____

IMPEDANCE

Positive Z1 (on self-cooled kVA rating) _____ % _____ X/R

Zero Z0 (on self-cooled kVA rating) _____ % _____ X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE model block diagram of excitation system and power system stabilizer (PSS) for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request: _____

Elevation: _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device then they shall be provided and discussed at Scoping Meeting.

**Attachment A (page 6)
To Appendix 1
Interconnection Request**

INDUCTION GENERATORS:

- (*) Field Volts: _____
- (*) Field Amperes: _____
- (*) Motoring Power (kW): _____
- (*) Neutral Grounding Resistor (If Applicable): _____
- I²t or K (Heating Time Constant): _____
- (*) Rotor Resistance: _____
- (*) Stator Resistance: _____
- (*) Stator Reactance: _____
- (*) Rotor Reactance: _____
- (*) Magnetizing Reactance: _____
- (*) Short Circuit Reactance: _____
- (*) Exciting Current: _____
- (*) Temperature Rise: _____
- (*) Frame Size: _____
- (*) Design Letter: _____
- (*) Reactive Power Required In Vars (No Load): _____
- (*) Reactive Power Required In Vars (Full Load): _____
- (*) Total Rotating Inertia, H: _____ Per Unit on KVA Base

Note: Please consult Distribution Provider prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

**APPENDIX 2 TO LGIP
INTERCONNECTION FEASIBILITY STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ existing under the laws of the State of _____, ("Distribution Provider "). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Distribution System; and

WHEREAS, Interconnection Customer has requested Distribution Provider to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Distribution System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Distribution Provider's FERC approved LGIP.
- 2.0 Interconnection Customer elects and Distribution Provider shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of this LGIP in accordance with the Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. Distribution Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.
- 5.0 The Interconnection Feasibility Study report shall provide the following information:

- preliminary identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
- preliminary identification of any thermal overload or voltage limit violations resulting from the interconnection;
- preliminary description and non-bonding estimated cost of facilities required to interconnect the Large Generating Facility to the Distribution System and to address the identified short circuit and power flow issues; and
- preliminary identification of financial impacts, if any, on Local Furnishing Bonds.

6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Upon receipt of the Interconnection Feasibility Study Distribution Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous.

7.1 Dispute Resolution.

7.1.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the LGIP.

7.1.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the

dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 7.4, the terms of this Section 7.4 shall prevail.

7.1.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

7.1.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

7.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.

7.3 Binding Effect. This Interconnection Feasibility Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

7.4 Conflicts. In the event of a conflict between the body of this

Interconnection Feasibility Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Feasibility Study Agreement shall prevail and be deemed the final intent of the Parties.

- 7.5 Rules of Interpretation. This Interconnection Feasibility Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Feasibility Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection Feasibility Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Feasibility Study Agreement or such Appendix to this Interconnection Feasibility Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Feasibility Study Agreement as a whole and not to any particular Article or other provision hereof or thereof, (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 7.6 Entire Agreement. This Interconnection Feasibility Study Agreement, including all Appendices and Schedules attached hereto, 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 Interconnection Feasibility Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection Feasibility Study Agreement.
- 7.7 No Third Party Beneficiaries. This Interconnection Feasibility Study 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.

- 7.8 Waiver. The failure of a Party to this Interconnection Feasibility Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Feasibility Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Interconnection Feasibility Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Interconnection Feasibility Study Agreement. Termination or default of this Interconnection Feasibility Study Agreement for any reason by the 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 Interconnection Feasibility Study Agreement shall, if requested, be provided in writing.
- 7.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Feasibility Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Feasibility Study Agreement.
- 7.10 Multiple Counterparts. This Interconnection Feasibility Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 7.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.
- 7.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.
- 7.13 Reservation of Rights. The Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Feasibility Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such

modifications may be considered. Nothing in this Interconnection Feasibility Study 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 thereunder, except to the extent that the parties otherwise mutually agree as provided herein.

- 7.14 No Partnership. This Interconnection Feasibility Study 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 any Party. No 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, another Party.
- 7.15 Assignment. This Interconnection Feasibility Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Feasibility Study 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 Interconnection Feasibility Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Feasibility Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Interconnection Feasibility Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Distribution Provider or Distribution Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By:

Title:

Date:

**Attachment A to Appendix 2
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on:

_____.

Designation of Point of Interconnection and configuration to be studied.
Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Distribution Provider]

**APPENDIX 3 to LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____ ("Distribution Provider"). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Distribution System; and

WHEREAS, the Transmission Provider has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to the Interconnection Customer (This recital to be omitted if Distribution Transmission Provider does not require the Interconnection Feasibility Study.); and

WHEREAS, Interconnection Customer has requested Distribution Provider to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility to the Distribution System, and of any Affected Systems (This recital to be omitted if Transmission Provider does not require the Interconnection Feasibility Study);

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Distribution Provider's FERC approved LGIP.
- 2.0 Interconnection Customer elects and Distribution Provider shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of this LGIP in accordance with the Tariff.3.0. The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request, subject to any

modifications in accordance with Section 4.4 of the LGIP. Distribution Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Customer System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any equipment short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload or voltage limit violations resulting from the interconnection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection;
- an assessment of the potential magnitude of financial impacts, if any, on Local Furnishing Bonds and a proposed resolution;
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Distribution System and to address the identified short circuit, instability, and power flow issues; and
- if requested by the Interconnection Customer, a Deliverability Assessment on the CAISO Grid pursuant to the CAISO Generator Interconnection Procedures.

6.0 Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study.

Distribution Provider's good faith estimate for the time of completion of the interconnection System Impact Study is _____ [insert date].

Upon receipt of the Interconnection System Impact Study, Distribution Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous.

7.1 Dispute Resolution.

- 7.1.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the “disputing Party”) shall provide the other Party with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the LGIP.
- 7.1.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 7.4, the terms of this Section 7.4 shall prevail.
- 7.1.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the

decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, Distribution Upgrades, or Network Upgrades.

- 7.1.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.
- 7.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 7.3 Binding Effect. This Interconnection System Impact Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 7.4 Conflicts. In the event of a conflict between the body of this Interconnection System Impact Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection System Impact Study Agreement shall prevail and be deemed the final intent of the Parties.
- 7.5 Rules of Interpretation. This Interconnection System Impact Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection System Impact Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection System Impact Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection System Impact Study Agreement or such Appendix to this Interconnection System Impact Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection System Impact Study Agreement as a whole and not to

any particular Article, Section, or other provision hereof or thereof; (7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

- 7.6 Entire Agreement. This Interconnection System Impact Study Agreement, including all Appendices and Schedules attached hereto, 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 Interconnection System Impact Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party’s compliance with its obligations under this Interconnection System Impact Study Agreement.
- 7.7 No Third Party Beneficiaries. This Interconnection System Impact Study 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.
- 7.8 Waiver. The failure of a Party to this Interconnection System Impact Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection System Impact Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Interconnection System Impact Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Interconnection System Impact Study Agreement. Termination or default of this Interconnection System Impact Study Agreement for any reason by the 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 Interconnection System Impact Study Agreement shall, if requested, be provided in writing.
- 7.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection System Impact Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection System Impact Study Agreement.
- 7.10 Multiple Counterparts. This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

- 7.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.
- 7.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.
- 7.13 Reservation of Rights. The Distribution Provider shall each have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection System Impact Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection System Impact Study 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 7.14 No Partnership. This Interconnection System Impact Study 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 any Party. No 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, another Party.
- 7.15 Assignment. This Interconnection System Impact Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection System Impact Study 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 Interconnection System Impact Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection System Impact Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such

assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Interconnection System Impact Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____

Title: _____

Date: _____

[INSERT NAME OF INTERCONNECTION CUSTOMER]

By: _____

Title: _____

Date: _____

**Attachment A To Appendix 3
Interconnection System Impact
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY**

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.
Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 4 to LGIP
INTERCONNECTION FACILITIES STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this day _____ of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____, ("Distribution Provider"). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated ; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Distribution System;

WHEREAS, Distribution Provider has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer; and

WHEREAS, Interconnection Customer has requested Distribution Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Distribution System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Distribution Provider's FERC-approved LGIP.

2.0 Interconnection Customer elects and Distribution Provider shall cause an Interconnection Facilities Study consistent with Section 8.0 of this LGIP to be performed in accordance with the Tariff.

3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost, including, if applicable, the cost of remedial measures that address the financial impacts, if any, on Local Furnishing Bonds, (consistent with Attachment A), schedule for required facilities or for effecting remedial measures that address the financial impacts, if any, on Local Furnishing Bonds within each Participating TO's electric system to interconnect the Large Generating Facility to

the Distribution System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.

5.0 Interconnection Customer shall provide a deposit of \$100,000 for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A. Distribution Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Distribution Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

6.0 Miscellaneous.

6.1 Dispute Resolution.

6.1.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the “disputing Party”) shall provide the other Party with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the LGIP.

6.1.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association

("Arbitration Rules") and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 6.4, the terms of this Section 6.4 shall prevail.

- 6.1.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, Distribution Upgrades, or Network Upgrades.
- 6.1.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.
- 6.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 6.3 Binding Effect. This Interconnection Facilities Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 6.4 Conflicts. In the event of a conflict between the body of this Interconnection Facilities Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Interconnection Facilities Study Agreement shall prevail and be deemed the final intent of the Parties.
- 6.5 Rules of Interpretation. This Interconnection Facilities Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Interconnection Facilities Study Agreement, and reference to a person in a particular capacity

excludes such person in any other capacity or individually; (3) reference to any agreement (including this Interconnection Facilities Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Interconnection Facilities Study Agreement or such Appendix to this Interconnection Facilities Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this Interconnection Facilities Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

- 6.6 Entire Agreement. This Interconnection Facilities Study Agreement, including all Appendices and Schedules attached hereto, 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 Interconnection Facilities Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party's compliance with its obligations under this Interconnection Facilities Study Agreement.
- 6.7 No Third Party Beneficiaries. This Interconnection Facilities Study 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.
- 6.8 Waiver. The failure of a Party to this Interconnection Facilities Study Agreement to insist, on any occasion, upon strict performance of any provision of this Interconnection Facilities Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Interconnection Facilities Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Interconnection Facilities Study Agreement. Termination or default of this Interconnection

Facilities Study Agreement for any reason by the 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 Interconnection Facilities Study Agreement shall, if requested, be provided in writing.

- 6.9 Headings. The descriptive headings of the various Articles and Sections of this Interconnection Facilities Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Interconnection Facilities Study Agreement.
- 6.10 Multiple Counterparts. This Interconnection Facilities Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 6.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.
- 6.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.
- 6.13 Reservation of Rights. The Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Interconnection Facilities Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Interconnection Facilities Study 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 6.14 No Partnership. This Interconnection Facilities Study 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 any Party. No 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, another Party.

- 6.15 Assignment. This Interconnection Facilities Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Interconnection Facilities Study 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 Interconnection Facilities Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Interconnection Facilities Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Interconnection Facilities Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Distribution Provider or Distribution Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By:

Title:

Date:

**Attachment A To Appendix 4
Interconnection Facilities
Study Agreement**

**INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING THE
INTERCONNECTION FACILITIES STUDY**

Distribution Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

**Attachment B to Appendix 4
Interconnection Facilities
Study Agreement**

**DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER
WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT**

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing Distribution Provider station. Number of generation connections: _____

On the one line diagram indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line diagram indicate the location of auxiliary power. (Minimum load on CT/PT)
Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?
_____ Yes _____ No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes No (Please indicate on one line diagram).

What type of control system or PLC will be located at Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Distribution Provider's transmission line.

Tower number observed in the field. (Painted on tower leg)* _____

Number of third party easements required for transmission lines*:

* To be completed in coordination with Distribution Provider.

Is the Large Generating Facility in the Distribution Provider's service area?

___ Yes ___ No Local provider: _____

Please provide proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformer Date: _____
receives back feed power

Generation Testing Date: _____

Commercial Operation Date: _____

For purposes of the Deliverability Assessment pursuant to Sections 6.5 and 8.3 of the CAISO Generator Interconnection Procedures, the level of CAISO Grid Deliverability. Choose one of the following:

_____ Deliverability with no Network Upgrades

_____ Full Capacity Deliverability Status, as defined in the CAISO Tariff

**APPENDIX 5 to LGIP
OPTIONAL INTERCONNECTION STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____ a _____ existing under the laws of the State of _____, ("Distribution Provider "). Interconnection Customer and Distribution Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____;

WHEREAS, Interconnection Customer is proposing to establish an interconnection with the Distribution System; and

WHEREAS, Interconnection Customer has submitted to Distribution Provider and Interconnection Request; and

WHEREAS, on or after the date when Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that Distribution Provider prepare an Optional Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Distribution Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Distribution Provider shall cause an Optional Interconnection Study consistent with Section 10.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Distribution Provider's Interconnection Facilities, Distribution Upgrades, and the Network Upgrades, and the estimated cost thereof, including, if applicable, the cost of

remedial measures that address the financial impacts, if any, on Local Furnishing Bonds, that may be required to provide transmission service or interconnection service based upon the assumptions specified by Interconnection Customer in Attachment A.

6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. Distribution Provider's good faith estimate for the time of completion of the Optional Interconnection Study is _____ [insert date]. Upon receipt of the Optional Interconnection Study, Distribution Provider shall charge and Interconnection Customer shall pay the actual costs of the Optional Study. Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous.

7.1 Dispute Resolution.

7.1.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this Agreement or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of the LGIP.

7.1.2 External Arbitration Procedures. Any arbitration initiated under this Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein,

shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 7.4, the terms of this Section 7.4 shall prevail.

- 7.1.3 Arbitration Decisions. Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, Distribution Upgrades, or Network Upgrades.
- 7.1.4 Costs. Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.
- 7.2 Confidentiality. Confidential Information shall be treated in accordance with Section 13.1 of the LGIP.
- 7.3 Binding Effect. This Optional Interconnection Study Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 7.4 Conflicts. In the event of a conflict between the body of this Optional Interconnection Study Agreement and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this Optional Interconnection Study Agreement shall prevail and be deemed the final intent of the Parties.
- 7.5 Rules of Interpretation. This Optional Interconnection Study Agreement, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person’s successors and assigns but, in the case of a Party, only if such

successors and assigns are permitted by this Optional Interconnection Study Agreement, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this Optional Interconnection Study Agreement), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any applicable laws and regulations means such applicable laws and regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article or Section of this Optional Interconnection Study Agreement or such Appendix to this Optional Interconnection Study Agreement, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) “hereunder”, “hereof”, “herein”, “hereto” and words of similar import shall be deemed references to this Optional Interconnection Study Agreement as a whole and not to any particular Article, Section, or other provision hereof or thereof; (7) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, “from” means “from and including”, “to” means “to but excluding” and “through” means “through and including”.

- 7.6 Entire Agreement. This Optional Interconnection Study Agreement, including all Appendices and Schedules attached hereto, 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 Optional Interconnection Study Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, any Party’s compliance with its obligations under this Optional Interconnection Study Agreement.
- 7.7 No Third Party Beneficiaries. This Optional Interconnection Study 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.
- 7.8 Waiver. The failure of a Party to this Optional Interconnection Study Agreement to insist, on any occasion, upon strict performance of any provision of this Optional Interconnection Study Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this Optional Interconnection Study Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure

to comply with any other obligation, right, or duty of this Optional Interconnection Study Agreement. Termination or default of this Optional Interconnection Study Agreement for any reason by the 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 Optional Interconnection Study Agreement shall, if requested, be provided in writing.

- 7.9 Headings. The descriptive headings of the various Articles and Sections of this Optional Interconnection Study Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Optional Interconnection Study Agreement.
- 7.10 Multiple Counterparts. This Optional Interconnection Study Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 7.11 Amendment. The Parties may by mutual agreement amend this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties.
- 7.12 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this Interconnection System Impact Study Agreement by a written instrument duly executed by both of the Parties. Such amendment shall become effective and a part of this Interconnection System Impact Study Agreement upon satisfaction of all applicable laws and regulations.
- 7.13 Reservation of Rights. The Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Optional Interconnection Study Agreement pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by another Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Optional Interconnection Study 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 7.14 No Partnership. This Optional Interconnection Study 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 any Party. No 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, another Party.

7.15 Assignment. This Optional Interconnection Study Agreement may be assigned by a Party only with the written consent of the other Party; provided that a Party may assign this Optional Interconnection Study 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 Optional Interconnection Study Agreement; and provided further that the Interconnection Customer shall have the right to assign this Optional Interconnection Study Agreement, without the consent of the other Party, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that the Interconnection Customer will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by the Interconnection Customer pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Optional Interconnection Study Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Distribution Provider or Distribution Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A to Appendix 5
Optional Interconnection
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING
THE OPTIONAL INTERCONNECTION STUDY**

[To be completed by Interconnection Customer consistent with Section 10 of the LGIP.]

APPENDIX 6

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APPENDIX 7

Interconnection Procedures for A Wind Generation Plant

Appendix 7 sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Interconnection Request required by Section 3.3 of this LGIP, may provide to the Distribution Provider a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the Distribution Provider to complete the System Impact Study.

ATTACHMENT G

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)

(Applicable to Generating Facilities that exceed 20 MW)

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (“Agreement”) is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ (“Interconnection Customer” with a Large Generating Facility), and San Diego Gas & Electric Company, a corporation organized and existing under the laws of the State of California (“Distribution Provider and/or Distribution Owner”). Interconnection Customer and Distribution Provider each may be referred to as a “Party” or collectively as the “Parties.”

Recitals

WHEREAS, Distribution Provider operates the Distribution System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Distribution Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Distribution System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Tariff.

Article 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Distribution Provider’s Distribution System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Distribution Provider's Distribution System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean 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.

Applicable Reliability Council shall mean the reliability council applicable to the Distribution System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Distribution System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Distribution Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation Date of an Electric Generating Unit shall mean the date on which an Electric Generating Unit at a Generating Facility commences commercial operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Delivery Network Upgrades shall mean the transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the ISO Grid.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution Owner shall mean an 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 Standard Large Generator Interconnection Agreement to the extent necessary.

Distribution Provider shall mean 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 service under the Tariff. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Distribution Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Distribution Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Distribution Service shall mean the wholesale distribution service provided under the Tariff.

Distribution System shall mean those non-ISO 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 shall mean 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 and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Electric Generating Unit shall mean an individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered.

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 a 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 Distribution Provider's Distribution System, Distribution Provider's Interconnection Facilities or the electric systems of others to which the Distribution Provider's Distribution System is directly connected; or (3) that, in the case of 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 Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Distribution Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a *et seq.*

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Generating Facility shall mean Interconnection Customer's Electric Generating Unit(s) used for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple Electric Generating Units.

Good Utility Practice shall mean 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 shall mean 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 Interconnection Customer, Distribution Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “hazardous constituents,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “radioactive substances,” “contaminants,” “pollutants,” “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Distribution Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Distribution Provider, Distribution Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Distribution Provider's Distribution System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such

facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Distribution Provider's Distribution System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean 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, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Distribution Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Distribution Provider's Distribution System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the agreement between the Interconnection Customer and Distribution Provider for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Distribution Provider's Distribution System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Handbook shall mean 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. Distribution Provider's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards. In the event of a conflict between the terms of this LGIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this LGIA shall govern.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the

capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Distribution Provider's Distribution System.

Interconnection Service shall mean the service provided by the Distribution Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Distribution Provider's Distribution System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Distribution Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Distribution Provider's Distribution System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

ISO shall mean the California Independent System Operator Corporation, a state chartered, nonprofit, corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads.

ISO Grid shall mean the system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the ISO's Operational Control.

ISO Tariff shall mean the California Independent System Operator Corporation Operating Agreement and Tariff, dated March 31, 1997, as it may be modified from time to time, and accepted by the FERC.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses 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 performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument

transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Upgrades shall mean Delivery Network Upgrades and Reliability Network Upgrades.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Operational Control shall mean the rights of the ISO under the Transmission Control Agreement and the ISO Tariff to direct the parties to the Transmission Control Agreement how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable non-discriminatory transmission access and meeting applicable reliability criteria.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Participating Transmission Owner shall mean an entity which (i) owns, operates, and maintains transmission lines and associated facilities and/or has entitlements to use certain transmission lines and associated facilities; and (ii) has transferred to the ISO operational control of such facilities and/or entitlements to be made part of the ISO Grid.

Party or Parties shall mean Distribution Provider, Distribution Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Distribution Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Distribution Provider's Distribution System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Distribution Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, 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.

Reliability Network Upgrades shall mean the transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, necessary to interconnect a Large Generating Facility safely and reliably to the ISO Grid, which would not have been necessary but for the interconnection of the Large Generating Facility, including Network Upgrades necessary to remedy short circuit or stability problems resulting from the interconnection of the Large Generating Facility to the Distribution Provider's 13 Distribution System. Reliability Network Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact the Large Generating Facility's interconnection may have on a transmission path's WECC rating.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Distribution Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Distribution Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Distribution Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Distribution Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Distribution Provider's Distribution System, other portions of the Distribution Provider's electric system, and Affected Systems from faults or other electrical disturbances occurring at the Generating Facility; and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Distribution Provider's Distribution System, other portions of the Distribution Provider's electric system or on other delivery systems or other generating systems to which the Distribution Provider's Distribution System and Transmission System is directly connected.

Tariff shall mean the Wholesale Distribution Access Tariff, the Distribution Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Control Agreement shall mean ISO FERC Electric Tariff No. 7.

Transmission System shall mean those transmission facilities owned by the Distribution Provider that have been placed under the ISO's Operational Control and are part of the ISO Grid.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to commercial operation.

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 acts of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force.

Article 2. Effective Date, Term, and Termination

2.1 Effective Date. This LGIA shall become effective upon execution by the

Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Distribution Provider shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

- 2.2 Term of Agreement.** Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as Interconnection Customer may request (Term to be specified in individual agreements) and shall be automatically renewed for each successive one-year period thereafter.
- 2.3 Termination Procedures.**
- 2.3.1 Written Notice.** This LGIA may be terminated by Interconnection Customer after giving Distribution Provider ninety (90) Calendar Days advance written notice, or by Distribution Provider notifying FERC after the Generating Facility permanently ceases commercial operation.
- 2.3.2 Default.** Either Party may terminate this LGIA in accordance with Article 17.
- 2.3.3** Notwithstanding Articles 2.3.1 and 2.3.2, 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 LGIA, which notice has been accepted for filing by FERC.
- 2.4 Termination Costs.** If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this LGIA. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by FERC:
- 2.4.1** With respect to any portion of Distribution Provider's Interconnection Facilities that have not yet been constructed or installed, Distribution Provider shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation,

Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Distribution Provider shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Distribution Provider for any or all such costs of materials or equipment not taken by Interconnection Customer, Distribution Provider shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Distribution Provider to cancel any pending orders of or return such materials, equipment, or contracts.

If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Distribution Upgrades and Network Upgrades for which Distribution Provider has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Distribution Provider may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Distribution Provider shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the 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 LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

2.6 Survival. This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was

in effect; and to permit each Party to have access to the lands of the other Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

- 3.1 Filing.** Distribution Provider shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If Interconnection Customer has executed this LGIA, or any amendment thereto, Interconnection Customer shall reasonably cooperate with Distribution Provider with respect to such filing and to provide any information reasonably requested by Distribution Provider needed to comply with applicable regulatory requirements.

Article 4. Scope of Service

- 4.1 Interconnection Service.** Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Distribution System and be eligible to deliver the Large Generating Facility's output using the capacity of the Distribution System to the ISO Grid. To the extent Interconnection Customer wants to receive Interconnection Service, Distribution Provider shall construct facilities identified in Appendices A and C that the Distribution Provider is responsible to construct.
- 4.1.1 Distribution Service Implications.** Interconnection Customer will be eligible to inject power from the Large Generating Facility into Distribution Provider's Distribution System pursuant to the Tariff. The Interconnection Customer may not deliver power over the Distribution Provider's Distribution System absent procuring Distribution Service. The Interconnection Customer must apply for Distribution Service pursuant to Section 15.2 of the Tariff and meet the conditions specified in Section 14 of the Tariff to be eligible for Distribution Service.
- 4.1.2 Transmission Service Implications.** Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on the ISO Grid without incurring congestion costs. In the event of transmission constraints on the ISO Grid, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in the ISO Tariff in the same manner as all other resources. The Interconnection Customer shall be solely responsible for completing all of the necessary arrangements

required under the ISO Tariff to be eligible to schedule the output of its resource.

- 4.2 Provision of Service.** Distribution Provider shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is a Distribution Provider or Distribution Owner, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Distribution Service or Transmission Service.** The execution of this LGIA does not constitute a request for, nor the provision of, Distribution Service under the Tariff or any transmission service under the ISO Tariff.
- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

Article 5. Interconnection Facilities Engineering, Procurement, and Construction

- 5.1 Options.** Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below for completion of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades as set forth in Appendix A, Interconnection Facilities, Distribution Upgrades, and Network Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.
- 5.1.1 Standard Option.** Distribution Provider shall design, procure, and construct Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades, using Reasonable Efforts to complete Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades by the dates set forth in Appendix B, Milestones. Distribution Provider shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event

Distribution Provider reasonably expects that it will not be able to complete Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades by the specified dates, Distribution Provider shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

- 5.1.2 Alternate Option.** If the dates designated by Interconnection Customer are acceptable to Distribution Provider, Distribution Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of Distribution Provider's Interconnection Facilities and Distribution Upgrades by the designated dates. If Distribution Provider subsequently fails to complete Distribution Provider's Interconnection Facilities and Distribution Upgrades by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Distribution Provider shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the ISO refuses to grant clearances to install equipment.
- 5.1.3 Option to Build.** If the dates designated by Interconnection Customer are not acceptable to Distribution Provider, Distribution Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. Distribution Provider and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.
- 5.1.4 Negotiated Option.** If Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify Distribution Provider within

thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Distribution Provider is responsible for the design, procurement and construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Distribution Provider shall assume responsibility for the design, procurement and construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades pursuant to 5.1.1, Standard Option.

- 5.2 General Conditions Applicable to Option to Build.** If Interconnection Customer assumes responsibility for the design, procurement and construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades, (1) Interconnection Customer shall engineer, procure equipment, and construct Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Distribution Provider; (2) Interconnection Customer's engineering, procurement and construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Distribution Provider would be subject in the engineering, procurement or construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades; (3) Distribution Provider shall review and approve the engineering design, equipment acceptance tests, and the construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades; (4) prior to commencement of construction, Interconnection Customer shall provide to Distribution Provider a schedule for construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Distribution Provider; (5) at any time during construction, Distribution Provider shall have the right to gain unrestricted access to Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same; (6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Distribution Provider, interconnection Customer shall be obligated to remedy deficiencies in that portion of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades; (7) Interconnection Customer shall indemnify Distribution Provider for

claims arising from Interconnection Customer's construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity; (8) Interconnection Customer shall transfer control of Distribution Provider's Interconnection Facilities to the Distribution Provider and shall transfer Operational Control of Stand Alone Network Upgrades to the ISO; (9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Distribution Provider's Interconnection Facilities and Stand-Alone Network Upgrades to Distribution Provider; (10) Distribution Provider shall approve and accept for operation and maintenance Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and (11) Interconnection Customer shall deliver to Distribution Provider "as-built" drawings, information, and any other documents that are reasonably required by Distribution Provider to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by Distribution Provider.

5.3 Liquidated Damages. The actual damages to Interconnection Customer, in the event Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Distribution Provider pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by Distribution Provider to Interconnection Customer in the event that Distribution Provider does not complete any portion of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades by the applicable dates, shall be an amount equal to $\frac{1}{2}$ of 1 percent per day of the actual cost of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades, in the aggregate, for which Distribution Provider has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades for which Distribution Provider has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Distribution Provider to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the

exclusive remedy for the Distribution Provider's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Distribution Provider's delay; (2) Distribution Provider's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with Distribution Provider, action or inaction by the ISO, or any cause beyond Distribution Provider's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers. The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council and in accordance with the provisions of Section 5.4.1 of the ISO Tariff. Distribution Provider reserves the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Distribution Provider and Distribution Provider's system operator, or its designated representative. The requirements of this paragraph shall not apply to wind generators of the induction type.

5.5 Equipment Procurement. If responsibility for construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades is to be borne by Distribution Provider, then Distribution Provider shall commence design of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 Distribution Provider has completed the Interconnection Facilities

Study pursuant to the Interconnection Facilities Study Agreement;

5.5.2 Distribution Provider has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 Interconnection Customer has provided security to Distribution Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement. Distribution Provider shall commence construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades;

5.6.3 Distribution Provider has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.6.4 Interconnection Customer has provided security to Distribution Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.7 Work Progress. The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, Interconnection Customer determines that the completion of Distribution Provider's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Distribution Provider of such later date upon which the completion of Distribution Provider's Interconnection Facilities will be required.

5.8 Information Exchange. As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with Distribution Provider's

Distribution System, and shall work diligently and in good faith to make any necessary design changes.

5.9 Limited Operation. If any of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, Distribution Provider shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and Interconnection Customer's Interconnection Facilities may operate prior to the completion of Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. Distribution Provider shall permit Interconnection Customer to operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.

5.10 Interconnection Customer's Interconnection Facilities ("ICIF"). Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.10.1 Interconnection Customer's Interconnection Facility Specifications. Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Distribution Provider at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Distribution Provider shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Distribution Provider and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Distribution Provider's Review. Distribution Provider's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Distribution Provider, in accordance with Good Utility Practice, to ensure that the

ICIF are compatible with the technical specifications, operational control, and safety requirements of Distribution Provider.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Distribution Provider “as-built” drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Interconnection Customer shall provide Distribution Provider specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.10.4 Interconnection Customer to Meet Requirements of the Distribution Provider’s Interconnection Handbook. The Interconnection Customer shall comply with the Distribution Provider’s Interconnection Handbook. In the event of a conflict between the terms of this LGIA and the terms of the Distribution Provider’s Interconnection Handbook, the terms in this LGIA shall govern.

5.11 Distribution Provider's Interconnection Facilities Construction. Distribution Provider's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Distribution Provider shall deliver to Interconnection Customer the following “as-built” drawings, information and documents for Distribution Provider's Interconnection Facilities [include appropriate drawings and relay diagrams].

Distribution Provider will obtain control for operating and maintenance

purposes of Distribution Provider's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities. Pursuant to Article 5.2, the ISO will obtain Operational Control of the Stand Alone Network Upgrades prior to the Commercial Operation Date.

- 5.12 Access Rights.** Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Distribution System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Distribution System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.
- 5.13 Lands of Other Property Owners.** If any part of Distribution Provider or Distribution Owner's Interconnection Facilities, Distribution Upgrades, and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Distribution Provider or Distribution Owner, Distribution Provider or Distribution Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Distribution Provider or Distribution Owner's Interconnection Facilities, Distribution Upgrades, and/or Network Upgrades upon such property.
- 5.14 Permits.** Distribution Provider or Distribution Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Distribution Provider or Distribution Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Distribution Provider's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities. Interconnection Customer may request Distribution Provider to construct, and Distribution Provider shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Distribution Upgrades or Network Upgrades required for Interconnection Customer to be interconnected to the Distribution System which are included in the Base Case of the Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Distribution Provider, to suspend at any time all work by Distribution Provider associated with the construction and installation of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and/or Network Upgrades required under this LGIA with the condition that Distribution System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Distribution Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Distribution Provider (i) has incurred pursuant to this LGIA prior to the suspension; and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Distribution System and Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Distribution Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Distribution Provider shall obtain Interconnection Customer's authorization to do so.

Distribution Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Distribution Provider required under this LGIA pursuant to this Article 5.16, and has not requested Distribution Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three year period shall begin on the date the suspension is requested, or the date of the written notice to Distribution Provider, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The

Parties intend that all payments or property transfers made by Interconnection Customer to Distribution Provider for the installation of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001- 82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the Distribution System; (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to Distribution Provider for Distribution Provider's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years; and (iii) any portion of Distribution Provider's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimus amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Distribution Provider's request, Interconnection Customer shall provide Distribution Provider with a report from an independent engineer confirming its representation in clause (iii), above. Distribution Provider represents and covenants that the cost of Distribution Provider's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Distribution Provider. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Distribution

Provider from the cost consequences of any current tax liability imposed against Distribution Provider as the result of payments or property transfers made by Interconnection Customer to Distribution Provider under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Distribution Provider.

Distribution Provider shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Distribution Provider has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Distribution Provider should be reported as income subject to taxation; or (ii) any Governmental Authority directs Distribution Provider to report payments or property as income subject to taxation; provided, however, that Distribution Provider may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Distribution Provider (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Distribution Provider for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Distribution Provider of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Distribution Provider upon request of the IRS, to keep these years open for audit or adjustment; or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Distribution Provider, in addition to the amount paid for the Interconnection Facilities, Distribution Upgrades, and Network Upgrades, an amount equal to (1) the current taxes

imposed on Distribution Provider (“Current Taxes”) on the excess of (a) the gross income realized by Distribution Provider as a result of payments or property transfers made by Interconnection Customer to Distribution Provider under this LGIA (without regard to any payments under this Article 5.17) (the “Gross Income Amount”) over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the “Present Value Depreciation Amount”), plus (2) an additional amount sufficient to permit Distribution Provider to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Distribution Provider’s composite federal and state tax rates at the time the payments or property transfers are received and Distribution Provider will be treated as being subject to tax at the highest marginal rates in effect at that time (the “Current Tax Rate”); and (ii) the Present Value Depreciation Amount shall be computed by discounting Distribution Provider’s anticipated tax depreciation deductions as a result of such payments or property transfers by Distribution Provider’s current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer’s liability to Distribution Owner pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer’s estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law.
At Interconnection Customer’s request and expense, Distribution Provider shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Distribution Provider under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer’s knowledge. Distribution Provider and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Distribution Provider shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Distribution Provider shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

- 5.17.6 Subsequent Taxable Events.** If, within 10 years from the date on which the relevant Distribution Provider's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2; (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129; or (iii) this LGIA terminates and Transmission Provider retains ownership of the Interconnection Facilities, Distribution Upgrades, and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Distribution Provider, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.
- 5.17.7 Contests.** In the event any Governmental Authority determines that Distribution Provider's receipt of payments or property constitutes income that is subject to taxation, Distribution Provider shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Distribution Provider may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Distribution Provider may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Distribution Provider reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Distribution Provider shall keep Interconnection Customer

informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Distribution Provider on a periodic basis, as invoiced by Distribution Provider, Distribution Provider's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Distribution Provider may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Distribution Provider, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully-grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Distribution Provider for the tax at issue in the contest.

- 5.17.8 Refund.** In the event that (a) a private letter ruling is issued to Distribution Provider which holds that any amount paid or the value of any property transferred by Interconnection Customer to Distribution Provider under the terms of this LGIA is not subject to federal income taxation; (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Distribution Provider in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Distribution Provider under the terms of this LGIA is not taxable to Distribution Provider; (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Distribution Provider are not subject to federal income tax; or (d) if Distribution Provider

receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Distribution Provider pursuant to this LGIA, Distribution Provider shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon;

(ii) interest on any amounts paid by Interconnection Customer to Distribution Provider for such taxes which Distribution Provider did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Distribution Provider refunds such payment to Interconnection Customer; and

(iii) with respect to any such taxes paid by Distribution Provider, any refund or credit Distribution Provider receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Distribution Provider for such overpayment of taxes (including any reduction in interest otherwise payable by Distribution Provider to any Governmental Authority resulting from an offset or credit); provided, however, that Distribution Provider will remit such amount promptly to Interconnection Customer only after and to the extent that Distribution Provider has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Distribution Provider's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities, Distribution Upgrades, and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request

by Interconnection Customer, and at Interconnection Customer's sole expense, Distribution Provider may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Distribution Provider for which Interconnection Customer may be required to reimburse Distribution Provider under the terms of this LGIA. Interconnection Customer shall pay to Distribution Provider on a periodic basis, as invoiced by Distribution Provider, Distribution Provider's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Distribution Provider shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Distribution Provider for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Distribution Provider.

5.17.10 Distribution Owners Who Are Not Distribution Providers. If Distribution Provider is not the same entity as the Distribution Owner, then (i) all references in this Article 5.17 to Distribution Provider shall be deemed also to refer to and to include the Distribution Owner, as appropriate; and (ii) this LGIA shall not become effective until such Distribution Owner shall have agreed in writing to assume all of the duties and obligations of Distribution Provider under this Article 5.17 of this LGIA.

5.18 Tax Status. Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this LGIA is intended to adversely affect any Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient information regarding such modification so that the other

Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Distribution Provider shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the Distribution System, Distribution Provider's Interconnection Facilities, Distribution Upgrades, or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Distribution Provider makes to Distribution Provider's Interconnection Facilities or the Distribution System to facilitate the interconnection of a third party to Distribution Provider's Interconnection Facilities or the Distribution System, or to provide transmission service to a third party under Distribution Provider's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6. Testing and Inspection

- 6.1 Pre-Commercial Operation Date Testing and Modifications.** Prior to the Commercial Operation Date, Distribution Provider shall test Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.
- 6.2 Post-Commercial Operation Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Distribution System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 6.3 Right to Observe Testing.** Each Party shall notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.
- 6.4 Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

Article 7. Metering

- 7.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. The Interconnection Customer shall comply with the provisions of the ISO Tariff regarding metering, including Section 10 and the Metering Protocol of the ISO Tariff. Unless otherwise agreed by the Parties, Distribution Provider may install additional Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at Distribution Provider's option, compensated to, the Point of Interconnection. Interconnection Customer's access to meter data shall be provided in accordance with the ISO Tariff. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 7.2 Check Meters.** Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check the ISO-pollled meters or Distribution Provider's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except in the case that no other means are available on a temporary basis at the option of the Distribution Provider. The check meters shall be subject at all reasonable times to inspection and examination by Distribution Provider or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.
- 7.3 Distribution Provider Retail Metering.** Distribution Provider may install retail revenue quality meters and associated equipment, pursuant to the Distribution Provider's applicable retail tariffs.

Article 8. Communications

- 8.1 Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with Distribution Provider's Distribution System dispatcher or representative designated by Distribution Provider. Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Distribution Provider as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall

extend from the Large Generating Facility to the location(s) specified by Distribution Provider. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- 8.2 Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Distribution Provider at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Distribution Provider through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Distribution Provider. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Distribution Provider.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

Article 9. Operations

- 9.1 General.** Each Party shall comply with the Applicable Reliability Council requirements, and the Interconnection Customer shall execute the Reliability Management System Agreement of the Applicable Reliability Council attached hereto as Appendix H. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 Control Area Notification.** At least three months before Initial Synchronization Date, Interconnection Customer shall notify Distribution Provider in writing of the Control Area in which the Large Generating Facility will be located. If Interconnection Customer elects to locate the Large Generating Facility in a Control Area other than the Control Area in

which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.

- 9.3 Distribution Provider Obligations.** Distribution Provider shall cause the Distribution System and Distribution Provider's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. Distribution Provider may provide operating instructions to Interconnection Customer consistent with this LGIA and Distribution Provider's operating protocols and procedures as they may change from time to time. Distribution Provider will consider changes to its operating protocols and procedures proposed by Interconnection Customer.
- 9.4 Interconnection Customer Obligations.** Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA.
- 9.5 Start-Up and Synchronization.** Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Large Generating Facility to Distribution Provider's Distribution System.
- 9.6 Reactive Power.**
- 9.6.1 Power Factor Design Criteria.** Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Distribution Provider has established different requirements that apply to all generators in the Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators; rather, the requirements of Appendix G

shall apply to wind generators.

9.6.2 Voltage Schedules. Once Interconnection Customer has synchronized the Large Generating Facility with the Distribution System, Distribution Provider shall require Interconnection Customer to operate the Large Generating Facility to produce or absorb reactive power within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). Distribution Provider's voltage schedules shall treat all sources of reactive power interconnected with the Distribution System in an equitable and not unduly discriminatory manner and consistent with the applicable requirements of the ISO Tariff. Distribution Provider shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Distribution System and Transmission System. Interconnection Customer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the Distribution Provider and the ISO.

9.6.2.1 Governors and Regulators. Whenever the Large Generating Facility is operated in parallel with the Distribution System and the speed governors (if installed on the generating unit pursuant to Good Utility Practice) and voltage regulators are capable of operation, Interconnection Customer shall operate the Large Generating Facility with its speed governors and voltage regulators in automatic operation. If the Large Generating Facility's speed governors and voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Distribution Provider and the ISO, and ensure that the Electric Generating Unit operates as specified in Article 9.6.2 through manual operation and that such Large Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Large Generating Facility's generating unit(s) and steady state stability limits. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the Distribution System or trip any generating unit comprising the

Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

9.6.3 Payment for Reactive Power. Payment to Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when the ISO requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1 will be made by the ISO in accordance with the applicable provisions of the ISO Tariff.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.7.1.2 Outage Schedules. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to Distribution Provider for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. Distribution Provider may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Distribution System and Transmission System. Distribution Provider shall compensate Interconnection Customer for any

additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Distribution Provider's request to reschedule maintenance. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities. Distribution Provider shall have no obligation to pay Interconnection Customer any costs the Interconnection Customer incurs as the result of being directed by the ISO to reschedule maintenance.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Party, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, Distribution Provider may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Distribution Provider's ability to perform such activities as are necessary to safely and reliably operate and maintain the Distribution System and Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on

an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Distribution System;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, Distribution Provider shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Distribution Provider shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Distribution Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and Distribution Provider;

9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, and the Distribution System and Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions. The Distribution System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure “ride through” capability of the Distribution System. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Distribution Provider in accordance with Good Utility Practice. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Distribution System during

system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

- 9.7.4.1 System Protection Facilities.** Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Distribution Provider shall install at Interconnection Customer's expense any System Protection Facilities that may be required on Distribution Provider's Interconnection Facilities, Distribution System, or the Transmission System as a result of the interconnection of the Large Generating Facility and Interconnection Customer's Interconnection Facilities.
- 9.7.4.2** Each Party's protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.
- 9.7.4.3** Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.
- 9.7.4.4** Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer's units.
- 9.7.4.5** Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice and, if applicable, the requirements of the Distribution Provider's Interconnection Handbook.
- 9.7.4.6** Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice, the standards and procedures of the Distribution Provider,

including, if applicable, the requirements of the Distribution Provider's Interconnection Handbook, and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice and, if applicable, the requirements of the Distribution Provider's Interconnection Handbook, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Distribution System not otherwise isolated by Distribution Provider's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Distribution System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load interrupting capability located between the Large Generating Facility and the Distribution System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the Distribution System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on

a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Distribution System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Distribution Provider's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Distribution Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Distribution Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

9.10 Disturbance Analysis Data Exchange. The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or Distribution Provider's Distribution System and Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10. Maintenance

10.1 Distribution Provider Obligations. Distribution Provider shall maintain the Distribution System, Transmission System and Distribution Provider's

Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.

- 10.2 Interconnection Customer Obligations.** Interconnection Customer shall maintain the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 Secondary Systems.** Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Distribution Provider's Interconnection Facilities.

Article 11. Performance Obligation

- 11.1 Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.
- 11.2 Distribution Provider's Interconnection Facilities.** Distribution Provider or Distribution Owner shall design, procure, construct, install, own and/or

control the Distribution Provider's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.

11.3 Network Upgrades and Distribution Upgrades. Distribution Provider or Distribution Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless Distribution Provider or Distribution Owner elects to fund the capital for the Distribution Upgrades and Network Upgrades, they shall be solely funded by Interconnection Customer.

11.4 Transmission Credits.

11.4.1 Repayment of Amounts Advanced for Network Upgrades. Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to Distribution Provider and Affected System Operator, if any, for the Network Upgrades, including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under Distribution Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large 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. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Distribution Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as 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 Interconnection Customer any amounts advanced for Network Upgrades not previously repaid; or (2) declare in writing that Distribution Provider or Affected System Operator will continue to provide payments to

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.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Distribution Provider and Affected System Operator shall at that time reimburse 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.

11.4.2 Special Provisions for Affected Systems. Unless Distribution Provider provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, 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 Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

11.4.3 Notwithstanding any other provision of this LGIA, 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 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 Large Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Distribution Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Distribution Provider, at Interconnection Customer's option, a

guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Distribution Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Distribution Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Distribution Provider for these purposes.

In addition:

- 11.5.1** The guarantee must be made by an entity that meets the creditworthiness requirements of Distribution Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.
- 11.5.2** The letter of credit must be issued by a financial institution reasonably acceptable to Distribution Provider and must specify a reasonable expiration date.
- 11.5.3** The surety bond must be issued by an insurer reasonably acceptable to Distribution Provider and must specify a reasonable expiration date.

Article 12. Invoice

- 12.1 General.** Each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.
- 12.2 Final Invoice.** Within six months after completion of the construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and the Network Upgrades, Distribution Provider shall provide an invoice of the final cost of the construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Distribution Provider shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs

exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

- 12.3 Payment.** Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this LGIA.
- 12.4 Disputes.** In the event of a billing dispute between Distribution Provider and Interconnection Customer, Distribution Provider shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Distribution Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Distribution Provider may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii).

Article 13. Emergencies

- 13.1 Definition.** "Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of 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, Distribution Provider's Interconnection Facilities or the Transmission Systems of others to which the Distribution System is directly connected; or (iii) that, in the case of 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 Large Generating Facility or Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.
- 13.2 Obligations.** Each Party shall comply with the Emergency Condition procedures of the ISO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures set forth in this LGIA.

13.3 Notice. Distribution Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Distribution Provider's Interconnection Facilities, Distribution System or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Distribution Provider promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Distribution System, Transmission System or Distribution Provider's Interconnection Facilities. 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 Interconnection Customer's or Distribution Provider's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.4 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Distribution Provider, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Distribution Provider or otherwise regarding the Distribution System.

13.5 Distribution Provider Authority.

13.5.1 General. Distribution Provider may take whatever actions or inactions with regard to the Distribution System and Transmission System or Distribution Provider's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety; (ii) preserve the reliability of the Distribution System and Transmission System or Distribution Provider's Interconnection Facilities; (iii) limit or prevent damage; and (iv) expedite restoration of service. Distribution Provider shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Distribution Provider may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency

Condition, including, but not limited to, directing Interconnection Customer to shut down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Distribution Provider's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. Distribution Provider may reduce Interconnection Service or disconnect the Large Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of the ISO pursuant to the ISO Tariff. When Distribution Provider can schedule the reduction or disconnection in advance, Distribution Provider shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Distribution Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and Distribution Provider. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the Distribution System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice and the LGIA and the LGIP, Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety; (ii) preserve the reliability of the Large Generating Facility or Interconnection Customer's Interconnection Facilities; (iii) limit or prevent damage; and (iv)

expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Distribution System and Distribution Provider's Interconnection Facilities. Distribution Provider shall use Reasonable Efforts to assist Interconnection Customer in such actions.

- 13.7 Limited Liability.** Except as otherwise provided in Article 11.6.1 of this LGIA, neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 14. Regulatory Requirements and Governing Law

- 14.1 Regulatory Requirements.** Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

- 14.2.1** The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.
- 14.2.2** This LGIA is subject to all Applicable Laws and Regulations.
- 14.2.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

Article 15. Notices.

- 15.1 General.** Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage

prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings. Either Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

Article 16. Uncontrollable Force

16.1 Uncontrollable Force.

16.1.1 Economic hardship is not considered a Uncontrollable Force event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Uncontrollable Force. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of an Uncontrollable Force shall give notice and the full particulars of such Uncontrollable Force to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Uncontrollable Force, the time and date when the Uncontrollable Force occurred and when the Uncontrollable Force is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 17. Default

17.1. Default

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of an Uncontrollable Force as defined in this LGIA or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this LGIA 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 LGIA, to recover from the breaching 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 LGIA.

Article 18. Indemnity, Consequential Damages and Insurance.

18.1 Indemnity. 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 inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by

a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, 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.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, 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.

18.1.3 Indemnity Procedures. 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 Article 18.1 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.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses. The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its

counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person; and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this LGIA 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.

18.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury,

including death and property damage.

- 18.3.3** Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.3.4** Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 18.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 18.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for

two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

18.3.8 The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

18.3.9 Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.

18.3.10 Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.

18.3.11 The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

Article 19. Assignment

19.1 Assignment. This LGIA may be assigned by either Party only with the written consent of the other; provided that either Party may assign this LGIA 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 LGIA; and provided further that Interconnection Customer shall have the right to assign this LGIA, without the consent of Distribution Provider, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify Distribution Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Distribution Provider of the date and particulars of any such exercise of assignment right(s), including providing the Distribution Provider with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 20. Severability.

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Distribution Provider) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

Article 21. Comparability.

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 22. Confidentiality.

22.1 Confidentiality. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this LGIA. Information is

Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

22.1.1 Term. During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.

22.1.2 Scope. Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

22.1.3 Release of Confidential Information. Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of

Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

- 22.1.4 Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 22.1.5 No Warranties.** By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 22.1.6 Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this LGIA or its regulatory requirements.
- 22.1.7 Order of Disclosure.** If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver,

the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, 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 LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure.

Parties are prohibited from notifying the other Party to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when it is notified by FERC or its staff 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 section 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.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

Article 23. Environmental Releases.

23.1 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 Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party

shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 24. Information Requirements

- 24.1 Information Acquisition.** Distribution Provider and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.
- 24.2 Information Submission by Distribution Provider.** The initial information submission by Distribution Provider shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Distribution System and Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Distribution Provider shall provide Interconnection Customer a status report on the construction and installation of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report; (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.
- 24.3 Updated Information Submission by Interconnection Customer.** The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Distribution Provider for the Feasibility and Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Distribution Provider standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Distribution Provider pursuant to the Interconnection Study Agreement between Distribution Provider and Interconnection Customer, then Distribution Provider will conduct appropriate studies to

determine the impact on Distribution Provider Distribution System and Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Trial Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all “as-built” Large Generating Facility information or “as-tested” performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit “step voltage” test on the Large Generating Facility to verify proper operation of the Large Generating Facility’s automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility’s terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to Distribution Provider for each individual generating unit in a station. Subsequent to the Commercial Operation Date, Interconnection Customer shall provide Distribution Provider any information changes due to equipment replacement, repair, or adjustment. Distribution Provider shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Distribution Provider-owned substation that may affect Interconnection Customer’s Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 25. Information Access and Audit Rights.

25.1 Information Access. Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify

the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Uncontrollable Force Events. Each Party (the “notifying Party”) shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than an Uncontrollable Force event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party’s accounts and records pertaining to either Party’s performance or either Party’s satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party’s costs, calculation of invoiced amounts, Distribution Provider's efforts to allocate responsibility for interruption or reduction of generation on the Distribution System, and each Party’s actions in an Emergency Condition. Any audit authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party’s performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Distribution Provider's Interconnection Facilities, Distribution Upgrades, and Network Upgrades shall be subject to audit for a period of twenty-four months following Distribution Provider’s issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to either Party's performance

or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 26. Subcontractors.

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

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. 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 Distribution Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the Hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article will not be limited in any way by any limitation of subcontractor's insurance.

Article 27. Disputes.

27.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of

the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

- 27.2 External Arbitration Procedures.** Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.
- 27.3 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, Distribution Upgrades, or Network Upgrades.
- 27.4 Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel

and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 28. Representations, Warranties, and Covenants.

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and

Regulations.

Article 29. [Reserved]

Article 30. Miscellaneous.

- 30.1 Binding Effect.** This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 30.2 Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.
- 30.3 Rules of Interpretation.** This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".
- 30.4 Entire Agreement.** This LGIA, including all Appendices and Schedules attached hereto, 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 LGIA. 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 LGIA.

- 30.5 No Third Party Beneficiaries.** This LGIA 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.
- 30.6 Waiver.** The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party. Any waiver at any time by either Party of its rights with respect to this LGIA 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 LGIA. Termination or Default of this LGIA for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from Distribution Provider. Any waiver of this LGIA shall, if requested, be provided in writing.
- 30.7 Headings.** The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.
- 30.8 Multiple Counterparts.** This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 30.9 Amendment.** The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.
- 30.10 Modification by the Parties.** The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.
- 30.11 Reservation of Rights.** Distribution Provider shall have the right to make a unilateral filing with FERC to modify this LGIA 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 Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision

of the Federal Power Act and FERC's rules and regulations thereunder; 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 LGIA 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 thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA 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.

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

[Insert name of Distribution Provider or Distribution Owner, if applicable]

By: _____

Title: _____

Date: _____

[Insert name of Interconnection Customer]

By:

Name: _____

Title: _____

Date: _____

Appendix A to LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

(a) [insert Interconnection Customer's Interconnection Facilities]:

(b) \ (b) [insert Distribution Provider's Interconnection Facilities]:

2. Network Upgrades:

(a) [insert Stand Alone Network Upgrades]:

(b) [insert Other Network Upgrades]:

3. Distribution Upgrades:

Appendix B to LGIA

Milestones

Appendix C to LGIA

Interconnection Details

Appendix D to LGIA

Security Arrangements Details

Infrastructure security of Distribution System and Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Distribution System reliability and operational security. FERC will expect the ISO, all transmission providers, market participants, and interconnection customers interconnected to the Distribution System and Transmission System 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 will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Appendix E to LGIA

Commercial Operation Date

This Appendix E is a part of the LGIA between Distribution Provider and Interconnection Customer.

[Date]

[Distribution Provider Address]

Re: _____ Large Generating Facility

Dear _____:

On [Date] [Interconnection Customer] has completed Trial Operation of Unit No. _____. This letter confirms that [Interconnection Customer] commenced commercial operation of Unit No. ____ at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

Appendix F to LGIA

Addresses for Delivery of Notices and Billings

Notices:

Distribution Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

Distribution Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Distribution Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Appendix G to LGIA

Requirements of Generators Relying on New Technologies

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three- phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Distribution Provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three phase faults, the wind generating plant may disconnect from the electric system.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in

- a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
 4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.
 5. Existing individual generator units that are, or have been, interconnected the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the Distribution Provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the electric system. A wind generating plant shall remain interconnected during such a fault on the electric system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. **Power Factor Design Criteria (Reactive Power)**

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Distribution Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Distribution Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. **Supervisory Control and Data Acquisition (SCADA) Capability**

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Distribution Provider to protect system reliability. The Distribution Provider and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and electric system reliability in its area.

Appendix H to LGIA

Reliability Management System Agreement

[Sheet Nos. xxx through xxx are reserved for future use.]

SCHEDULE WDS 1

WHOLESALE DISTRIBUTION SERVICE

1. Distribution Service Charges: Distribution Customers shall pre-pay all costs associated with facility additions and Direct Assignment Facilities in accordance with the Service Agreement and Section 2.4 of this Schedule WDS 1 and shall compensate SDG&E each month for Distribution Service at the sum of the applicable charges set forth below.

1.1 [Not Used]

1.2 Distribution Service for LSEs: The lump sum and monthly charges for Distribution Service for LSEs shall be based upon the following charges:

- i. A customer service charge (See Section 2.1): \$____/month;
- ii. A distribution demand charge (See Section 2.2): \$__ /kW/month;
- iii. Customer advance associated with Direct Assignment Facilities (See Section 2.4): \$__ lump sum payment;
- iv. A cost of ownership charge for Direct Assignment Facilities (See Section 2.6): \$/month;
- v. Power Factor Adjustment Charge (See Section 2.7): The Distribution Customer's bill will be adjusted by a dollar per kVAR of maximum reactive demand as determined in Section 20.4 of the Tariff;
- vi. Distribution loss adjustment charge (See Section 2.8); and

- vii. Impairment (See Section 2.9) or other (See Section 2.3) charges, if any.

1.3 Distribution Service for Generators: The lump sum and monthly charges for Distribution Service for Generators shall consist of the following:

- i. A customer service charge (See Section 2.1): \$____/month;
- ii. Customer advance associated with Direct Assignment Facilities (See Section 2.4): \$____/month;
- iii. A distribution demand charge associated with upgrades (See Section 2.5): ____/kw/month;
- iv. Cost of ownership charge for Direct Assignment Facilities (See Section 2.6): \$____/month;
- v. Power Factor Adjustment Charge (See Section 2.7): The Distribution Customer's bill will be adjusted as determined in Section 20.4 of the Tariff; and
- vi. Impairment (See Section 2.9) or other charges (See Section 21.3), if any.

2. Description of Specific Charges

2.1 Customer Service Charge: A fixed monthly Distribution Customer service charge shall be assessed to reimburse SDG&E for its costs of labor and supervision for billing services which it provides to the Distribution Customer, including, among other things, billing, accounting for reactive power and Distribution Facilities usage as

provided in this Tariff. An individual special study is required to determine this charge.

2.2 Distribution Demand Charge for LSEs: Distribution Customers that are LSEs shall pay a Distribution Demand Charge. The Distribution Demand charge shall recover the higher of: (a) the Distribution Customer's proportionate share of the embedded costs (including expansion costs) of the Distribution Facilities that are used to serve the Distribution Customer's load (excluding Direct Assignment Facilities); or (b) the incremental cost of whatever expansions or upgrades to the Distribution Facilities are required to serve the Distribution Customer's load (excluding Direct Assignment Facilities). If the revenue requirement is based upon embedded costs (as expanded) the cost of the Distribution Facilities used to serve the Distribution Customer shall be calculated according to the Distribution Customer's proportionate share of the total load served from the identified Distribution Facilities. The monthly demand charge shall be calculated by dividing the annual revenue requirement associated with the identified Distribution Facilities by the sum of the Distribution Customers twelve monthly maximum peak demands imposed on those facilities.

2.3 Termination Service Charge: If the Distribution Customer terminates service, the Distribution Customer agrees to pay for the remaining cost of such facilities whether or not it takes service for the full term specified in the Service Agreement. The remaining cost of the facilities shall be equal to the Distribution Customers load ratio share of such facilities using contract demands to calculate such load ratio. The remaining life of the facilities will be the

depreciated installed cost of the added facilities plus removal costs, less salvage.

SDG&E shall file all charges under this provision with the Commission prior to termination.

2.4 Customer Advance Associated with Direct Assignment

Facilities: In accordance with Attachment A of this Tariff, SDG&E shall calculate a customer advance for Direct Assignment Facilities that will be payable by the Distribution Customer at the time a Service Agreement is signed (See Attachment A).

2.5 Distribution Demand Charge Associated with Upgrades

for Generators: Generators shall pay for that portion of distribution upgrades that directly benefit them. Such costs may be paid by advance or through a monthly demand charge.

2.6 Cost of Ownership Charge for Direct Assignment

Facilities: The cost of ownership charge for Direct Assignment Facilities recovers SDG&E's on-going costs of owning and operating Direct Assignment Facilities. In accord with Attachment A, such on-going costs shall include operation and maintenance costs, replacement costs (due to normal deterioration), and property taxes. The cost of ownership charge shall also include the on-going costs of any facilities installed by the Distribution Customer or others that are deeded to SDG&E. The manner in which the monthly cost of ownership charge is derived is shown in Attachment A.

2.7 Power Factor Adjustment Charge: The Distribution Customer's bill shall be adjusted by a dollar amount per kVAr of maximum reactive demand as determined in Section 10.3 of the Service Agreement.

2.8 Distribution Loss Adjustment Charges for LSEs: Distribution losses shall be paid by LSEs on a monthly basis and will be calculated using standard engineering formulas applicable to the Distribution Customer's use of SDG&E's distribution system. The energy loss factor calculated by these formulas shall be applied to the Distribution Customer's monthly energy consumption for the billing month. The energy loss shall be recovered in accordance with Attachment A.

2.9 Impairment Charge: Distribution Customers shall be responsible for the costs related to any event that could result from Distribution Service which is reasonably likely to cause: (i) the inclusion in gross income for federal income tax purposes of the interest paid and/or to be paid on any local-furnishing private activity bonds ("Bonds") as described in Section 142(f) of the Internal Revenue Code of 1986, as amended, or in any predecessor statute (the "Code"), issued for the benefit of SDG&E; (ii) the inclusion in gross income of interest for federal income tax purposes on debt which is reasonably expected to be issued in the future to finance distribution or generation facilities of SDG&E, or to be issued to refinance any outstanding Bonds issued for the benefit of SDG&E; or (iii) the loss of the deductibility, under Section 150 of the Code, of any interest expense associated with interest paid or to be paid on any such Bonds. Such costs include costs reasonably necessary to avoid or minimize the cost of an

impairment including: (i) redispatch of generation; (ii) construction or other physical modification of SDG&E's System; and/or (iii) redemption, defeasance or financing of Bonds (the "Refinancing"). Among other things, the costs of Refinancing shall include:

(A) the costs, including, but not limited to, increased interest cost of refinancing any outstanding Bonds which must be redeemed or defeased; (B) the increased interest costs associated with the inclusion in gross income for Federal income tax purposes of interest on any debt to be issued to finance the distribution and generation facilities of SDG&E; and (C) any increased income and franchise tax liability of SDG&E resulting from the loss of deductibility of interest expense associated with interest on any Bonds issued or to be issued for the benefit of SDG&E. For purposes of computing costs resulting from increased interest costs associated with (B), it shall be assumed that SDG&E will have access to State of California private activity bond volume cap under Section 146 of the Code to finance distribution system costs to the same proportionate extent as SDG&E's post-1985 distribution system costs in fact have been financed with tax-exempt Bonds.