

ATTACHMENT E TO THE TARIFF

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

This Generator Interconnection Agreement ("SGIA", "GIA", or "Agreement") for a Small Generating Facility (as defined in the GIP) as applicable to Generating Facilities no larger than 20 MW, is made and entered into this ____ day of _____, 20____, by San Diego Gas & Electric Company ("Distribution Provider"), and _____ ("Interconnection Customer") with a Generating Facility, each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Distribution Provider Information

Distribution Provider: _____

Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

Interconnection Customer Information:

Interconnection Customer : _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

Interconnection Customer Application

No.: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for all Interconnection Requests with a nameplate capacity no larger than 20 MW submitted under the Generator Interconnection Procedures (GIP) in Attachment H to the Tariff, except for those submitted under the 10 kW Inverter Process contained in GIP Attachment 6.

1.2 Purpose

This Agreement governs the terms and conditions under which Interconnection Customer's Generating Facility will interconnect with, and operate in parallel with, Distribution Provider's Distribution System.

1.3 No Agreement to Purchase or Deliver Power

This Agreement does not constitute an agreement to purchase or deliver Interconnection Customer's power. The purchase or delivery of power and other services that Interconnection Customer may require will be covered under separate agreements. Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with Distribution Provider and the CAISO in accordance with the CAISO Tariff.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between Distribution Provider and Interconnection Customer.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

- 1.5.2 Interconnection Customer shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System and Interconnection Facilities, Distribution Upgrades, and Network Upgrades in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. Interconnection Customer agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of Distribution Provider or Affected Systems. Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this SGIA and the terms of Distribution Provider's Interconnection Handbook, the terms in this SGIA shall govern.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. Distribution Provider and Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect Distribution Provider's Transmission System, Distribution System personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 Distribution Provider shall coordinate with all Affected Systems to support the interconnection.
- 1.5.7 Interconnection Customer shall ensure "frequency ride through" capability and "voltage ride through" capability of its Generating Facility. Interconnection Customer shall enable these capabilities such that its Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of Distribution Provider and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition, as tested pursuant to Article 2.1 of this Agreement. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are

applied to other generating facilities in the Balancing Authority Area on a comparable basis. The Generating Facility's protective equipment settings shall comply with the Distribution Provider's automatic load-shed program. Distribution Provider shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term "ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the system or equipment of Distribution Provider and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "frequency ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the system or equipment of Distribution Provider and any Affected Systems during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term "voltage ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the system or equipment of Distribution Provider and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis.

For abnormal frequency conditions and voltage conditions within the "no trip zone" defined by Reliability Standard PRC-024-3 or successor mandatory ride through Applicable Reliability Standards, the nonsynchronous Generating Facility must ensure that, within any physical limitations of the Generating Facility, its control and protection settings are configured or set to (1) continue active power production during disturbance and post disturbance periods at pre-disturbance levels unless reactive power priority mode is enabled or unless providing primary frequency response or fast frequency response; (2) minimize reductions in active power and remain within dynamic voltage and current limits, if reactive power priority mode is enabled, unless providing primary frequency response or fast frequency response; (3) not artificially limit dynamic reactive power capability during disturbances; and (4) return to pre-disturbance active power levels without artificial ramp rate limits if active power is reduced, unless providing primary frequency response or fast frequency response.

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable Balancing Authority Area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the system operator for Distribution Provider's Distribution System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

1.7.1 General

Unless otherwise agreed by the Parties, Distribution Provider may install additional Metering Equipment at or near the Point of Interconnection prior to any operation of the Generating Facility and shall own, operate, test, and maintain such Metering Equipment. Interconnection Customer shall be responsible for Distribution Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.7.2 Distribution Provider Retail Metering

Distribution Provider may install retail revenue quality meters and associated equipment, pursuant to Distribution Provider's applicable retail tariffs.

1.7.3 No Annexation

Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

1.8 [Not used]

1.9 Reactive Power and Primary Frequency Response

1.9.1 Power Factor Design Criteria

1.9.1.1 Synchronous Generation.

Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Distribution Provider has established different requirements that apply to all similarly situated synchronous generators in the Balancing Authority Area on a comparable basis.

1.9.1.2 Non-Synchronous Generation.

Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless Distribution Provider has established a different power factor range that applies to all similarly situated non-synchronous generators in the control area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities

Study Agreement as of the effective date of the Final Rule
establishing this requirement (Order No. 827).

1.9.2 Payment for Reactive Power

Distribution Provider is required to pay the Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Generating Facility when Distribution Provider requests Interconnection Customer to operate its Generating Facility outside the range specified in Article 1.9.1. In addition, if Distribution Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.

Payments shall be in accordance with the Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to a regional transmission organization or independent system operator FERC-approved rate schedule. To the extent that no rate schedule is in effect at the time Interconnection Customer is required to provide or absorb reactive power under this Agreement, the parties agree to expeditiously file such rate schedule and agree to support any request for waiver of the Commission's prior notice requirement in order to compensate Interconnection Customer from the time service commenced.

1.9.3 [Not used]

1.9.4 Primary Frequency Response.

Interconnection Customer shall ensure the primary frequency response capability of its Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term "functioning governor or equivalent controls" as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Generating Facility's real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and ± 0.036 Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved Electric Reliability Organization reliability standard or Applicable Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based on an approved Electric Reliability Organization reliability standard or Applicable Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Generating Facility's real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Generating Facility's real

power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved Electric Reliability Organization reliability standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify Distribution Provider that the primary frequency response capability of the Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Generating Facility with the Distribution System, Interconnection Customer shall operate the Generating Facility consistent with the provisions specified in Articles 1.9.4.1 and 1.9.4.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Generating Facilities.

1.9.4.1 Governor or Equivalent Controls.

Whenever the Generating Facility is operated in parallel with the Distribution System, Interconnection Customer shall operate the Generating Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with Distribution Provider and/or the relevant Balancing Authority, set the deadband parameter to: (1) a maximum of ± 0.036 Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved Electric Reliability Organization reliability standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor or equivalent controls to Distribution Provider and/or the relevant Balancing Authority upon request. If Interconnection Customer needs to operate the Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify Distribution Provider and the relevant Balancing Authority, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service. Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Generating Facility's governor or equivalent controls to a minimum whenever the Generating Facility is operated in parallel with the Distribution System.

1.9.4.2 Timely and Sustained Response.

Interconnection Customer shall ensure that the Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Generating Facility has operating capability in the

direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. A FERC-approved Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

1.9.4.3 Exemptions.

Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Articles 1.9.4, 1.9.4.1, and 1.9.4.2 of this Agreement. Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability in accordance with the droop and deadband capability requirements specified in Article 1.9.4, but shall be otherwise exempt from the operating requirements in Articles 1.9.4, 1.9.4.1, 1.9.4.2, and 1.9.4.4 of this Agreement.

1.9.4.4 Electric Storage Resources.

Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Attachment 5 of its SGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Articles 1.9.4, 1.9.4.1, 1.9.4.2 and 1.9.4.3 of this Agreement. Attachment 5 shall specify whether the operating range is static or dynamic, and shall consider: (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resource due to manufacturer specifications; and (6) any other relevant factors agreed to by Distribution Provider and Interconnection Customer, and in consultation with the relevant transmission owner or Balancing Authority as appropriate. If the operating range is dynamic, then Attachment 5 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to

provide timely and sustained primary frequency response consistent with Article 1.9.4.2 of this Agreement when it is online and dispatched to inject electricity to the Distribution System and/or receive electricity from the Distribution System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the Distribution System and/or dispatched to receive electricity from the Distribution System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

- 1.10 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement, or in the Tariff. When used in this Agreement, terms with initial capitalization that are not defined in the Glossary of Terms in Attachment 1 of the GIP shall have the meanings specified in the article in which they are used or in the Tariff.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. Interconnection Customer shall notify Distribution Provider of such activities no fewer than five (5) Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. Distribution Provider may, at its own expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. Interconnection Customer shall provide Distribution Provider a written test report when such testing and inspection is completed.
- 2.1.2 Distribution Provider shall provide Interconnection Customer written acknowledgment that it has received Interconnection Customers written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by Distribution Provider of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by Interconnection Customer or the quality of power produced by the Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, Distribution Provider shall notify Interconnection Customer of any changes to these requirements as soon as they are known. Distribution Provider shall make Reasonable Efforts to cooperate with Interconnection Customer in meeting requirements necessary for Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 Interconnection Customer shall not operate its Generating Facility in parallel with Distribution Providers Distribution System without prior written authorization of Distribution Provider. Distribution Provider will provide such authorization once Distribution Provider receives notification that Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, Distribution Provider may send a qualified person to the premises of Interconnection Customer at or immediately before the time the Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Generating Facility (including any required testing), startup, and operation for a period of up to three (3) Business Days after initial start-up of the unit. In addition, Interconnection Customer shall notify Distribution Provider at least five (5)

Business Days prior to conducting any on-site verification testing of the Generating Facility.

- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, Distribution Provider shall have access to Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. Distribution Provider shall promptly file this Agreement with FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

3.3.1 Interconnection Customer may terminate this Agreement at any time by giving Distribution Provider twenty (20) Business Days written notice.

3.3.2 Either Party may terminate this Agreement after Default pursuant to Article 7.6.

3.3.3 Upon termination of this Agreement, the Generating Facility will be disconnected from Distribution Provider's Distribution System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.4 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of Distribution Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Distribution System or Distribution Provider's Interconnection Facilities or

the Transmission Systems of others to which the Distribution System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, Distribution Provider may immediately suspend interconnection service and temporarily disconnect the Generating Facility. Distribution Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect Interconnection Customer's operation of the Generating Facility. Interconnection Customer shall notify Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect Distribution Provider's Transmission System or Distribution System or other Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

Distribution Provider may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from Distribution Provider's Distribution System when necessary for routine maintenance, construction, and repairs on Distribution Provider's Distribution System and/or Transmission System. Distribution Provider shall provide Interconnection Customer with five (5) Business Days notice prior to such interruption. Distribution Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, Distribution Provider may suspend interconnection service to effect immediate repairs on Distribution Provider's Distribution System and/or Transmission System. Distribution Provider shall use Reasonable Efforts to provide Interconnection Customer with prior notice. If prior notice is not given, Distribution Provider shall, upon request, provide Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

Distribution Provider shall notify Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generating Facility could cause damage to Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to Interconnection Customer upon request. If, after notice, Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, Distribution Provider may disconnect the Generating Facility. Distribution Provider shall provide

Interconnection Customer with five (5) Business Day notice of such disconnection, unless the provisions of Article 3.4.1 apply.

3.4.5 Modification of the Generating Facility

Interconnection Customer must receive written authorization from Distribution Provider before making any change to the Generating Facility that may have a material impact on the safety or reliability of the Distribution System and/or Transmission System. Requests for modifications shall be made via the Material Modification Assessment procedures as set forth in the GIP. Authorization of modifications shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If Interconnection Customer makes such modification without Distribution Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and Distribution Provider's Distribution System and Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. Distribution Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of Interconnection Customer, such other entities, and Distribution Provider.

4.1.2 Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing Distribution Provider's Interconnection Facilities.

4.2 Distribution Upgrades

Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 2 of this Agreement. If Distribution Provider and Interconnection Customer agree, Interconnection Customer may construct Distribution Upgrades that are located on land owned by Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this Article 5 shall apply unless the interconnection of the Generating Facility requires Network Upgrades.

5.2 Network Upgrades

Distribution Provider or Distribution Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 2 and Attachment 6 of this Agreement. If Distribution Provider and Interconnection Customer agree, Interconnection Customer may construct Network Upgrades that are located on land owned by Interconnection Customer. Unless Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by Interconnection Customer.

5.2.1 Repayment of Amounts Advanced for Network Upgrades

No later than thirty (30) Calendar Days prior to the Commercial Operation Date, Interconnection Customer may make a one-time election by written notice to the CAISO and Distribution Provider to (a) receive Congestion Revenue Rights as defined in and as available under the CAISO Tariff at the time of the election in accordance with the CAISO Tariff, in lieu of a repayment of the cost of Network Upgrades in accordance with this Article 5.2.1, and/or (b) decline all or part of a refund of the cost of Network Upgrades entitled to Interconnection Customer in accordance with this Article 5.2.1.

Interconnection Customer shall be entitled to a cash repayment, for Interconnection Customer's contribution to the cost of Network Upgrades placed in service on or before the Commercial Operation Date of its Generating Facility, commencing upon the Commercial Operation Date of the Generating Facility. Repayment for Interconnection Customer's contribution to the cost of Network Upgrades placed into service after the Commercial Operation Date of its Generating Facility shall, for each of these Network Upgrades, commence no later than the later of: (i) the first month of the calendar year following the year in which the Network Upgrade is placed into service or (ii) 90 days after the Network Upgrade is placed into service.

Interconnection Customer subject to this Article 5.2.1 shall be entitled to repayment for its contribution to the cost of Network Upgrades as follows:

- (a) **Reliability Network Upgrades:**
Interconnection Customer shall be entitled to a repayment of the amount paid by Interconnection Customer to Distribution Provider for Reliability Network Upgrades as set forth in Attachment 2 and 6 up to a maximum amount (\$ per MW of generating capacity established in Section 14.3.2.1 of Appendix

KK to the CAISO Tariff. This \$ per MW limit is updated annually by CAISO to account for inflation.

For purposes of this determination, Generating Facility capacity will be based on the capacity of the Interconnection Customer's Generating Facility at the time it achieves Commercial Operation. To the extent that such repayment does not cover all of the costs of Interconnection Customer's Reliability Network Upgrades, Interconnection Customer may receive Merchant Transmission Congestion Revenue Rights (as such term is defined in the CAISO Tariff) in accordance with the CAISO Tariff for that portion of its Reliability Network Upgrades that are not covered by cash repayment.

(b) Local Delivery Network Upgrades:

- (i) If Interconnection Customer has an Option (B) Generating Facility, and has been allocated and continues to be eligible to receive TP Deliverability pursuant to the CAISO RIS, Interconnection Customer shall be entitled to repayment of a portion of the total amount paid to Distribution Provider for the costs of Local Delivery Network Upgrades for which it is responsible, as set forth in Appendix I. The repayment amount shall be determined by dividing the amount of TP Deliverability received by the amount of deliverability requested by Interconnection Customer, and multiplying that percentage by the total amount paid to Distribution Provider by Interconnection Customer for Local Delivery Network Upgrades
- (ii) If Interconnection Customer has an Option (B) Generating Facility and has not been allocated any TP Deliverability, Interconnection Customer shall not be entitled to repayment for the costs of Local Delivery Network Upgrades.
- (iii) If Interconnection Customer has an Option (A) Generating Facility, Interconnection Customer shall be entitled to a repayment equal to the total amount paid to Distribution Provider for the costs of Local Delivery Network Upgrades for which it is responsible, as set forth in Attachment 6.

(c) Area Delivery Network Upgrades:

Interconnection Customer shall not be entitled to repayment for the costs of Area Delivery Network Upgrades.

- (d) If Interconnection customer having an Option (B) Generating Facility is eligible to construct and own Network Upgrades pursuant to the Merchant Option set forth in Article 5.15 of the LGIA, then Interconnection Customer shall not be entitled to any

repayment pursuant to this SGIA.

- (e) For Local Off-Peak Delivery Network Upgrades: Interconnection Customer will be entitled to a repayment equal to the total amount paid to Distribution Provider for the costs of Local Off-Peak Delivery Network Upgrades for which it is responsible, as set forth in Attachment 6.

Unless an Interconnection Customer has provided written notice to Distribution Provider or the CAISO (as applicable), that it is declining all or part of such repayment, such amounts shall include any tax gross-up or other tax-related payments associated with Network Upgrades not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, and shall be paid to Interconnection Customer by Distribution Provider on a dollar-for-dollar basis either through (1) direct payments made on a levelized basis over the five-year period commencing on the applicable date as provided for in this Article 5.2.1; or (2) any alternative payment schedule that is mutually agreeable to Interconnection Customer and Distribution Provider, provided that such amount is paid within five (5) years of the applicable commencement date. Notwithstanding the foregoing, if this SGIA terminates within five (5) years of the applicable commencement date, Distribution Provider's obligation to pay refunds to Interconnection Customer shall cease as of the date of termination.

- (f) Where Interconnection Customer finances the construction of Network Upgrades for more than one Distribution Provider, the cost allocation, GIA Deposit, and repayment will be conducted pursuant to Section 14.4.1 of Appendix KK to the CAISO Tariff, and set forth in Attachment 6.

Any repayment for Reliability Network Upgrades or Local Delivery Network Upgrades, as specified above, will be paid to Interconnection Customer from Distribution Provider on a dollar-for-dollar basis for the non-usage sensitive portion of Distribution charges, as payments are made under Distribution Provider's Tariff and Affected System's Tariff for distribution services with respect to the Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Distribution Provider, and Affected System operator may adopt any alternative payment schedule that is mutually agreeable so long as Distribution Provider and Affected System operator take one of the following actions no later than five (5) years from the Commercial Operation Date: (1) return to Interconnection

Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Distribution Provider or Affected System operator will continue to provide payments to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of Distribution charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

If the Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, Distribution Provider and Affected System operator shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

Unless Distribution Provider provides, under this Agreement, for the repayment of amounts advanced to Affected System operator for Network Upgrades, Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

- 6.1.1 Distribution Provider shall bill Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. Interconnection Customer shall pay each bill within thirty (30) Calendar Days of receipt, or as otherwise agreed to by the Parties.
- 6.1.2 Within three (3) months of completing the construction and installation of Distribution Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, Distribution Provider shall provide Interconnection Customer with a final accounting report of any difference between (1) Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) Interconnection Customer's previous aggregate payments to Distribution Provider for such facilities or Upgrades. If Interconnection Customer's cost responsibility exceeds its previous aggregate payments, Distribution Provider shall invoice Interconnection Customer for the amount due and Interconnection Customer shall make payment to Distribution Provider within thirty (30) Calendar Days. If Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, Distribution Provider shall refund to Interconnection Customer an amount equal to the difference within thirty (30) Calendar Days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least twenty (20) Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of Distribution Provider's Interconnection Facilities and Upgrades, Interconnection Customer

shall provide Distribution Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Distribution Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of Distribution Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Distribution Provider under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Distribution Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insured reasonably acceptable to Distribution Provider and must specify a reasonable expiration date.
- 6.3.3 Distribution Provider must use the GIA Deposit required in the GIP before requiring Interconnection Customer to submit security in addition to that GIA Deposit. Distribution Provider must specify in Attachment 4 of this SGIA, the dates for which Interconnection Customer must provide additional security for construction of each discrete portion of Distribution Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and Interconnection Customer must provide such additional security upon notice.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon fifteen (15) Business Days prior written notice and opportunity to object by the other Party; provided that:

7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that Interconnection Customer promptly notifies Distribution Provider of any such assignment;

7.1.2 Interconnection Customer shall have the right to assign this Agreement, without the consent of Distribution Provider, for collateral security purposes to aid in providing financing for the Generating Facility, provided that Interconnection Customer promptly notifies Distribution Provider of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 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, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees,

and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

7.5.1 As used in this article, a **Force Majeure Event** shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing by the Party claiming Force Majeure."

7.5.2 If a **Force Majeure Event** prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the **Force Majeure Event**

(Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the **Force Majeure Event**, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the **Force Majeure Event** until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the **Force Majeure Event** cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a **Force Majeure Event** as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Article 7.6.2, the defaulting Party shall have sixty (60) Calendar Days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within sixty (60) Calendar Days, the defaulting Party shall commence such cure within twenty (20) Calendar Days after notice and continuously and diligently complete such cure within six (6) months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be

provided upon request of Distribution Provider, except that Interconnection Customer shall show proof of insurance to Distribution Provider no later than ten (10) Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

- 8.2 Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with Distribution Providers commercial practice. Such insurance or self-insurance shall not exclude coverage for Distribution Providers liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
 - 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
 - 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from

notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two (2) Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (est., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect Distribution Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

- 12.1 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of California (where the Point

of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

12.3. No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind,

the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all Transmission Providers and Distribution Providers, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Distribution Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractors insurance.

12.12 Reservation of Rights

Distribution Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

12.13 Reassessment Process

In accordance with Section 4.6 of the GIP, Distribution Provider, in consultation with CAISO, will perform a reassessment in which it will update certain base case data prior to beginning the Interconnection Facilities Study. As set forth in Section 4.6.2 of the GIP, Distribution Provider may determine through this reassessment that Distribution Upgrades or Network Upgrades already identified and included in executed Generator Interconnection Agreements should be modified in order to reflect the current circumstances of Interconnection Customers in the queue, including any withdrawals therefrom, and any additions and upgrades approved in the CAISO's most recent Transmission Planning Process cycle. To the extent that this determination modifies the scope or characteristics of, or the financial responsibility for, any Distribution Upgrades or Network Upgrades determined pursuant to this SGIA, such modification(s) will be reflected through an amendment to this SGIA.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to Interconnection Customer:

Interconnection Customer. _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

E-mail: _____

If to Distribution Provider:

Distribution Provider. _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below.

Interconnection Customer _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Distribution Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone or e-mail to the telephone numbers and e-mail addresses set out below.

If to Interconnection Customer.

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

If to Distribution Provider.

Distribution Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

Distribution Provider's Operating Representative:

Distribution Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____
E-mail: _____

13.5 Changes to the Notice Information

Either Party may change this information by giving five (5) Business Days written notice prior to the effective date of the change.

Article 14. Signatures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives.

For Distribution Provider

Name: _____

Title: _____

Date: _____

For Interconnection Customer

Name: _____

Title: _____

Date: _____

Attachment 1 to the SGIA

Glossary of Terms

Affected System - An electric system other than Distribution Provider's Distribution System that may be affected by the proposed interconnection.

Applicable Laws and Regulations - All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Standards – The requirements and guidelines of the Electric Reliability Organization and the Balancing Authority of the Distribution System to which the Generating Facility is directly interconnected, including the requirements pursuant to Section 215 of the Federal Power Act.

Balancing Authority - An entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

Balancing Authority Area - The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

Business Day - Monday through Friday, excluding Federal Holidays.

CAISO - The California Independent System Operator Corporation, a state chartered, nonprofit, corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain generating units and loads.

CAISO Grid - The system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO's Operational Control.

CAISO Tariff – The current and effective California independent System Operator Agreement and Tariff, as it may be modified from time to time, and accepted by FERC.

CAISO Resource Interconnection Standards (CAISO Tariff RIS) - The procedures included in Appendix KK of the CAISO Tariff to interconnect a Generating Facility directly to the CAISO Grid, as such procedures may be modified from time to time, and accepted by the FERC.

Commercial Readiness Deposit - A deposit paid by Interconnection Customer as set forth in Section 9 of the GIP.

Default - The failure of a breaching Party to cure its Breach under the SGIA.

Delivery Network Upgrades – The transmission facilities at or beyond the point where Distribution Provider’s Distribution System interconnects to the CAISO Grid, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve constraints on the CAISO Grid. Delivery Network Upgrades may be further classified as Local Delivery Network Upgrades and Area Delivery Network Upgrades.

Distribution Owner - The entity that owns, leases or otherwise possesses an interest in the portion of the Distribution System at the Point of Interconnection and may be a Party to the SGIA to the extent necessary.

Distribution Provider - The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the distribution of electricity in interstate commerce and provides distribution service under the Tariff. The term Distribution Provider should be read to include Distribution Owner when Distribution Owner is separate from Distribution Provider.

Distribution System - The distribution facilities owned, controlled and operated by Distribution Provider that are used to provide distribution service under the Tariff, which facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage Distribution networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades - The additions, modifications, and upgrades to Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Distribution Upgrades Charge - The monthly charge to Interconnection Customer to recover the revenue requirements for Distribution Provider’s Distribution Upgrades, calculated as the product of the Customer Financed Monthly Rate for Non-CAISO Controlled Facilities and the Distribution Upgrades Cost. The Distribution Upgrades Charge is provided in the Attachments of the SGIA.

Distribution Upgrades Cost - Interconnection Customer’s allocated share of all costs, excluding One-Time Cost, determined by Distribution Provider to be associated with the design, engineering, procurement, construction and installation of the Distribution Upgrades. The Distribution Upgrades Cost is provided in the Attachments of the SGIA.

Electric Reliability Organization - The North American Electric Reliability Corporation (NERC) and the Western Electricity Coordinating council (WECC) or its successor organizations.

Fast Track Process – The interconnection study process set forth in Section 2 of the GIP for a proposed certified Generating Facility that qualifies for the size limitations to be

eligible for the Fast Track Process and that meets the codes, standards, and certification requirements of Appendices 2 and 3 of the GIP, or that Distribution Provider has reviewed the design and/or tested the proposed Generating Facility and is satisfied that it is safe to operate.

Force Majeure - Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

General Reliability Network Upgrade – the CAISO defined term used to denote Reliability Network Upgrades that are not Interconnection Reliability Network Upgrades. This term is synonymous with the defined term System Network Upgrade.

Generating Facility – Interconnection Customer's facility for the production and/or storage for later injection of electricity identified in the Interconnection Request being interconnected under the GIP and shall not include Interconnection Customer's Interconnection Facilities. For purposes of this SGIA, a Generating Facility size is no larger than 20 MW.

Generating Facility Capacity - shall mean the net capacity of the Generating Facility or the aggregate net capacity of the Generating Facility where it includes more than one device for the production and/or storage for later injection of electricity. For purposes of this SGIA, the Generating Facility shall have a capacity no larger than 20 MW.

Generator Interconnection Procedures (GIP) - The interconnection procedures applicable to an Interconnection Request pertaining to a Generating Facility set forth in Attachment H of the Tariff.

GIA Deposit - The deposit Interconnection Customer submits when returning the executed SGIA, or within 10 Business Days of requesting that the SGIA be filed unexecuted at the Commission, in accordance with Section 11.3 of the GIP.

Good Utility Practice - Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be any one of a number of the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority - Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Interconnection Provider, or any Affiliate thereof.

Interconnection Customer - Any entity, including Distribution Provider, Distribution Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with Distribution Provider's Distribution System.

Interconnection Facilities - Distribution Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to Distribution Provider's Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Facilities Charge - The charge to Interconnection Customer for Distribution Provider's Interconnection Facilities, provided in the Attachments to the SGIA.

Interconnection Facilities Completion Date - The date upon which the construction of Distribution Provider's Interconnection Facilities is complete and such facilities are successfully tested and ready for service.

Interconnection Facilities Cost – The costs determined by Distribution Provider for Distribution Provider's Interconnection Facilities, provided in the Attachments to the SGIA.

Interconnection Handbook - A handbook, developed by Distribution Provider and posted on Distribution Provider's website or otherwise made available by Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to Distribution System, as such handbook may be modified or superseded from time to time. In the event of a conflict between the terms of this SGIA and the terms of Distribution Provider's Interconnection Handbook, the terms in this SGIA shall govern.

Interconnection Reliability Network Upgrade – the CAISO defined term used to denote Network Upgrades located at the Point of Interconnection to accomplish the physical interconnection of the Generating Facility to the CAISO Grid. Interconnection Reliability Network Upgrades are treated as Reliability Network Upgrades unless otherwise noted. This term is synonymous with the defined term Substation Network Upgrade.

Interconnection Request - Interconnection Customer's request, in the form of Appendix 1 to the GIP and in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with Distribution Provider's Distribution System.

Interconnection Study - Any of the following studies: the Cluster Study, the Cluster Restudy, the Interconnection Facilities Study, the Affected Systems Study, the Material Modification assessment, or the reassessment or restudy of any of these.

ITCC (Income Tax Component of Contribution) – The Federal and State tax that

SDG&E pays on income received as a Contribution in Aid of Construction (CIAC), as defined in the Tax Code.

Large Generating Facility – a Generating Facility with a Generating Facility Capacity larger than 20 MW.

Material Modification – a modification that has a material impact on the cost or timing of any Interconnection Request or any other complete and valid interconnection request to Distribution Provider or the CAISO with an equal or later Queue Position.

Material Modification Assessment (MMA) - An assessment performed by Distribution Provider, in consultation with the CAISO, as applicable, to determine if a proposed change to the Interconnection Request by an Interconnection Customer is a Material Modification.

Network Upgrades - Additions, modifications, and upgrades to Distribution Provider's Transmission System required at or beyond the point at which the Distribution System connects to Distribution Provider's Transmission System to accommodate the interconnection of the Generating Facility with Distribution Provider's Distribution System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements - Any operating and technical requirements that may be applicable due to Regional Transmission Organization, California Independent System Operator Corporation, Balancing Authority Area, or Distribution Provider's requirements, including those set forth in the SGIA.

Party or Parties - Distribution Provider, Distribution Owner, Interconnection Customer or any combination of the above.

Point of Interconnection - The point where the Interconnection Facilities connect with Distribution Provider's Distribution System.

Queue Position – the order of a complete and valid Interconnection Request, relative to all other pending complete and valid Interconnection Requests, established pursuant to the GIP.

Reasonable Efforts - With respect to an action required to be attempted or taken by a Party under the SGIA, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Reliability Network Upgrades - The transmission facilities at or beyond the point where the Distribution Provider's Distribution System interconnects to the ISO Grid, identified in the Interconnection Studies as necessary to interconnect one or more Generating Facility(ies) safely and reliably to the CAISO Grid, which would not have been necessary but for the interconnection of one or more Generating Facility(ies), including Network Upgrades necessary to remedy short circuit or stability problems, or thermal overloads. Reliability Network Upgrades shall only be deemed necessary for system operating limits, occurring under any system condition, which system operating limits cannot be adequately mitigated through the CAISO's congestion management or operating procedures based on the characteristics of the Generating Facilities included in the Interconnection Studies, limitations on market models, systems, or information, or other factors specifically identified in the Interconnection Studies. Reliability Network

Upgrades also include, consistent with the Electric Reliability Organization's practice and Applicable Reliability Standards, the facilities necessary to mitigate any adverse impact the Generating Facility's interconnection may have on a transmission path's rating. Reliability Network Upgrades located within a Network substation where the Point of Interconnection is located may be further classified as Substation Network Upgrades and when located outside of a Network substation where the Point of Interconnection is located such upgrades may be further classified as System Network Upgrades.

Site Control - The exclusive land right to develop, construct, operate, and maintain the Generating Facility over the term of expected operation of the Generating Facility. For private land, Site Control may be demonstrated by documentation establishing the following: (1) ownership of, a leasehold interest in, or a right to develop a site of sufficient size to construct and operate the Generating Facility; (2) an option to purchase or acquire a leasehold site of sufficient size to construct and operate the Generating Facility; or (3) any other documentation that clearly demonstrates the right of Interconnection Customer to exclusively occupy a site of sufficient size to construct and operate the Generating Facility.

For public land, including that controlled or managed by any federal, state or local agency, Site Control documentation should clearly demonstrate a final, non-appealable permit, license, or other right to use the property for the purpose of generating electric power and in acreage reasonably necessary to accommodate the Generating Facility, which exclusive right to use public land under the management of the federal Bureau of Land Management shall be in a form specified by the Bureau of Land Management. Distribution Provider will maintain acreage requirements for each Generating Facility type on its public website.

Small Generating Facility – a Generating Facility with a Generating Facility Capacity no larger than 20 MW, see Generating Facility.

Substation Network Upgrades – Network Upgrades that are required at the Network substation where the Point of Interconnection is located. The term Substation Network Upgrades and the CAISO defined term Interconnection Reliability Network Upgrades are synonymous.

System Network Upgrades – Network Upgrades that are required beyond the Network substation where the Point of Interconnection is located. The term System Network Upgrades and the CAISO defined term General Reliability Network Upgrades are synonymous.

Tariff - Distribution Provider's Wholesale Distribution Access Tariff through which open access distribution service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission System - The facilities owned by Distribution Provider that have been placed under the CAISO's operational control and are part of the CAISO Grid.

Upgrades - The required additions and modifications to Distribution Provider's Transmission System and Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades.

Upgrades do not include Interconnection Facilities.

Withdrawal Penalty - The penalty assessed by Distribution Provider to an Interconnection Customer that chooses to withdraw or is deemed withdrawn from Distribution Provider's interconnection queue or whose Generating Facility does not otherwise reach Commercial Operation. The calculation of Withdrawal Penalty is set forth in Section 1.10.1 of the GIP.

Attachment 2 to the SGIA

Description and Costs of the Generating Facility, Interconnection Facilities, and Metering Equipment

Equipment, including the Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by Interconnection Customer, Distribution Provider, or Distribution Owner. Distribution Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Attachment 3 to the SGIA

One-line Diagram Depicting the Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Attachment 4 to the SGIA

Milestones

In-Service Date

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For Distribution Provider _____ Date _____

For Distribution Owner (if applicable) _____ Date _____

For Interconnection Customer _____

Date _____

Attachment 5 to the SGIA

Additional Operating Requirements for the Distribution Provider's Distribution System and Affected Systems Needed to Support Interconnection Customer's Needs

Distribution Provider shall also provide requirements that must be met by Interconnection Customer prior to initiating parallel operation with Distribution Provider's Distribution System.

Attachment 6 to the SGIA

**Distribution Provider's Description of its Upgrades and Best Estimate of
Upgrade Costs**