

AGREEMENT FOR THE INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION IN THE SAN SABA ELECTRIC SYSTEM

THIS AGREEMENT is entered into by and between the City of San Saba, Texas (City of San Saba) and _____, Customer (Customer). The City of San Saba owns and operates a municipal electric utility engaged in the distribution of electricity serving the City of San Saba and portions of San Saba County, Texas; and Customer intends to construct, own, operate, maintain and connect to the City of San Saba electric distribution system, a Distributed Generation system less than 10 KW in size (the DG System) at address: _____; and the parties hereto wish to contract for the purchase and sale of the electrical output from the DG System, and the terms of its interconnection with the City of San Saba electric distribution system. THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereby contract and agree with each other as follows:

Article IV. This Agreement shall be effective as of the date of execution by the latter of the two parties (the Effective Date) and, subject to the other terms of this Agreement, shall continue in effect for a period of one year, and month to month thereafter.

Article V. The DG System will be installed at Customer's premises at the address specified above. The DG System shall not have a generation capacity greater than 10 KW. Customer shall install, operate and maintain the DG System in full and faithful compliance with all applicable federal, state and local laws, ordinances, rules and regulations, and generally accepted industry codes and standards, including, but not limited to the National Electrical Safety Code and the National Electrical Code. Customer shall promptly notify City of San Saba upon receipt of any citation or other official notice of alleged violation of laws, ordinances, rules and regulations concerning the DG System.

Article VI. Customer warrants and represents that:

Section 6.01 The information regarding the characteristics of the DG System are as specified in the Application for Interconnection and Parallel Operation of Distributed Generation with the City of San Saba Electric System filed by the Customer with City of San Saba;

Section 6.02 The DG System and associated other electrical components and devices meet National Electrical Code standards;

Section 6.03 All permits, inspections, approvals, and/or licenses necessary for the installation or operation of the DG System have been obtained; and Section 6.04. The DG System has been successfully tested to UL 1741, IEEE 1547 or IEEE 929 standards, or has been satisfactorily tested by an independent laboratory with published results.

Customer shall provide manufacturer's data or other written proof acceptable to City of San Saba to verify the accuracy of the foregoing warranties and representations. If any of foregoing warranties and representations are inaccurate, the City of San Saba may, without waiver of or prejudice to any other remedy, immediately disconnect the DG system from the City of San Saba electric system and terminate this agreement.

Article VII. City of San Saba will purchase from Customer, and Customer will sell exclusively to City of San Saba the electrical output from the DG system that is "received" by the City of San Saba Distribution System. During the term of this Agreement, Customer shall exclusively purchase from City of San Saba its requirements of electric energy above the amounts generated by the DG system.

Article VIII. As provided by Ordinance 1175, the amount of kilowatts produced by the distributed generation system in excess of use will be credited to the owners account, on a monthly basis equal to \$0.04096 per kilowatt.

Article IX. Customer shall pay for the installation of the data recorder (meter) that is capable of measuring the "KWh Delivered" (energy delivered to the Customer) and the "KWh Received" (energy received by the City of San Saba Distribution System) in intervals established by the City of San Saba, using a single meter or two-meter configuration.

Article X. Customer shall be solely responsible for the design, installation, operation, maintenance, and repair of the DG System and Customer's interconnection facilities. The interconnection of the DG System to the City of San Saba electrical system shall comply with the Public Utility Commission of Texas Substantive Rules §2S.212 relating to Technical Requirements for Interconnection and Parallel Operation of On-site Distributed Generation, (16 Texas administrative Code §2S.212) or any successor rule addressing distributed generation. City of San Saba shall inspect the DG System and the interconnection equipment. All costs to interconnect with the City of San Saba electric system shall be the responsibility of Customer. City of San Saba shall not be required to take or pay for any energy generated by the DG System until the DG System successfully passes City of San Saba Field Inspection and Customer shall have reimbursed City of San Saba for all its interconnection costs. Maintenance of the DG System shall be performed in accordance with the applicable manufacturer's recommended maintenance schedule.

Article XI. City of San Saba shall not be obligated to accept, and shall have the right to require Customer to temporarily curtail, interrupt, or reduce, deliveries of energy in order to construct, install, maintain, repair, replace, remove, investigate, inspect, or test any part of the interconnection facilities, equipment, or any part of the City of San Saba electric system. City of San Saba may disconnect, without notice, the DG System from the electric distribution system, if, in City of San Saba' opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or City of San Saba facilities or other customers' facilities from damage or interference caused by Customer's DG System or lack of properly operating protective devices.

Article XII. Customer hereby grants City of San Saba access on and across its property at any reasonable time to inspect the DG System and the interconnection equipment, to read or test meters and metering equipment, and to operate, maintain and repair City of San Saba's facilities. No inspection by City of San Saba of the DG System or the interconnection facilities shall impose on City of San Saba any liability or responsibility for the operation, safety or maintenance of the DG system or Customer's interconnection facilities.

Article XIII. Customer shall indemnify, defend and save harmless City of San Saba, its elected and non-elected officials, officers, agents and employees from and against any and all liabilities, losses, claims, damages, actions, suits or demands for damages (including costs and attorney's fees, both at trial and on appeal) arising out of, resulting from, or in any manner connected with the breach of any warranty or representation made by Customer in this

Agreement, or in any manner connected with the design, construction, operation, maintenance or repair of any part of Customer's DG System or interconnection facilities, including, without limitation liabilities, losses, claims, damages, actions, suits or demands for damages for or on account of personal injury to, or death of, any person, or damage to, or destruction or loss of, property belonging to Customer, City of San Saba or any third person.

Article XIV. The Customer shall maintain liability insurance including contractual liability insurance covering the Indemnity agreement set forth herein, with City of San Saba as a named insured, which insures City of San Saba against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Customer's DG System. The amount of such insurance coverage shall be at least \$500,000 per occurrence, \$1,000,000 general aggregate. Within 10 days of the date of this Agreement, Customer shall furnish a certificate from Customer's Insurance carrier showing that it has complied with the provisions of this section and providing that the insurance policy will not be changed or canceled during its term without written 30 day notice to City of San Saba. This insurance requirement will not apply to systems of 20 kW or less that are UL 1741 listed and meet the requirements of IEEE 1547 and are installed in accordance with the National Electric Code.

Article XV. Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

If to Company;
The City of San Saba
303 S. Clear
San Saba, TX 76877

If to Customer:

The above-listed names, titles, and addresses of either party may be changed by written notification to the other.

Article XVI. A material failure of either party to fully, faithfully and timely perform its obligations under this Agreement shall be a breach of this Agreement. In the event of a breach which is not cured within thirty (30) days after receipt of written notice to the party in default, the party not in default may terminate this Agreement. If Customer is in breach of this Agreement, and such breach continues for thirty (30) days after written notice from City of San Saba, City of San Saba may disconnect the OG System or otherwise suspend taking energy from Customer. All rights granted under this section are in addition to all other rights or remedies available at law or under this Agreement or the applicable City of San Saba Utilities Rules and Regulations.

Article XVII. This Agreement shall inure to the benefit of and by binding upon the heirs, successors, or assigns of each of the parties hereto. Customer may not assign this Agreement without the prior written consent of City of San Saba. Any assignment without such consent shall be null and void.

Article XVIII. This Agreement constitutes the entire agreement and understanding between the parties hereto and can be amended only by agreement between the parties in writing. In the event any provision of this Agreement, or any part or portion thereof, shall be held to be invalid, void or otherwise unenforceable, the obligations of the parties shall be deemed to be reduced only as much as may be required to remove the impediment.

Article XIX. The failure of either party to insist in anyone or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provision or the relinquishment of any such right or any other right hereunder.

Article XX. This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Texas. Venue for all such disputes shall be proper and lie exclusively in Austin County, Texas.

IN WITNESS WHEREOF, the parties hereto have caused their names to appear below, signed by authorized representatives.

City of San Saba

Customer

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CITY OF SAN SABA

DISTRIBUTED GENERATION RIDER

APPLICABILITY

This Rider is available to any retail customer receiving electric service under a City of San Saba electric rate schedule who owns and operates an on-site generating system capable of producing ten kilowatts (10 KW) or less, who interconnects with the City of San Saba's electric system.

Customers requesting interconnection and parallel operation of Distributed Generation ("OG") shall complete the Application for Interconnection and Parallel Operation of Distributed Generation ("Application") with the City of San Saba. For purposes of this rate schedule, Distributed Generation refers to an electrical generating facility located at a Customer's point of delivery of ten kilowatts (10 KW) or less and connected to the City of San Saba distribution system at a standard available voltage less than or equal to 60 kilovolts (kV) and 60 Hertz alternating current.

AGREEMENT

Upon determination by City of San Saba that the Customer's facility is consistent with the safe and reliable operation of the City of San Saba's distribution system, City of San Saba and Customer shall enter into an Agreement for Interconnection and Parallel Operation of Distributed Generation ("Interconnection Agreement"). Which sets forth the contractual conditions under which City of San Saba and Customer agree that one or more facilities may be interconnected with City of San Saba's distribution system?

CONDITIONS OF SERVICE:

All charges, character of service, and terms and conditions of the City of San Saba Electric Rate Schedule under which the customer receives service apply except as expressly altered by this Rider.

The customer shall comply with the technical requirements in the City of San Saba's Application and Agreement for the Interconnection and Parallel Operation of Distributed Generation in the San Saba Electric System and procedures set forth in The Public Utility Commission of Texas Substantive Rule 25.212 for safe and effective connection and operation of Distributed Generation, which describes typical

interconnection requirements. City of San Saba may require Customer to install and use more sophisticated protective devices and operating schemes when the DG facility is exporting power to City of San Saba's system or when otherwise required due to specific interconnection location and condition. The customer shall obtain approval from the City of San Saba before the customer energizes the customer's on-site generating system or interconnects it with the City of San Saba's electric system. The term of an agreement under this Rider is one year, and month to month thereafter. The customer is responsible for the costs of interconnecting with the City of San Saba's electric system, including transformers, service lines, or other equipment determined necessary by the City for safe installation and operation of the customer's equipment with the City's system. The customer is responsible for any costs associated with required inspections and permits.

1 City of San Saba may perform interconnection studies, which shall include service study, coordination study, and utility system impact study, as needed and determined in the sole discretion of City of San Saba. In instances where such studies are deemed necessary, the scope of such studies shall be based on the characteristics of the particular distributed generation facility to be interconnected and the City of San Saba's distribution system at the specific proposed location. City of San Saba will charge Customer fees for Pre-Interconnection Studies that recover the costs of performing such studies. Any modifications or additions to City of San Saba's Electric System identified through the interconnection study as required for the safe and reliable interconnection of Customer's facility shall be solely at the Customer's expense. Customer shall not acquire any ownership in such modifications or additions to City of San Saba's Electric System.

2 All other terms and conditions will be negotiated between the City of San Saba and the customer in the Agreement for Interconnection and Parallel Operation of Distributed Generation.

METERING:

The actual metering equipment required, its voltage rating, number of phases and wires, size, current

transformers, number of input and associated memory is dependent upon the type, size and location of the electric service provided. The Customer shall pay for the installation of the data recorder (meter) that is capable of measuring the "Delivered KWh" (energy delivered by the City of San Saba); the "Received KWh" (energy delivered to the City of San Saba by the Customer) using a single meter or two-meter configuration. Additionally, for all Customers, The City of San Saba reserves the right to install, at its own expense, a meter to measure the output of the DG system.

RATE:

1 In a billing month after a customer receives approval to interconnect the customer's on-site generating system from the City of San Saba, the City of San Saba will determine the "Delivered KWh" and the "Received KWh".

2 The "Delivered KWh" (energy) will be billed on the standard applicable rate schedule.

3 The "Received KWh" (energy) will be multiplied by the City of San Saba's Avoided Generation Cost to determine the amount the City shall credit the Customer.

4 The Avoided Generation Cost is based on the actual cost of generation from the City's wholesale supplier(s). The City shall credit the Customer's account for this amount.

5 Any credit shall be applied to the utility charges due from the customer to the City of San Saba.

City of San Saba Distributed Generation (OG) Interconnection Diagram

DG System

(e.g. PV Panel or Wind) Disconnect
Optional City of San Saba DG Meter
D.C. to A.C. Inverter Electric Meter

(IEEE I UL Rated) To City of San Saba Distribution System

Customer's power production control system shall comply with NEC Articles 690 and 705; and applicable and current Institute of electrical and Electronics Engineers (IEEE) Standards 929 for parallel operation with City of San Saba; in particular the:

Power output control system shall automatically disconnect from City of San Saba's power source upon loss of City of San Saba voltage and not reconnect until the City of San Saba voltage has been restored for at least 5 minutes continuously.

Power output control system shall automatically initiate a disconnect from the City of San Saba source within 6 cycles if customer's voltage falls below 60 Volts rms to ground, (nominal 120 V rms base) on any phase.

Customer shall pay all costs associated with the design, installation, operation and maintenance of the generation equipment on the customer's side of the meter.

Distributed Generation (DG) Interconnection Process

Step 1: Make application for your planned "grid connected" project. Pick up application at City Hall at 303 S. Clear St., San Saba.

Contact: Building Official, City of San Saba; 325-372-5144.
Recommendation: Contact the City early in the process. Much of the information on the application is specific to the respective DG system.

Step 2: City of San Saba will review the application within a reasonable time frame and then determine if a study is required .

Contact: Building Official, City of San Saba; (325) 372-5144
Recommendation: The City may need to ask follow up questions. Pre-certified equipment is a big plus in this phase.

Step 3: City will prepare DG Agreement. Both parties must sign agreement before system can be connected to the City of San Saba system.

Note! The DG agreement documents the requirements and obligations of both parties and addresses the rate and billing aspects of the DG interconnection.