

INTERCONNECTION AGREEMENT
[Photovoltaic/Solar or Wind Electric Generating Facility
Rated at 1 Megawatt or less]

This Interconnection Agreement, dated, for convenience, _____, _____, is entered into by and between the CITY OF PALO ALTO, a California municipal corporation (“CPAU”), and _____ (Customer”), located at _____, Palo Alto (“Premises”) (individually, “Party”, and, collectively, “Parties”).

SECTION 1. TERM

1.1 This Interconnection Agreement shall become effective upon its execution by the Parties, and shall continue in force until a Party gives thirty (30) days’ prior written notice of termination to the other Party. The termination shall become effective thirty (30) days after the other Party receives the written notice; provided, however, that the effective date of termination shall not occur before the last day of Customer’s billing cycle, as determined in accordance with CPAU’s Utilities Rules and Regulations. This Interconnection Agreement shall be coterminous with any of the following agreements between the Parties: (A) Net Energy Metering Agreement; and photovoltaic/Solar Demonstration Program Grant Agreement.

SECTION 2. SERVICE ELIGIBILITY

2.1 At all times during the term of this Interconnection Agreement, Customer shall qualify as an “eligible customer-generator”, as such term is defined in section 2827(b)(2) of the California Public Utilities Code. Customer also shall comply with Utility Rate Schedule E-10, as applicable, and all other applicable rates schedules and rules and regulations of the Utilities Rules and Regulations of the City of Palo Alto, now or hereafter in effect.

SECTION 3. ELECTRIC GENERATING FACILITY

3.1 The photovoltaic/solar or wind electric generating facility (“Equipment”), with which Customer will interconnect and operate in parallel with CPAU’s electric utility distribution system, is described below. The Equipment shall be used primarily to offset part or all of Customer’s own electrical service requirements, all or part of which are or have been provided by CPAU.

3.2 Equipment Manufacturer and Model Numbers: _____

3.3 Photovoltaic/Solar (“PV”) Array Rating: _____ kW

3.4 Location of Equipment: _____, Palo Alto, CA _____

3.5 Equipment will be ready for operation on or about: _____.

SECTION 4. DESIGN REQUIREMENTS

4.1 Customer shall or shall cause the design, installation, operation, maintenance and repair of the Equipment, and shall obtain and maintain the required governmental authorizations, permits, and any policy or policies of insurance, including, without limitation, commercial general liability, property, and professional liability insurance, as may be required by applicable laws, subject only to the provisions of subsection 4.2 hereof.

4.2 Customer shall comply with all applicable photovoltaic/solar or wind electrical generating system safety and performance standards established by or under the National Electrical Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE) and accredited testing laboratories, including, without limitation, Underwriters

Laboratories, and in accordance with the applicable rules and regulations of the California Public Utilities Commission pertaining to the safety and reliability of electrical generating systems and applicable building codes. If the Equipment or Customer's hybrid photovoltaic/solar-wind electric generation system meets the referenced standards, rules and regulations, then Customer shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

SECTION 5. INTERCONNECTION

5.1 Customer shall deliver the available energy to its electric service provider at the meter located at Customer's premises.

5.2 Customer shall operate and maintain the Equipment in accordance with all applicable laws, rules and regulations, and shall comply with CPAU's interconnection standards, as may be set forth in the applicable Utilities Rate Schedules, Utilities Rules and Regulations and in Exhibit "A" to this Interconnection Agreement.

5.3 Customer shall not commence the operation of the Equipment in parallel with CPAU's electric utility distribution system, unless and until the prior written approval of CPAU's Director of Utilities, or his designee, is furnished. CPAU shall furnish its approval within ten (10) business days, as practicable, after Customer secures a copy of the final inspection and the written approval of the Equipment.

5.4 CPAU, or its designated representatives, may be present at the final inspection which will be conducted by the governmental authority having jurisdiction to inspect and approve the installation of the Equipment. Customer shall notify CPAU of the opportunity to attend the inspection no less than five (5) days prior to the established date of inspection.

SECTION 6. INTERRUPTION OR REDUCTION OF DELIVERIES

6.1 CPAU shall not be obligated to accept or pay for, and it may require Customer to interrupt or reduce, the delivery of available energy generated by the Equipment under the following: (a) whenever CPAU in its sole judgment determines that the interruption or reduction is necessary in order for CPAU to construct, install, maintain, repair, replace, remove, investigate, or inspect any part of CPAU's electric utility distribution system; or (b) if CPAU determines that the interruption or reduction is necessary on account of an emergency, voluntary or involuntary outage, event of force majeure, or compliance with prudent electrical practices.

6.2 CPAU shall give Customer, as practicable, at least 24 hours' prior notice of a planned interruption or outage by CPAU or a reduction of delivery of energy by Customer.

6.3 Notwithstanding any other provision of this Interconnection Agreement, if the City determines that either (a) the operation of the Equipment may threaten or endanger the health, safety or welfare of CPAU's personnel or CPAU's or its personnel's property, or (b) the continued operation of the Equipment may endanger the operational integrity of CPAU's electric utility distribution system, CPAU shall have the right to temporarily or permanently disconnect the Equipment from CPAU's electric utility distribution system upon the delivery of reasonable notice to Customer; provided, however, CPAU may act without giving prior notice to Customer, if it is impracticable to provide the notice. The Equipment shall remain disconnected until such time as CPAU's Director of Utilities is reasonably satisfied that the conditions referred to in this subsection have been corrected or sufficiently addressed.

SECTION 7. ALTERATIONS AND REPAIRS

7.1 Customer shall (a) maintain the Equipment and the interconnection facilities, which interconnects the Equipment with CPAU's electric utility distribution system, in a safe and prudent manner and in conformance with all applicable laws, rules and regulations, including, without limitation, the design requirements, and (b) obtain any governmental approvals, authorizations and permits required for the construction and operation of the Equipment and the

interconnection facilities.

7.2 Customer shall reimburse CPAU for any and all losses, damages, claims, penalties, or liability that CPAU may incur or sustain as a result of Customer's failure to obtain and maintain any and all governmental approvals, authorizations and permits that may be required for the construction, installation, operation, repair and maintenance of the Equipment.

SECTION 8. RIGHT OF INGRESS AND EGRESS

8.1 During the term of this Interconnection Agreement, Customer grants to CPAU, its officers, employees, agents and representatives, the non-exclusive right of ingress and egress on, over and across the Premises during CPAU's regular business hours, without prior notice, for the purpose of inspecting Customer's protective devices, reading and testing on-site meters, and disconnecting, without notice, the interconnection facilities if, in CPAU's Director of Utilities' sole judgment, a condition hazardous to life or property exists, and immediate action is necessary to protect life or property from damage or interference directly caused by the Equipment or as a result of the lack of properly operating protective devices.

SECTION 9. INDEMNITY

9.1 Each Party, as indemnitor, shall defend, protect, indemnify and hold harmless the other Party, as indemnitee, its directors, officers, employees, and agents of the other Party from and against any and all losses, liability, damages, claims, costs, charges, demands, or expenses (including any direct, indirect or consequential loss, liability, damage, claim, cost, charge, demand, or expense, and reasonable attorneys' fees) for injury or death to persons and damage to property, arising, directly or indirectly, out of or in connection with (a) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection or ownership of the indemnitor's facilities, or (b) the making of replacements, additions, betterments to, or reconstruction of the indemnitor's facilities; provided, however, Customer's duty to indemnify CPAU shall not extend to any loss, liability, damage, claim, cost, charge, demand, or expense resulting from interruptions in electrical service to CPAU's electric utility customers other than Customer. Neither Party shall be indemnified hereunder for its loss, liability, damage, claim, cost, charge, demand, or expense arising out of or resulting from its sole negligence or willful misconduct.

9.2 Notwithstanding the foregoing indemnity, and except for a Party's willful misconduct or sole negligence, each Party shall be solely responsible for damage to its facilities resulting from electrical disturbances or faults.

9.3 The provisions of this Section 9 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.

9.4 EXCEPT AS OTHERWISE PROVIDED IN SECTION 9.1, A PARTY SHALL NOT BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL DAMAGES INCURRED BY THAT OTHER PARTY.

SECTION 10. NOTICE

10.1 Any notice required to be given under this Agreement shall be delivered, in writing, and mailed at any United States Post Office with postage prepaid and correctly addressed to the Party, or personally delivered to the Party, at the address below. Changes to such designation may be made by notice similarly given. All written notices shall be directed, as follows:

CITY:

City of Palo Alto
Department of Utilities
250 Hamilton Ave.
Palo Alto, CA 94301
ATTN.: Lindsay Joye
Telephone No.: (650) 329-2680
Facsimile No.: (650) 617-3140

CUSTOMER Contact Information:

ATTN.: _____
Telephone No.: _____
Facsimile No.: _____

SECTION 11. MISCELLANEOUS PROVISIONS

11.1 This Agreement shall be governed by and interpreted and construed in accordance with the laws of the State of California as if executed and to be performed wholly within the State of California.

11.2 Any amendments or modifications of this Interconnection Agreement shall not be binding upon the Parties, unless the Parties agree thereto, in writing. The failure of a 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 a Party of the breach of any covenant, term or condition contained in this Interconnection Agreement, whether by conduct or otherwise, shall be deemed or be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other covenant, term or condition, unless such waiver is stated, in writing.

11.3 This Interconnection Agreement shall supersede any existing agreement other than a Grant Agreement, to which Customer may be a party, under which Customer is currently operating the Facility, and any such agreement shall be deemed terminated as of the date this Agreement becomes effective.

IN WITNESS WHEREOF, the Parties by their duly appointed representatives have executed this Interconnection Agreement in Palo Alto, County of Santa Clara, as of the date first above stated.

CITY OF PALO ALTO

CUSTOMER SIGNATURE

ASSISTANT CITY MANAGER

APPROVED AS TO FORM:

SENIOR ASSISTANT CITY ATTORNEY

APPROVED:

DIRECTOR OF UTILITIES

**CITY OF PALO ALTO
INTERCONNECTION STANDARDS FOR PHOTOVOLTAIC/SOLAR
ELECTRIC GENERATING FACILITIES**

General

This Exhibit contains the terms and conditions for interconnected nonutility owned, photovoltaic/solar electric generation facilities that are or may be connected for parallel operation with CPAU's electric utility distribution system. For the purposes of this Exhibit, the interconnecting entity shall be identified as "Customer-Generator."

Design Requirements

1. Customer-Generator shall conform to applicable National Electrical Code (NEC) Standards [NEC 690] and applicable building codes.
2. Customer-Generator shall have a dedicated circuit from the inverter to the service panel with a circuit breaker or fuse [NEC 690-64(b)(1)].
3. Customer-Generator's overcurrent device at the service panel shall be marked to indicate the photovoltaic/solar power source [NEC 690-64(b)(4)].
4. Customer-Generator shall install a visible break, lockable AC disconnect switch in the dedicated circuit to the inverter. This switch shall be located where it is easily accessible by CPAU personnel and shall be equipped with a CPAU padlock.
5. The Customer-Generator's inverter shall be UL 1741 approved and have the following specifications for parallel operation with CPAU's electric utility distribution system:
 - 1) Inverter output shall automatically disconnect from CPAU's utility source upon loss of utility voltage and shall not reconnect until at least 5 minutes after normal utility voltage and frequency have been restored [UL 1741].
 - 2) Inverter shall automatically disconnect from CPAU's utility source within 120 cycles (2 seconds) if CPAU's utility voltage is less than 106 volts or greater than 132 volts on a 120 volt base [UL 1741].
 - 3) Inverter shall automatically disconnect from CPAU's utility source within 10 cycles (0.17 seconds) if CPAU's utility frequency is less than 59.3 hertz or greater than 60.5 hertz [UL 1741].
 - 4) Inverter output shall comply with IEEE 519 standards for harmonic distortion.