



GENERATING FACILITY INTERCONNECTION AGREEMENT

This Generating Facility Interconnection Agreement (“Agreement”) is entered into by and between the Electrical Producer (“Electricity Producer” or “EP”) and San Diego Gas & Electric (“SDG&E”). The EP and SDG&E are sometimes also referred to in this Agreement jointly as “Parties” or individually as “Party.”

In consideration of the mutual promises and obligations stated in this Agreement and its attachments, the Parties agree as follows:

1. SCOPE AND PURPOSE

This Agreement provides for EP to interconnect and operate a Generating Facility in parallel with SDG&E’s Distribution System to serve the electrical loads connected to the electric service account that SDG&E uses to interconnect EP’s Generating Facility (or, where permitted under Section 218 of the California Public Utilities Code, the electric loads of an on-site or neighboring party lawfully connected to EP’s Generating Facility through EP’s circuits).

2. SUMMARY AND DESCRIPTION OF EP’S GENERATING FACILITY

2.1 A description of the Generating Facility, including a summary of its significant components and a single-line diagram showing the general arrangement of how EP’s Generating Facility and loads are interconnected with SDG&E’s Distribution System, is attached to and made a part of this Agreement as Appendix A.

2.2 Generating Facility identification number _____ (Assigned by SDG&E)

2.3 SDG&E’s customer electric service account number: _____ (Assigned by SDG&E)

2.4 Name and address used by SDG&E to locate the electric service account used to interconnect the Generating Facility with SDG&E’s Distribution System:

2.5 The Gross Nameplate Rating of the Generating Facility is: _____ kW.

2.6 The Net Nameplate Rating of the Generating Facility is _____ kW.

2.7 The expected annual energy production of the Generating Facility is _____ kWh.

2.8 For the purpose of securing the Competition Transition Charge (“CTC”) exemption available under Section 372 of the California Public Utilities (“PU”) Code, EP hereby declares that the Generating Facility o does / o does not meet the requirements for “Cogeneration” as such term is used in Section 218.5 of the PU Code.

2.9 The Generating Facility’s expected date of Initial Operation is _____.
The expected date of Initial Operation shall be within two years of the date of this Agreement.

3. DOCUMENTS INCLUDED; DEFINED TERMS

3.1 This Agreement includes the following exhibits which are specifically incorporated herein and made a part of this Agreement by this reference:

- Appendix A- Description of Generating Facility and Single-Line Diagram
- Appendix B- Copies of Rules 2 and 21 and other selected rules and tariffs of SDG&E
- Appendix C (When applicable) Copy of interconnection facility financing and ownership agreement

- 3.2 When initially capitalized, whether in the singular or in the plural, the terms used herein shall have the meanings assigned to them either in this Agreement or in Rule 21 of SDG&E's tariffs.

4. TERM AND TERMINATION

- 4.1 This Agreement shall become effective as of the last date entered in Section 16, below. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:
- (a) The Parties agree in writing to terminate the Agreement; or
 - (b) At 12:01 A.M. on the 61st day after EP or SDG&E provides written Notice (pursuant to Section 9, below) to the other Party of EP's or SDG&E's intent to terminate this Agreement.
- 4.2 EP may elect to terminate this Agreement pursuant to the terms of Section 4.1(b) for any reason. SDG&E may elect to terminate this Agreement pursuant to the terms of Section 4.1(b) for one or more of the following reasons:
- (a) A change in applicable rules, tariffs, and regulations, as approved or directed by the CPUC, or a change in any local, state or federal law, statute or regulation, either of which materially alters or otherwise affects SDG&E's ability or obligation to perform SDG&E's duties under this Agreement; or,
 - (b) EP fails to take all corrective actions specified in SDG&E's Notice that EP's Generating Facility is out of compliance with the terms of this Agreement within the time frame set forth in such Notice; or,
 - (c) EP fails to interconnect and operate the Generating Facility per the terms of this Agreement prior to 120 days after the date set forth in Section 2.9, above, as the Generating Facility's expected date of Initial Operation; or,
 - (d) EP abandons the Generating Facility. SDG&E shall deem the Generating Facility to be abandoned if SDG&E determines, in its sole opinion, the Generating Facility is non-operational and EP does not provide a substantive response to SDG&E's Notice of intent to terminate this Agreement as a result of EP's apparent abandonment of the Generating Facility affirming EP's intent and ability to continue to operate the Generating Facility.
- 4.3 Notwithstanding any other provisions of this Agreement, SDG&E shall have the right to unilaterally file with the CPUC, pursuant to the CPUC's rules and regulations, an application to terminate this Agreement.
- 4.4 Any agreement attached to and incorporated into this Agreement shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

5. GENERATING FACILITY OPERATION AND CERTIFICATION REQUIREMENTS

- 5.1 The electric power produced by EP's Generating Facility shall be used solely to serve electrical loads connected to the electric service account that SDG&E uses to interconnect EP's Generating Facility (or, where permitted under Section 218 of the PU Code, the electric loads of an on-site or neighboring party lawfully connected to EP's Generating Facility through EP's circuits). EP shall attempt in good faith to regulate the electric power output of EP's Generating Facility so as to prevent the flow of electric energy from the Generating Facility to SDG&E's electric system. Unless otherwise agreed upon in writing by the Parties, this Agreement does not provide for, nor otherwise require SDG&E to receive, purchase, transmit, distribute, or store the electrical power produced by EP's Generating Facility.
- 5.2 If EP declares that its Generating Facility meets the requirements for "Cogeneration" as such term is used in Section 218.5 of the PU Code (or any successor definition of "Cogeneration") ("Cogeneration Requirements"), EP warrants that, beginning on the date of Initial Operation and continuing throughout the term of this Agreement, its Generating Facility shall continue to meet such Cogeneration Requirements. If EP becomes aware that its Generating Facility has ceased to meet the Cogeneration Requirements, EP shall

promptly provide SDG&E with Notice of such change pursuant to Section 9.1 below. If at any time during the term of this Agreement SDG&E determines in its sole discretion that EP's Generating Facility may no longer meet the Cogeneration Requirements, SDG&E may require EP to provide evidence that its Generating Facility continues to meet the Cogeneration Requirements within 15 business days of SDG&E's request for such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect EP's Generating Facility and/or require documentation from EP to monitor the Generating Facility's compliance with Section 218.5 of the PU Code. If SDG&E determines in its sole judgment that EP either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to meet the Cogeneration Requirements, then the Cogeneration status of the Generating Facility shall be deemed ineffective until such time as EP again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility meets the requirements for a Cogeneration facility (the "Status Change").

5.2.1 SDG&E shall revise its records and the administration of this Agreement to reflect the Status Change and provide Notice to EP of the Status Change pursuant to Section 9.1 below. This Notice shall specify the effective date of the Status Change. This date shall be the first day of the calendar year for which SDG&E determines in its sole discretion that the Generating Facility first ceased to meet the Cogeneration Requirements. SDG&E's Notice shall include an invoice for CTCs that were not previously billed during the period between the effective date of the Status Change and the date of the Notice in reliance upon EP's representations that the Generating Facility complied with the Cogeneration Requirements and therefore was eligible for the exemption from CTCs available under Section 372 of the PU Code.

5.2.2 Any amounts to be paid or refunded by EP, as may be invoiced by SDG&E pursuant to the terms of this Section 5.2, shall be paid to SDG&E within 30 days of EP's receipt of such invoice.

6. INTERCONNECTION FACILITIES

- 6.1 EP and/or SDG&E, as appropriate, shall provide Interconnection Facilities that adequately protect SDG&E's Distribution System, personnel, and other persons from damage or injury, which may be caused by the operation of EP's Generating Facility.
- 6.2 EP shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that EP owns.
- 6.3 If the provisions of SDG&E's Rule 21, or any other tariff or rule approved by the CPUC, requires SDG&E to own and operate a portion of the Interconnection Facilities, EP and SDG&E shall promptly execute an interconnection facilities financing and operation agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. This interconnection facilities financing and operation agreement shall be attached to and made a part of this Agreement as Appendix C.

7. 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 of any kind whatsoever.

8. INSURANCE

- 8.1 In connection with EP's performance of its duties and obligations under this Agreement, EP shall maintain, during the term of the Agreement, general liability insurance with a combined single limit of not less than:
 - (a) Two million dollars (\$2,000,000) for each occurrence if the Gross Nameplate Rating of EP's Generating Facility is greater than one hundred (100) kW;

- (b) One million dollars (\$1,000,000) for each occurrence if the Gross Nameplate Rating of EP's Generating Facility is greater than twenty (20) kW and less than or equal to one hundred (100) kW; and
- (c) Five hundred thousand dollars (\$500,000) for each occurrence if the Gross Nameplate Rating of EP's Generating Facility is twenty (20) kW or less.
- (d) Two hundred thousand dollars (\$200,000) for each occurrence if the Gross Nameplate Rating of EP's Generating Facility is ten (10) kW or less and EP's Generating Facility is connected to an account receiving residential service from SDG&E.

Such general liability insurance shall include coverage for "Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations."

- 8.2 The general liability insurance required in Section 8.1 shall, by endorsement to the policy or policies, (a) include SDG&E as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that SDG&E shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to SDG&E prior to cancellation, termination, alteration, or material change of such insurance.
- 8.3 If EP's Generating Facility is connected to an account receiving residential service from SDG&E and the requirement of Section 8.2(a) prevents EP from obtaining the insurance required in Section 8.1, then upon EP's written Notice to SDG&E in accordance with Section 9.1, the requirements of Section 8.2(a) shall be waived.
- 8.4 Evidence of the insurance required in Section 8.2 shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by SDG&E.
- 8.5 EP shall furnish the required insurance certificates and endorsements to SDG&E prior to Initial Operation of the Generating Facility. Thereafter, SDG&E shall have the right to periodically inspect or obtain a copy of the original policy or policies of insurance.
- 8.6 If EP is self-insured with an established record of self-insurance, EP may comply with the following in lieu of Sections 8.1 through 8.4:
 - (a) EP shall provide to SDG&E, at least thirty (30) calendar days prior to the date of Initial Operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 8.1.
 - (b) If EP ceases to self-insure to the level required hereunder, or if EP are unable to provide continuing evidence of EP's ability to self-insure, EP agrees to immediately obtain the coverage required under Section 8.1.
- 8.7 All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

San Diego Gas & Electric Company

Attention: _____

San Diego, CA 92123-_____

9. NOTICES

9.1 Any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

If to SDG&E: San Diego Gas & Electric Company

Attention: _____

Phone: _____.

FAX: _____.

If to EP : _____

Address: _____

City: _____

Phone: _____

FAX: _____

9.2 A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 9.1.

9.3 The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by one Party’s Notice to the other.

10. REVIEW OF RECORDS AND DATA

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

10.2 EP authorizes to release to the California Energy Commission (CEC) information regarding EP’s facility, including customer name, location, size, and operational characteristics of the unit, as requested from time to time pursuant to the CEC’s rules and regulations.

11. ASSIGNMENT

EP shall not voluntarily assign its rights nor delegate its duties under this Agreement without SDG&E’s written consent. Any assignment or delegation EP makes without SDG&E’s written consent shall not be valid. SDG&E shall not unreasonably withhold its consent to EP’s assignment of this Agreement.

12. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

13. GOVERNING LAW, JURISDICTION OF CPUC, INCLUSION OF SDG&E's TARIFFS AND RULES

- 13.1 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 without giving effect to choice of law provisions that might apply to the law of a different jurisdiction.
- 13.2 This Agreement shall, at all times, be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction.
- 13.3 The interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the tariff schedules and rules applicable to the electric service provided by SDG&E, which tariff schedules and rules are hereby incorporated into this Agreement by this reference.
- 13.4 Notwithstanding any other provisions of this Agreement, SDG&E shall have the right to unilaterally file with the CPUC, pursuant to the CPUC's rules and regulations, an application for change in rates, charges, classification, service, tariff or rule or any agreement relating thereto.

14. AMENDMENT AND MODIFICATION

This Agreement can only be amended or modified by a writing signed by both Parties.

15. ENTIRE AGREEMENT

This Agreement, including any incorporated tariff schedules and rules, contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated tariff schedules and rules.

16. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective as of the last date set forth below.

CUSTOMER NAME

SAN DIEGO GAS & ELECTRIC COMPANY

By: _____
 Name: **DRAFT**
 Title: _____
 Date: _____

By: _____
 Name: _____
 Title: _____
 Date: _____

APPENDIX A
DESCRIPTION OF GENERATING FACILITY AND SINGLE-LINE DIAGRAM
(Provided by Producer)

APPENDIX B

RULES: "2" and "21"

(Provided by SDG&E)

(Note: SDG&E's tariffs are included for reference only and shall at all times be subject to such changes or modifications by the Commission as the Commission may, from time to time, direct in the exercise of its jurisdiction. A copy of Rule 2 has not been provided. A copy may be obtained from SDG&E's website: www.sdge.com)

APPENDIX C
(If Applicable)

INTERCONNECTION FACILITIES
FINANCING AND OWNERSHIP
AGREEMENT

(Provided by SDG&E)

This Agreement is Not Applicable