

**INTERCONNECTION AGREEMENT**

This Interconnection Agreement (the "Agreement"), dated \_\_\_\_\_ (the "Effective Date"), is entered into by and between the CITY OF PALO ALTO UTILITIES DEPARTMENT on behalf of the CITY OF PALO ALTO, a California chartered municipal corporation ("CPAU" or the "City"), and the \_\_\_\_\_, a California corporation (the "Facility Owner"), located at the address stated below (the City and the Facility Owner are referred to, individually, as a "Party", and, collectively, as the "Parties").

**FACILITY OWNER AND GENERATING FACILITY INFORMATION**

Facility Owner: \_\_\_\_\_

Generating Facility: \_\_\_\_\_  
\_\_\_\_\_

Facility Address: \_\_\_\_\_  
Palo Alto, CA 9430\_\_ (the "Premises")

Operating Mode (select one of following):

- #1 Power used on-site; incidental energy export.
- #2 Sale to CPAU based on Power Purchase Agreement (PPA). PPA# \_\_\_\_\_.
- #3 Other Agreement:

Description: \_\_\_\_\_, which requires disclosure of the Other Agreement # \_\_\_\_\_.

Please note that if no selection is made, Operating Mode #1 is the default choice.

**1.0 TERM**

This Agreement takes effect on the Effective Date, and will continue in full force and effect, until the earliest date that one of the following occurs: (a) the Parties agree in writing to terminate this Agreement; (b) the Facility Owner gives CPAU thirty (30) days' prior written notice that it desires to terminate this Agreement, along with notice that the Facility Owner has permanently disconnected the generating Facility from CPAU's Electric Distribution System and CPAU has verified that such disconnection has occurred; (c) if Operating Mode #2 or Operating Mode #3 is selected, upon the effective date of termination of the Power Purchase Agreement or the Other Agreement identified above between the Parties; (d) CPAU determines that the Facility Owner has violated any of the terms of this Agreement or any applicable CPAU Rules and Regulations, and has

failed to take any corrective actions required by CPAU; (e) changes in applicable Law materially alters or otherwise affect CPAU's ability or obligation to perform CPAU's duties under this Agreement; or (f) CPAU determines that the Facility Owner has abandoned the Generating Facility, or that the Generating Facility is not operating in compliance with all applicable safety and performance standards.

**2.0 GENERATING FACILITY INTERCONNECTION AND METERING**

2.1 The Facility Owner is responsible for installing, operating, maintaining and repairing the Generating Facility and using the meter(s) in a safe and prudent manner, in

- conformance with CPAU's Rules and Regulations, as amended; City building codes; and all applicable federal, state and local Laws, including, without limitation, CPAU's interconnection standards, as set forth in its Utilities Rule and Regulation 27; all safety and performance standards established by the National Electric Code (NEC), the Institute of Electrical and Electronics Engineers (IEEE) and accredited testing laboratories such as Underwriters Laboratories (UL); and in accordance with the applicable rules of the California Public Utilities Commission regarding safety and reliability of electric generating systems.
- 2.2 CPAU, at its sole cost and expense, is entitled to inspect and approve the installation of the Generating Facility and verify or otherwise authenticate the accuracy of the meter(s) as a condition precedent to permitting any interconnection.
- 2.3 The Facility Owner grants to CPAU, its officers, employees, agents and representatives the non-exclusive right of ingress and egress on, over and across the Premises: 1) upon reasonable prior notice, for the purpose of inspecting and approving the installation and operation of the Generating Facility and authenticating the accuracy of the meter(s), or 2) without notice in the event of an emergency, where in CPAU's sole judgment, a condition hazardous to life or property exists, and immediate action is necessary to protect life or property from damage or interference caused by the Generating Facility or as a result of the lack of properly operating protective devices, or in regard to a disconnection of the Generating Facility.
- 2.4 Before connecting the Generating Facility to CPAU's Electric Utility Distribution System and for the full term of this Agreement, the Facility Owner will obtain and maintain the required governmental approvals, 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 CPAU or applicable laws.
- 2.5 CPAU will not be obligated to accept or pay for, and it may require the Facility Owner to interrupt or reduce, the delivery of available energy generated by the Generating Facility 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 that the interruption or reduction is necessary on account of an emergency, voluntary or involuntary outage, event of force majeure, or to maintain compliance with Good Utility Practice.
- 2.6 Notwithstanding any other provision of this Agreement, if CPAU determines in its sole judgment that either (a) the operation of the Generating Facility may threaten or endanger the health, safety or welfare of the public or CPAU's personnel or property, or (b) the continued operation of the Generating Facility may endanger the operational integrity of CPAU's Electric Utility Distribution System, CPAU has the right to temporarily or permanently disconnect the Generating Facility from CPAU's Electric Utility Distribution System upon the delivery of reasonable notice to the Facility Owner; provided, CPAU may act without prior notice to the Facility Owner, if CPAU determines that it is impracticable or unsafe to provide such. The Generating Facility will 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.
- 2.7 Neither CPAU, nor the City's council members, officers, employees or agents shall be liable for damages of any kind to the Generating Facility or the Premises caused by any electric disturbance on the CPAU system or on the system of another, whether or not the electrical disturbance results from the negligence of CPAU.
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**3.0 INTERCONNECTION FACILITIES, DISTRIBUTION SYSTEM UPGRADES, AND AFFECTED SYSTEMS**

3.1 The Facility Owner shall, in accordance with CPAU Rule 27 or other applicable CPAU Rule, pay, in advance and in full, for all of CPAU's estimated design and construction costs of the Interconnection Facilities and the Distribution System Upgrades, which are specified in the Exhibit.

3.2 In the event that the Facility Owner owns the real property, on which the Interconnection Facilities are or will be located, then the Facility Owner shall grant to the CPAU (or in the event that Facility Owner is leasing or otherwise obtaining rights to locate the Generating Facility on real property of a third party, the Facility Owner shall obtain for the CPAU):

3.2.1 The right to install the Interconnection Facilities and related equipment or materials on that real property along the most practical route, which is of sufficient width to provide the appropriate and safe clearance from all structures now or hereafter erected on that real property; and

3.2.2 The right of ingress and egress to and from that real property, as may be reasonably necessary for CPAU to operate, maintain, repair, and remove the Interconnection Facilities.

3.3 Where rights-of-entry or easements are required on or over that real property or the property of a third party for the installation of the Interconnection Facilities, the Facility Owner acknowledges and agrees that CPAU's obligation to install the Interconnection Facilities is expressly conditioned on the granting, without cost to the City or CPAU, of any and all necessary rights-of-entry or easements to the City.

3.4 THE CITY MAKES NO REPRESENTATIONS, WARRANTIES, COVENANTS OR ASSURANCES WITH RESPECT TO THE DESIGN, CONSTRUCTION, DURABILITY OR SUITABILITY OF THE NEW INTERCONNECTION FACILITIES OR

ANY PART THEREOF, WHETHER EXPRESS OR IMPLIED, AND THE CITY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, QUIET ENJOYMENT, AND ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE APPLICABLE TO SUCH WORK.

3.5 The one-line diagram of the interconnection (at the Delivery Point) is described in the Exhibit. The Interconnection Facilities are the sole and exclusive property of and shall be owned, operated, maintained, and repaired by the City and CPAU, and the Facility Owner disclaim any interest therein.

3.6 The Facility Owner shall pay CPAU for the costs of the Interconnection Facilities. The direct costs for the design and construction of the Interconnection Facilities shall be paid in advance by the Facility Owner. The Facility Owner shall be additionally responsible for costs related to ongoing operations, maintenance, and replacement of the Interconnection Facilities.

3.7 Upon the Facility Owner's discontinuation of use of the Interconnection Facilities due to termination of this Agreement, or otherwise, CPAU shall have the right to remove any portion of the Interconnection Facilities from the real property on which the Interconnection Facilities are installed or located.

3.8 As may be required by applicable agreements between the CPAU and one or more Affected Systems' owners and/or operators, CPAU shall coordinate with those Affected Systems' owners and/or operators to support the interconnection. An "Affected System" is an electric system not owned by CPAU but to which CPAU's electric utility distribution system is connected. "Affected System" includes, without limitation, the transmission system that is owned by the Pacific Gas and Electric Company but is operated by the California Independent System Operator Corporation ("CAISO"). If upgrades to an Affected System are required by an Affected System owner and/or operator as a condition of interconnection of the Generating Facility, then the Facility Owner shall be responsible

for the costs of such upgrades. The Facility Owner and each Affected System owner and/or operator shall enter into one or more agreements that provide(s) for the financing of such upgrades, as needed, and any repayment as set forth in applicable tariffs of the Affected System' owner and/or operator. The Facility Owner, at its own cost and expense, shall be responsible for entering into any other agreements as may be required by an Affected System's owner and/or operator as a condition of interconnected operation and complying with the requirements of any applicable tariffs. Such agreements may include the "Participating Generator Agreement" (ISO Tariff Appendix M) and the "Meter Services Agreement for CAISO Metered Entities" with the CAISO.

#### **4.0 INDEMNITY**

4.1 To the fullest extent permitted by Law, the Facility Owner shall indemnify, protect, defend, and hold harmless the City, and its City Council, officers, agents, employees, contractors, and volunteers (each an "Indemnified Party") from and against any and all claims, injury, liability, loss, cost and/or expense or damage, including all costs and reasonable attorneys' fees in providing a defense to any claim, arising from or in any manner related to the Facility Owner's negligent performance or non-performance, reckless or wrongful acts, errors or omissions with respect to or in any way connected with the installation, ownership, operation, or maintenance or repair of the Generating Facility by Facility Owner, its agents, and/or assigns under this Agreement. Notwithstanding the above, nothing in this section shall require the Facility Owner to indemnify an Indemnified Party from claims arising from the active negligence, sole negligence or willful misconduct of an Indemnified Party.

4.2 The Facility Owner will reimburse CPAU for any and all losses, damages, claims, penalties, or liability that CPAU may incur or sustain as a result of the Facility Owner's failure to obtain and maintain any and all governmental approvals, authorizations and permits that may be required for the

construction, installation, operation, repair or maintenance of the Generating Facility.

4.3 The provisions of this Section 4 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.

4.4 EXCEPT AS OTHERWISE PROVIDED IN SECTION 4.1, A PARTY SHALL NOT BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, PUNITIVE, EXEMPLARY, SPECIAL OR INCIDENTAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS, LOSS OF REVENUE, LOSS OF OPPORTUNITY OR LOSS OF DATA), HOWSOEVER CAUSED, WHETHER ARISING UNDER TORT, CONTRACT, OR OTHER LEGAL THEORY, AND WHETHER OR NOT FORESEEABLE, THAT ARE INCURRED BY THE OTHER PARTY.

#### **5.0 NOTICE**

5.1 Any notice required to be given under this Agreement will be delivered, in writing, and electronically mailed or delivered by the United States Postal Service, 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 will be directed, as follows:

#### **TO CITY:**

City of Palo Alto  
Department of Utilities  
250 Hamilton Ave  
Palo Alto, CA 94301  
ATTN.: Utilities Resource Management  
Phone: (650) 329-2689  
FAX: (650) 326-1507  
Email: paclean@cityofpaloalto.org

#### **TO FACILITY OWNER:**

ATTN:  
Phone:  
FAX:  
Email:

**6.0 MISCELLANEOUS PROVISIONS**

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

6.2 Any amendment or modification to this Agreement will 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 will 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 Agreement, whether by conduct or otherwise, will 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.

6.3 This Agreement supersedes any existing agreement, to which the City and the Facility Owner are parties, under which the Facility Owner is currently operating the Generating 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 Effective Date.

**CITY OF PALO**

**FACILITY OWNER**

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
President

APPROVED:

\_\_\_\_\_  
Director of Utilities

APPROVED AS TO FORM:

\_\_\_\_\_  
Assistant City Attorney

**EXHIBIT**

**PART 1. GENERATING FACILITY DESCRIPTION**

1. Service address: \_\_\_\_\_, Palo Alto, CA \_\_\_\_\_
2. Generating Facility Description:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Gross power rating of the Generating Facility \_\_\_\_\_ kW, based on:
  - Inverter rating
  - Solar array rating (Panel rated output at PV USA test conditions x inverter efficiency)
  - Generator nameplate
  - Prime mover nameplate
4. Generating Facility primary fuel/technology: \_\_\_\_\_
5. Net power rating of the Generating Facility: \_\_\_\_\_ kW, which is the gross power rating stated above net of power used in the Generating Facility to power lights, motors, control systems, and other electrical loads used in operation, including losses on the Generating Facility's electric distribution system
6. Maximum instantaneous power to be exported through the Point of Common Coupling: \_\_\_\_\_ kW
7. Generating facility is connected to the CPAU distribution system at \_\_\_\_\_ Kv

**PART 2. INTERCONNECTION FACILITIES DESCRIPTION; ESTIMATED COSTS**

- No Interconnection Facilities are required.
  - Interconnection Facilities are required (provide information below).
1. The Interconnection Facilities Description:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  2. The direct costs of the design and construction of the Interconnection Facilities shall be paid in advance by the Facility Owner in accordance with Rule 27, as amended.
  3. The Final Estimated CPAU Design and Construction Costs is \$\_\_\_\_\_.
  4. The Final Estimated CPAU Operations and Maintenance Cost is \$\_\_\_\_\_.

5. The Total Cost of Interconnection Facilities is \$\_\_\_\_\_.
6. A One-line Diagram of the Interconnection is inserted as Page(s) \_\_ through \_\_.
7. A diagram of the Site Layout is inserted as Page(s) \_\_ through \_\_.

**PART 3. DISTRIBUTION SYSTEM UPGRADES REQUIRED**

- No Distribution Upgrades are required.
- Distribution Upgrades are required (provide information below).

1. Description of Distribution Upgrades:

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2. The direct costs of the design and construction of the Distribution Upgrades shall be paid in advance by the Facility Owner in accordance with Rule 27, as amended.
3. The Final Estimated CPAU Design and Construction Cost is \$\_\_\_\_\_.
4. The Final Estimated CPAU Operations and Maintenance Cost is \$\_\_\_\_\_.
5. The Total Cost of the Distribution Upgrades is \$\_\_\_\_\_.
6. A description of the Distribution Upgrades is inserted as Page(s) \_\_ through \_\_.