



DRAFT

**GENERATING FACILITY INTERCONNECTION AGREEMENT
(3rd PARTY NON-EXPORTING)**

This Generating Facility Interconnection Agreement (“Agreement”) is entered into by and between

_____ a _____
 (“Producer”), and San Diego Gas & Electric Company (“SDG&E”), a California Corporation. Producer 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, PURPOSE, AND RELATED AGREEMENT

- 1.1 This Agreement, in conjunction with the Customer Generation Agreement identified in Section 1.2 and attached as Appendix E, provides for Producer to interconnect and operate a Generating Facility in parallel with SDG&E’s Distribution System to serve the electrical loads at the location identified in Section 2.4. This Agreement does not provide for Producer to deliver electric power to SDG&E’s Distribution System, nor does this Agreement constitute an agreement by SDG&E to provide retail electrical service to Producer. Such arrangements must be made separately between SDG&E and Producer.
- 1.2 The Generating Facility shall be interconnected with SDG&E’s Distribution System consistent with, and pursuant to, the Customer Generation Agreement between SDG&E and _____, (“Customer”) its successors or assigns dated _____, (“Customer Generation Agreement”).

2. SUMMARY AND DESCRIPTION OF THE PARTIES AND LOCATION OF 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 Producer’s Generating Facility and Customer’s loads are Interconnected with SDG&E’s Distribution System, are attached as Appendix A to and made a part of this Agreement.
- 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(s) 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 annual energy production of the Generating Facility is expected to be _____ kWh.
- 2.8 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.
- 2.9 For the purpose of securing certain tariff charge exemptions available under the California Public Utilities Code ("PU Code"), Producer hereby declares that the Generating Facility:
- (a) does / does not meet the requirements for "Cogeneration" as such term is used in Section 218.5 of the PU Code.
- (b) does / does not meet the requirements for "Distributed Energy Resource Generation" as such term is used in Section 353.1 of the PU Code.

3. DOCUMENTS INCLUDED

This Agreement includes the following exhibits, which are specifically incorporated herein and made a part of this Agreement.

- Appendix A - Description of Generating Facility and Single-Line Diagram
(Supplied by Producer)
- Appendix B - A copy of an agreement addressing interconnection facility financing and ownership (When applicable)
- Appendix C - Producer's warranty that the Generating Facility meets the requirements for a "Cogeneration facility" pursuant to Section 218.5 of the Public Utilities Code (When applicable)
- Appendix D - Producer's warranty that the Generating Facility meets the requirements for "Distributed Energy Resources Generation" as defined in Section 353.1 of the Public Utilities Code (When applicable)
- Appendix E - Customer Generation Agreement (Form 142-0541)

4. TERM AND TERMINATION

- 4.1 This Agreement shall become effective as of the last date entered in Section 16 of this Agreement. 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) Unless otherwise agreed in writing by the Parties, at 12:01 A.M. on the 31st day following the date the Customer Generation Agreement is terminated unless such Customer Generation Agreement is assigned to another party or replaced by a subsequent agreement. The Parties shall cooperate in obtaining an assignment or replacement agreement, or
- (c) At 12:01 A.M. on the 61st day after Producer or SDG&E provides written Notice pursuant to Section 9 of this Agreement to the other Party of Producer or SDG&E's intent to terminate this Agreement.

- 4.2 Producer may elect to terminate this Agreement pursuant to the terms of Section 4.1(c) for any reason. SDG&E may elect to terminate this Agreement pursuant to the terms of Section 4.1(c) for one or more of the following reasons:
- (a) A change in applicable tariffs, as approved or directed by the Commission, 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) Unless otherwise agreed in writing by the Parties, Producer fails to take all corrective actions specified in SDG&E's Notice that Producer's Generating Facility is out of compliance with the terms of this Agreement within the time frame set forth in such Notice; or,
 - (c) Producer 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 2.6 of this Agreement as the Generating Facility's expected date of Initial Operation; or,
 - (d) Producer 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 Producer does not provide a substantive response to SDG&E's Notice of its intent to terminate this Agreement as a result of Producer's apparent abandonment of the Generating Facility affirming Producer'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 an application to terminate this Agreement with the Commission pursuant to the Commission's rules and regulations.
- 4.4 Any agreements 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

- 5.1 Producer is responsible for operating the Generating Facility in compliance with all of SDG&E's tariffs, including but not limited to SDG&E's Rule 21, and any other regulations and laws governing the interconnection of the Generating Facility.
- 5.2 The electric power produced by Producer's Generating Facility shall be used solely to serve electrical loads connected to the electric service account that SDG&E uses to interconnect Producer's Generating Facility. Producer shall not use the Generating Facility to serve electrical loads that will cause Producer to be considered an "electrical corporation" as such term is used in Section 218 of the California Public Utilities Code.
- 5.3 Producer shall regulate the electric power output of Producer'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 Producer's Generating Facility.
- 5.4 The Generating Facility shall be operated with all of Producer's Protective Functions in service whenever the Generating Facility is operated in parallel with SDG&E's Distribution System. Any deviation from these requirements may occur only when the Parties have agreed to such deviations in writing.

5.5 Producer shall not operate the Generation Facility in parallel with SDG&E's Distribution System unless the Customer Generation Agreement is in effect. If the Customer Generation Agreement identified in Section 1.2 is terminated, Producer agrees to cease operating the Generating Facility in parallel with SDG&E's Distribution System.

6. INTERCONNECTION FACILITIES

6.1 Producer 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 Producer's Generating Facility.

6.2 Producer shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that Producer owns.

6.3 If the provisions of SDG&E's Rule 21, or any other tariff approved by the Commission, require SDG&E to own and operate a portion of the Interconnection Facilities, Producer and SDG&E shall promptly execute an agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. This agreement shall be attached to and made a part of this Agreement as Appendix B.

7. LIMITATION OF LIABILITY

7.1 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.

7.2 SDG&E shall not be liable to Producer in any manner, whether in tort or contract or under any other theory, for loss or damages of any kind sustained by Producer resulting from termination of the Customer Generation Agreement, provided such termination is consistent with the terms of the Customer Generation Agreement.

8. INSURANCE

8.1 In connection with Producer's performance of its duties and obligations under this Agreement, Producer shall maintain, during the term of this 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 Producer'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 Producer'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 Producer'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 Producer's Generating Facility is ten (10) kW or less and Producer'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 Producer's Generating Facility is connected to an account receiving residential service from SDG&E and the requirement of Section 8.2(a) prevents Producer from obtaining the insurance required in Section 8.1, then upon Producer'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 Producer agrees to furnish the required certificates and endorsements to SDG&E prior to Initial Operation. SDG&E shall have the right to inspect or obtain a copy of the original policy or policies of insurance.
- 8.6 If Producer is self-insured with an established record of self-insurance, Producer may comply with the following in lieu of Sections 8.1 through 8.4:
 - (a) Producer 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 Producer ceases to self-insure to the level required hereunder, or if Producer is unable to provide continuing evidence of Producer's ability to self-insure, Producer 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: _____

Phone: _____
FAX: _____

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 Producer: Producer Name

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 Producer'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 Producer's Generating Facility or its Interconnection with SDG&E's Distribution System.

10.2 Producer authorizes SDG&E to release to the California Energy Commission ("CEC") and/or the California Public Utilities Commission ("Commission") information regarding the Generating Facility, including the Producer's name and location, and the size, location and operational characteristics of the generating facility, as requested from time to time pursuant to the CEC's or Commission's rules and regulations.

11. ASSIGNMENT

Producer shall not voluntarily assign its rights nor delegate its duties under this Agreement without SDG&E's written consent. Any assignment or delegation Producer makes without SDG&E's written consent shall not be valid. SDG&E shall not unreasonably withhold its consent to Producer'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 COMMISSION, INCLUSION OF SDG&E's TARIFF SCHEDULES, DEFINED TERMS

- 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 Commission 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 tariffs applicable to the electric service provided by SDG&E. Copies of such tariffs are available at SDG&E's Internet site: www.sdge.com or by request to SDG&E and are 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 Commission, pursuant to the Commission's rules and regulations, an application for change in tariffs, rates, charges, classification, service, or any agreement relating thereto.
- 13.5 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 SDG&E's Rule 1 or Rule 21, Section H. If any term is defined in both Rule 1 and Rule 21, the definition in Rule 21 shall prevail.

This Agreement, and the Producer Agreement, including any incorporated tariffs, contain 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, the Producer Agreement, or in the incorporated tariffs.

14. AMENDMENTS AND MODIFICATION

This Agreement can only be amended or modified by a written agreement signed by both Parties. SDG&E shall determine in its sole discretion whether prior Commission approval is required for such amendments or modifications.

15. ENTIRE AGREEMENT

This Agreement and the Customer Generation Agreement referenced in Section 1.2, including any incorporated tariffs, 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, the Customer Generation Agreement, or in the incorporated tariffs.

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: _____
Title: _____
Date: _____

DRAFT

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

APPENDIX A

**DESCRIPTION OF GENERATING FACILITY
AND SINGLE-LINE DIAGRAM**

(Supplied by Producer)

APPENDIX B
(When applicable)

**INTERCONNECTION FACILITIES
FINANCING AND OWNERSHIP
AGREEMENT**

(Provided by SDG&E)

APPENDIX C
(When applicable)

PRODUCER'S WARRANTY THAT THE GENERATING FACILITY IS A "COGENERATION FACILITY" PURSUANT TO SECTION 218.5 OF THE CALIFORNIA PUBLIC UTILITIES CODE

For the purpose of securing the Competition Transition Charge exemption available under Section 372 of the PU Code, Producer hereby declares that the Generating Facility meets the requirements for "Cogeneration" as such term is used in Section 218.5 of the PU Code ("Cogeneration Requirements").

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the term of this Agreement, the Generating Facility shall continue to meet the Cogeneration Requirements. If Producer becomes aware that its Generating Facility has ceased to meet the Cogeneration Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 9.1 of the Agreement. If at any time during the term of this Agreement SDG&E determines in its sole discretion that Producer's Generating Facility may no longer meet the Cogeneration Requirements, SDG&E may require Producer to provide evidence that the 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 Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the Cogeneration Requirements. If SDG&E determines in its sole judgment that Producer 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 Producer again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility meets the requirements for a Cogeneration facility (the "Cogeneration Status Change").

SDG&E shall revise its records and the administration of this Agreement to reflect the Cogeneration Status Change and provide Notice to Producer of the Cogeneration Status Change pursuant to Section 9.1 of this Agreement. Such Notice shall specify the effective date of the Cogeneration 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 shall invoice the Producer's electric service account through which the Generating Facility is Interconnected with SDG&E's Distribution System for Competition Transition Charges ("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 Producer'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.

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

APPENDIX D
(When applicable)

PRODUCER'S WARRANTY THAT THE GENERATING FACILITY IS A "DISTRIBUTED ENERGY RESOURCES GENERATION" FACILITY PURSUANT TO SECTION 353.1 OF THE CALIFORNIA PUBLIC UTILITIES CODE

For the purpose of securing the tariff charge exemption available under Section 353.3 of the PU Code, Producer hereby declares that the Generating Facility meets the requirements for "Distributed Energy Resources Generation" as such term is used in Section 353.1 of the PU Code ("DERG Requirements").

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the term of this Agreement, its Generating Facility shall continue to meet the DERG Requirements. If Producer becomes aware that the Generating Facility has ceased to meet the DERG Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 9.1 of the Agreement. If at any time during the term of this Agreement SDG&E determines in its sole discretion that Producer's Generating Facility may no longer meet the DERG Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to meet the DERG Requirements within 15 business days of SDG&E's request for such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer's Generating Facility and/or require documentation from Producer to monitor the Generating Facility's compliance with the DERG Requirements. If SDG&E determines in its sole judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to meet the DERG Requirements, then the Distributed Energy Resources Generation status of the Generating Facility shall be deemed ineffective until such time as Producer again demonstrates to SDG&E's reasonable satisfaction that the Generating Facility meets the requirements for a Distributed Energy Resources Generation facility (the "DERG Status Change").

SDG&E shall revise its records and the administration of this Agreement to reflect the DERG Status Change and provide Notice to Producer of the DERG Status Change pursuant to Section 9.1 of this Agreement. Such Notice shall specify the effective date of the DERG 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 DERG Requirements. SDG&E shall invoice the Producer electric service account through which the Generating Facility is Interconnected with SDG&E's Distribution System for any tariff charges that were not previously billed during the period between the effective date of the DERG Status Change and the date of the Notice in reliance upon Producer's representations that the Generating Facility complied with the DERG Requirements and therefore was eligible for the exemption from tariff charges available under Section 353.3 of the PU Code.

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

APPENDIX E

CUSTOMER GENERATION AGREEMENT

(Form 142-0541)