

Staff Report

for the Regular Meeting of the Board of Directors, November 9, 2016

TO: Board of Directors

FROM: Gary D. King, P.E., Engineering Manager
Adrian Schneider, P.E., Senior Engineer

DATE: November 2, 2016

SUBJECT: Loma Rica Hydroelectric Facility
PG&E Interconnection Agreement

ENGINEERING

RECOMMENDATION:

Approve Interconnection Agreement with PG&E, authorize the commitment of \$135,000 to PG&E as a deposit, and authorize the General Manager to execute the necessary documents.

BACKGROUND:

The future Loma Rica Hydroelectric facility has been in planning and pre-design since 2014. The future power produced by the hydroelectric facility will use existing PG&E power lines to send power out to the grid and provide future revenue for the District.

Currently, these power lines have some capacity and currently require minor upgrades to accommodate our new facility. By signing this agreement and committing \$135,000 at this time, we guarantee our capacity on the line and no additional costs than estimated for upgrades. If we do not commit at this time, then there is the potential for additional upgrades at significantly higher costs or no capacity being available.

To secure this capacity requires an interconnection agreement between P&GE and the District and the deposit. The interconnection agreement provides the legal framework for the District to feed power into the PG&E distribution system.

BUDGETARY IMPACT:

The future estimated cost for the upgrade of PG&E infrastructure and a one-time cost of ownership is \$273,801 which would include the \$135,000. This project is budgeted in 2016 in the amount of \$1,200,000 and to date, we have expended

\$90,450 with this addition commitment of \$135,000 will leave \$974,950 in that budget for this year. Unfortunately, these remaining funds were expected to be committed this year for a purchase of the power unit which has encountered delays.

Attachments (1): Interconnection Agreement



**RULE 21 GENERATOR
INTERCONNECTION AGREEMENT FOR
EXPORTING GENERATING FACILITIES
INTERCONNECTING UNDER
THE FAST TRACK PROCESS**

**RULE 21
GENERATOR INTERCONNECTION AGREEMENT
FOR
EXPORTING GENERATING FACILITIES INTERCONNECTING
UNDER THE FAST TRACK PROCESS
BETWEEN
PACIFIC GAS AND ELECTRIC COMPANY
AND
NEVADA IRRIGATION DISTRICT
FOR PROJECT:
NID LOMA RICA HYDROELECTRIC STATION
GRASS VALLEY, CA 95945**

Queue # 1329-RD



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

TABLE OF CONTENTS

Article 1. Scope and Limitations of Agreement

- 1.1 Applicability
- 1.2 Purpose
- 1.3 No Agreement to Purchase or Deliver Power
- 1.4 Limitations
- 1.5 Responsibilities of the Parties
- 1.6 Parallel Operation Obligations
- 1.7 Metering
- 1.8 Reactive Power
- 1.9 Capitalized Terms

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

- 2.1 Equipment Testing and Inspection
- 2.2 Authorization Required Prior to Parallel Operation.
- 2.3 Right of Access

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

- 3.1 Effective Date
- 3.2 Term of Agreement
- 3.3 Termination
- 3.4 Temporary Disconnection

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

- 4.1 Interconnection Facilities
- 4.2 Distribution Upgrades

Article 5. Cost Responsibility for Network Upgrades

- 5.1 Applicability
- 5.2 Network Upgrades
- 5.3 [Intentionally Omitted]
- 5.4 Rights Under Other Agreements

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

- 6.1 Billing and Payment Procedures and Final Accounting
- 6.2 Milestones
- 6.3 Financial Security Arrangements



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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

- 7.1 Assignment
- 7.2 Limitation of Liability
- 7.3 Indemnity
- 7.4 Consequential Damages
- 7.5 Uncontrollable Force.
- 7.6 Default

Article 8. Insurance

- 8.1 General Liability and Additional Insurance
- 8.2 Maintenance of Insurance
- 8.3 Notification

Article 9. Confidentiality

- 9.1 Definition of Confidential Information

Article 10. Disputes

- 10.1 Dispute Resolution

Article 11. Taxes

- 11.1 Applicable Tax Laws and Regulations
- 11.2 Maintenance of Tax Status

Article 12. Miscellaneous

- 12.1 Governing Law, Regulatory Authority, and Rules
- 12.2 Amendment
- 12.3 No Third-Party Beneficiaries
- 12.4 Waiver
- 12.5 Entire Agreement
- 12.6 Multiple Counterparts
- 12.7 No Partnership
- 12.8 Severability
- 12.9 Security Arrangements
- 12.10 Environmental Releases
- 12.11 Subcontractors
- 12.12 CPUC Modification
- 12.13 Review of Records and Data

Article 13. Notices

- 13.1 General
- 13.2 Billing and Payment
- 13.3 Alternative Forms of Notice
- 13.4 Designated Operating Representative
- 13.5 Changes to the Notice Information



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Article 14. Signatures

Attachment 1 – Glossary of Terms

Attachment 2 – Description and Costs of the Generating Facility, Interconnection Facilities, and Metering Equipment

Attachment 3 – One-line Diagram Depicting the Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Attachment 4 – Milestones

Attachment 5 – Additional Operating Requirements for the Distribution Provider's Distribution System and Affected Systems Needed to Support the Interconnection Customer's Needs

Attachment 6 – Distribution Provider's Description of its Upgrades and Cost Responsibility



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

This Interconnection Agreement (“Agreement” or “GIA”) is made and entered into this _____ day of _____, 20__, by PACIFIC GAS AND ELECTRIC COMPANY (“Distribution Provider”), and NEVADA IRRIGATION DISTRICT (“Interconnection Customer”) each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Distribution Provider Information

Distribution Provider: Pacific Gas and Electric Company
Attention: Electric Generation Interconnection – Contract Management
Address: 245 Market Street, Mail Code N7L
City: San Francisco State: CA Zip: 94105-1702
Phone: (415) 972-5394 Fax: (415) 973-3064
Email: EGContractMgmt@pge.com

Interconnection Customer Information

Interconnection Customer: Nevada Irrigation District
Attention: Keane Sommers
Address: 28311 Secret Town Road
City: Colfax State: CA Zip: 95713
Phone: (530) 273-8571 Fax: (530) 273-5459
Email Address: sommers@nidwater.com

Interconnection Customer Application No: PG&E Log ID # 50H3374 Queue # 1329-RD

WHEREAS, Interconnection Customer proposes to interconnect to the Distribution System;

WHEREAS, the basis for the Parties entering into this Agreement is that Interconnection Customer is a Qualifying Facility (“QF”) and will sell all of its exports to the grid to the Distribution Provider under a power purchase agreement (“PPA”) entered into pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”); or

WHEREAS, the basis for the Parties entering into this Agreement is:

N/A

(Insert Description or N/A)

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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Article 1. Scope and Limitations of Agreement

1.1. Applicability

This Agreement shall be used for an interconnection governed by the Distribution Provider's California Public Utilities Commission-("CPUC") approved Electric Rule 21 ("Rule 21") of a Generating Facility that sells all of its exports to the grid to the Distribution Provider. This Agreement is not applicable to NEM Producers, Non-Export Producers and non-compensated exporting Producers.

1.2. Purpose

This Agreement incorporates in its entirety the Distribution Provider's California Public Utilities Commission ("CPUC") approved Electric Rule 21 ("Rule 21"), subject to any modifications the CPUC may direct in the exercise of its jurisdiction. This Agreement governs the terms and conditions under which the Interconnection Customer's Generating Facility will interconnect with, and operate in parallel with, the Distribution Provider's Distribution System. In the event of inconsistency between this Agreement and the terms of Rule 21, the provisions of the latter shall control.

1.3. No Agreement to Purchase of Deliver Power

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

1.4. Limitations

Nothing in this Agreement is intended to affect any other agreement between the Distribution Provider and the 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. The 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, and in accordance with this Agreement, and with Good Utility Practice.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

- 1.5.3. The Distribution Provider shall construct, operate, and maintain its Distribution System, Transmission System, Interconnection Facilities, Distribution Upgrades and Network Upgrades in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4. The 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. The 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 the Distribution Provider and any Affected Systems. The Interconnection Customer shall comply with the Distribution Provider's Interconnection Handbook. In the event of a conflict between the terms of this GIA and the terms of the Distribution Provider's Interconnection Handbook, the terms in this GIA 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. The Distribution Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the 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. The Distribution Provider shall coordinate with Affected Systems to support the interconnection.
- 1.5.7. The Interconnection Customer shall maintain QF status during the term of this Agreement.
- 1.6. Parallel Operation Obligations
- Once the Generating Facility has been authorized to commence parallel operation, the 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 Rule 21 or by the applicable system operator(s) for the Distribution Provider's Distribution System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

1.7. Metering

The Interconnection Customer shall be responsible for the 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. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements. Nothing in this provision replaces or alters the metering requirements in the Interconnection Customer's PPA.

1.8. Reactive Power

1.8.1. The Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection and the Generating Facility shall be capable of operating within a power factor range of 0.9 leading to 0.9 lagging, unless the Distribution Provider has established different requirements that apply to all similarly situated generators in the balancing authority area on a comparable basis. Operation outside this range is acceptable provided the reactive power of the Generating Facility is used to meet the reactive power needs of the Host Loads or that reactive power is otherwise provided under tariff by Distribution Provider. The Interconnection Customer shall notify Distribution Provider if it is using the Generating Facility for power factor correction. Unless otherwise agreed upon by the Interconnection Customer and Distribution Provider, Generating Facilities shall automatically regulate power factor, not voltage, while operating in parallel with Distribution Provider's Distribution System.

1.9. Capitalized Terms

Capitalized Terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

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

2.1. Equipment Testing and Inspection

2.1.1. Pursuant to Rule 21, the Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Distribution Provider of such activities no fewer than five 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. The Distribution Provider may, at its own expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Distribution



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Provider a written test report when such testing and inspection is completed.

- 2.1.2. The Distribution Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the 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 the Interconnection Customer or the quality of power produced by the Generating Facility.

2.2. Authorization Required Prior to Parallel Operation

- 2.2.1. The Distribution Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Distribution Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Distribution Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

- 2.2.2. The Interconnection Customer shall not operate its Generating Facility in parallel with the Distribution Provider's Distribution System without prior written authorization of the Distribution Provider. The Distribution Provider will provide such authorization once the Distribution Provider receives notification that the 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, the Distribution Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Generating Facility first operates in parallel 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, the Interconnection Customer shall notify the 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, the Distribution Provider



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

shall have access to the 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. Costs associated with this Article are subject to the relevant provisions of Rule 21.

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

3.1. Effective Date

This Agreement shall become effective upon execution by the Parties.

3.2. Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of 20 years from the Effective Date or such other longer period as the Parties may agree 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.

3.3.1. The Interconnection Customer may terminate this Agreement at any time by giving the 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. In addition, if the basis for Rule 21 applicability for this interconnection is based on the Interconnection Customer maintaining QF status and selling all its exports to the grid to Distribution Provider under a PURPA PPA, then this provision applies and Distribution Provider may terminate this Agreement if Interconnection Customer fails to maintain its QF status for the term of this Agreement or upon termination of Interconnection Customer's PURPA PPA.

3.3.3.1. If Section 3.3.3 applies, Interconnection Customer is responsible for maintaining QF status and must notify Distribution Provider sixty (60) Calendar Days in advance of Interconnection Customer failing to maintain its QF status, selling to a third-party, or termination of its PURPA PPA. If Interconnection Customer



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

fails to provide such notice, it is wholly responsible for any penalties incurred from any Governmental Authority or the California Independent System Operator Corporation ("CAISO"), including penalties and charges incurred by the Distribution Provider, as a result of this failure to notify the Distribution Provider.

3.3.3.2. If Interconnection Customer is no longer eligible for a Rule 21 interconnection then Distribution Provider may terminate this Agreement.

3.3.4. Upon termination of this Agreement, the Generating Facility will be disconnected from the 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 GIA or such non-terminating Party otherwise is responsible for these costs under this GIA.

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

3.3.6. This provisions of this article shall survive termination or expiration of this Agreement.

3.3.7. If the Generating Facility no longer falls within the scope and description provided in Section 1.1 of this Agreement, this Agreement is terminated.

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 the 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, the Distribution Provider's Interconnection Facilities or any Affected Systems(s); or (3) that, in the case of the 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 the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Distribution



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Provider may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Distribution Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Generating Facility. The Interconnection Customer shall notify the Distribution Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Distribution Provider's Distribution System or any 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

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

3.4.3. Forced Outages

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

3.4.4. Adverse Operating Effects

The Distribution Provider shall notify the 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 the Distribution Provider's Distribution System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Distribution Provider may disconnect the Generating Facility. The Distribution Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5. Modification of the Generating Facility

The Interconnection Customer must receive written authorization from the 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 the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the 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 the Distribution Provider's Distribution System and/or 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. The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The 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 the Interconnection Customer, such other entities, and the Distribution Provider.

4.1.2. The 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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Facilities, and (2) operating, maintaining, repairing, and replacing the Distribution Provider's Interconnection Facilities.

4.2. Distribution Upgrades

The Distribution Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the 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

The Distribution Provider or the Distribution Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Distribution Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Distribution Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer unless Section 5.2.1 directs otherwise.

5.2.1. Repayment of Amounts Advanced for Network Upgrades

To the extent that the CAISO Tariff, currently Section 12.3.2 of Appendix Y, provides for cash repayment to interconnection customers for contribution to the cost of Network Upgrades, the Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Distribution Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Distribution Provider's Tariff and Affected System's Tariff for transmission services with respect to the Generating Facility. Any repayment shall include interest calculated in accordance with the



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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 the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person. To the extent that the CAISO Tariff does not provide for cash repayment to interconnection customers for contribution to the cost of Network Upgrades, Interconnection Customer is not entitled to a cash repayment for amounts paid to the Distribution Provider and Affected System operator for Network Upgrades, and no cash repayment shall be made pursuant to this Agreement.

5.2.1.1. If the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1, the Interconnection Customer, the Distribution Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Distribution Provider and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Distribution Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission 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.

5.2.1.2. 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, the Distribution Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades if the Interconnection Customer is entitled to a cash repayment pursuant to Article 5.2.1. Before any such reimbursement can occur, the 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. [Intentionally Omitted]

5.4. Rights Under Other Agreements



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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 the 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. The Distribution Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs, including any applicable taxes, of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2. Within three months of completing the construction and installation of the Distribution Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Distribution Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Distribution Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Distribution Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Distribution Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Distribution Provider shall refund to the Interconnection Customer an amount equal to the difference within 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 Uncontrollable Force 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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Distribution Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Distribution Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the 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 the Distribution Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the 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 the Distribution Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the 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 insurer reasonably acceptable to the Distribution Provider and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Uncontrollable Force, 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 the



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Interconnection Customer promptly notifies the Distribution Provider of any such assignment;

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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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. Uncontrollable Force

7.5.1. As used in this article, an Uncontrollable Force Event shall mean "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 the reasonable control of the Distribution Provider or Interconnection Customer which could not be avoided through the exercise of Good Utility Practice. An Uncontrollable Force Event does not include an act of negligence or intentional wrongdoing by the Party claiming Uncontrollable Force."

7.5.2. If an Uncontrollable Force Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Uncontrollable Force Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Uncontrollable Force Event. The notification must specify in reasonable detail the



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

circumstances of the Uncontrollable Force 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 Uncontrollable Force 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 Uncontrollable Force 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 an Uncontrollable Force 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 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 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six 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. General Liability and Additional Insurance

The 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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

which the interconnection is made. The 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 California. Certification that such insurance is in effect shall be provided upon request of the Distribution Provider, except that the Interconnection Customer shall show proof of insurance to the Distribution Provider no later than ten (10) Business Days prior to the anticipated Parallel 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. Maintenance of Insurance

The Distribution Provider agrees to maintain general liability insurance or self-insurance consistent with the Distribution Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Distribution Provider's liabilities undertaken pursuant to this Agreement.

8.3. Notification

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. Definition of Confidential Information

The confidentiality provisions applicable to this Agreement are set forth in Section D.7, Confidentiality of Rule 21 and in the following provisions included in this Article.

9.1.1. Release of Confidential Information

Neither Party shall release or disclose Confidential Information to any other person, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Article and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article.

9.1.2. Rights



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

9.1.3. No Warranties

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

9.1.4. Standard of Care

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination; however, in no case shall a Party use less than reasonable care in protecting Confidential Information. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this Agreement or its regulatory requirements.

9.1.5. Order of Disclosure

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

9.1.6. Remedies

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Party Breaches or threatens to Breach its obligations under this Article, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article.

Article 10. Disputes

10.1. Dispute Resolution

Any dispute arising between the Parties regarding a Party's performance of its obligations under this Agreement or requirements related to the interconnection of the Generating Facility shall be resolved according to the procedures in Rule 21.

Article 11. Taxes

11.1. Applicable Tax Laws and Regulation

The Parties agree to follow all applicable tax laws and regulations, consistent with CPUC policy and Internal Revenue Service requirements.

11.2. Maintenance of Tax Status

Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the 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.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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 the Interconnection Customer's legal rights to obtain an interconnection from the Distribution Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5. Entire Agreement

This Agreement, including all Attachments, and any incorporated tariffs or Rules, 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.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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. 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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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 the Distribution Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the 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 subcontractor's insurance.

12.12. CPUC Modification

Unless otherwise ordered by the CPUC, this Agreement at all times shall be subject to such modifications as the CPUC may direct from time to time in the exercise of its jurisdiction.

12.13. Review of Records and Data

12.13.1. The Distribution Provider shall have the right to review and obtain copies of Interconnection Customer's operations and maintenance records, logs, or other information such as, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Interconnection Customer's Generating Facility or its interconnection with Distribution Provider's Distribution System.

12.13.2. The Interconnection Customer authorizes the Distribution Provider to release to the California Energy Commission ("CEC"), the CAISO, and/or the CPUC information regarding the Generating Facility, including the Interconnection Customer's name and location, and the size, location and operational characteristics of the Generating Facility, as requested from time to time pursuant to the CEC's, CAISO's, or CPUC's rules and regulations.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

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 courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: Nevada Irrigation District
Attention: Keane Sommers
Address: 28311 Secret Town Road
City: Colfax State: CA Zip: 95713
Phone: (530) 273-8571 Fax: (530) 273-5459
Email Address: Schneider@nidwater.com

If to the Distribution Provider:

Distribution Provider: Pacific Gas and Electric Company
Attention: Electric Generation Interconnection – Contract Management
Address: 245 Market Street, Mail Code N7L
City: San Francisco State: CA Zip: 94105-1702
Phone: (415) 972-5394 Fax: (415) 973-3064
Email: EGContractMgmt@pge.com

13.2. Billing and Payment

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

Interconnection Customer:

Interconnection Customer: Nevada Irrigation District
Attention: Keane Sommers
Address: 28311 Secret Town Road
City: Colfax State: CA Zip: 95713
Phone: (530) 273-8571 Fax: (530) 273-5459
Email Address: sommers@nidwater.com



**RULE 21 GENERATOR INTERCONNECTION
AGREEMENT FOR EXPORTING GENERATING
FACILITIES INTERCONNECTING UNDER
THE FAST TRACK PROCESS**

Distribution Provider:

Distribution Provider: Pacific Gas and Electric Company
Attention: Electric Generation Interconnection – Contract Management
Address: 245 Market Street, Mail Code N7L
City: San Francisco State: CA Zip: 94105-1702
Phone: (415) 972-5394 Fax: (415) 973-3064
Email: EGContractMgmt@pge.com

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, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: Nevada Irrigation District
Attention: Jacqueline Longshore
Address: 28311 Secret Town Road
City: Colfax State: CA Zip: 95713
Phone: (530) 273-8571 Fax: (530) 273-5459
Email Address: longshore@nidwater.com

If to the Distribution Provider:

Distribution Provider: Pacific Gas and Electric Company
Attention: Electric Generation Interconnection – Contract Management
Address: 245 Market Street, Mail Code N7L
City: San Francisco State: CA Zip: 94105-1702
Phone: (415) 972-5394 Fax: (415) 973-3064
Email: EGContractMgmt@pge.com

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.



**RULE 21 GENERATOR INTERCONNECTION
AGREEMENT FOR EXPORTING GENERATING
FACILITIES INTERCONNECTING UNDER
THE FAST TRACK PROCESS**

Interconnection Customer's Operating Representative:

Interconnection Customer: Nevada Irrigation District
Attention: Jerry Green
Address: 28311 Secret Town Road
City: Colfax State: CA Zip: 95713
Phone: (530) 273-8571 Fax: (530) 273-5459
Email Address: Schneider@nidwater.com

Distribution Provider's Operating Representative:

Distribution Provider: Pacific Gas and Electric Company
Attention: Auburn distribution Operator
Address: 343 Sacramento Avenue
City: Auburn State: CA Zip: 95602
Email Address: AuburnDO@geosop@svrsraaub

13.5. Changes to the Notice Information

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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Article 14. Signatures

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

NEVADA IRRIGATION DISTRICT
(Interconnection Customer Name)

PACIFIC GAS AND ELECTRIC
(Distribution Provider Name)

(Signature)

(Signature)

Remleh Scherzinger
(Print Name)

Kevin Dasso
(Print Name)

General Manager
(Title)

Vice President, Electric Asset Management
(Title)

(Date)

(Date)

RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Attachment 1

Glossary of Terms

Affected System - An electric system other than the Distribution Provider's Distribution System that may be affected by the proposed interconnection, including but not limited to the Transmission System.

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.

Business Day - Monday through Friday, excluding Federal and State Holidays.

Contact Information – Contact information will include the name of business, contact name, business address including city, state and zip, phone number, e-mail address, and any other pertinent information that may be required to communicate with the Parties.

Default - The failure of a breaching Party to cure its breach under the Agreement.

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 Agreement 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 transmission of electricity and provides distribution service to the Interconnection Customer. The term Distribution Provider should be read to include the Distribution Owner when the Distribution Owner is separate from the Distribution Provider.

Distribution System - Those non-CAISO transmission and distribution facilities, owned, controlled and operated by the Distribution Provider that are used to provide distribution service, which facilities and equipment are used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission 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 the Distribution Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process - The interconnection study process set forth in Section F.2 of Rule 21.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Generating Facility -The Interconnection Customer's device for the production or storage of electricity identified in Attachment 2 of the Agreement, but shall not include the Interconnection Customer's Interconnection Facilities.

Good Utility Practice - Any of the practices, methods and acts engaged in or approved by a significant portion of the electric 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 limited to the optimum practice, method, or act 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 the Interconnection Customer, the Distribution Provider, or any Affiliate thereof.

Interconnection Customer - Any entity, including the Distribution Provider, Distribution Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Distribution Provider's Distribution System. The definition of "Interconnection Customer" in this Agreement is intended to be identical to and used interchangeably with the definition of "Producer" in Rule 21.

Interconnection Facilities - The 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 the Distribution Provider's Distribution System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Handbook - A handbook, developed by the Distribution Provider and posted on the Distribution Provider's website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the 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 Agreement and the terms of the Distribution Provider's Interconnection Handbook, the terms in this Agreement shall govern.

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



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

include Distribution Upgrades.

Operating Requirements - Any operating and technical requirements that may be applicable due to Regional Transmission Organization, the CAISO, balancing authority area, or the Distribution Provider's requirements, including those set forth in the Agreement.

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

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

Reasonable Efforts - With respect to an action required to be attempted or taken by a Party under the Agreement, 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.

Transmission System - Those facilities owned by the 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 the Distribution Provider's Distribution System and Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Attachment 2

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 the Interconnection Customer, the Distribution Provider, or the Distribution Owner. The 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.

Nevada Irrigation District, an Interconnection Customer (IC), has requested a Generating Facility (GF) interconnection for NID Loma Rica Hydro Station (Project) to the Pacific Gas and Electric Company (PG&E)'s distribution system for a 1440 kW Synchronous generating facility to be located at 13733 Loma Rica Drive, Grass Valley, CA 95945. The Generating Facility will be connected to PG&E's 1102 distribution circuit. Interconnection will be in accordance with CPUC's Generating Facility Interconnections, Electric Rule 21. This Project has been assigned the reference number of 1329-RD.

Project Name	NID Loma Rica Hydro Station
Type of Generator(s) & Model	Synchronous
Inverters Data	N/A
Total Output	1,440 kW
Power Factor	.9
Interconnection Configuration (Description)	3 phase, 3-wire distribution circuit
Transformer Data (Dedicated)	2000 kVA @ Z = 5.75% 12 kV / 4.16kV wye-delta

Interconnection Facilities



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

The estimated costs associated with the Interconnection Facilities required to interconnect the project to Distribution Provider's Distribution System.

Interconnection Facilities (Not Subject to Cost-of-Ownership)	IC Cost	PG&E Cost
<u>Generating Facility</u>		
First Per-Parallel Inspection, Protection Review and Testing Witnessing		\$10,000
Subtotal		\$10,000

Interconnection Facilities (Subject to Cost-of-Ownership)	IC Cost	PG&E Cost
<u>Generating Facility</u>		
PG&E `Primary Revenue Metering	\$15,000	
Primary Service – UG (Per location not including	\$45,000	
PG&E SCADA Recloser at POI	\$75,000	
Subtotal	\$135,000	

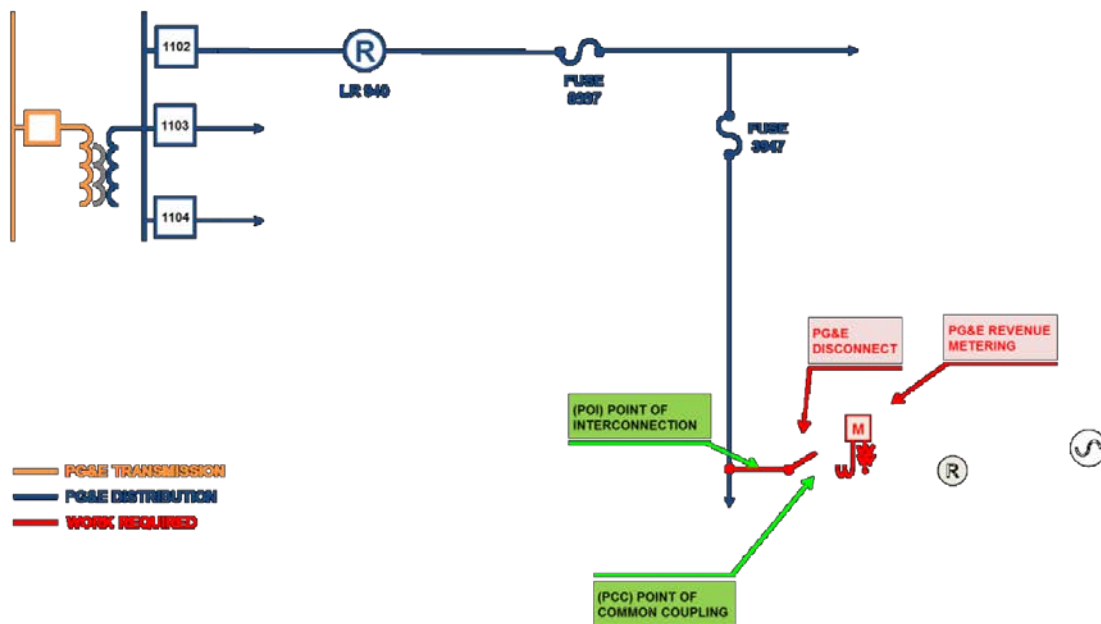
Total Interconnection Facilities Costs		
Total Interconnection Facilities		\$135,000
ITCC ¹		
Monthly Cost of Ownership (\$135,000 x 0.60%)		\$810.00
One-Time Cost of Ownership in lieu of Monthly COO (\$810.00 X 14.28 x 12)		\$138,801.60

¹ Not subject to ITCC (Income Tax Calculation Component) on contribution. ITCC is exempt for wholesale generators that meet the IRS Safe Harbor Provisions. PG&E currently does not require the Interconnection Customer to provide security to cover the potential tax liability on the Interconnection Facilities, Distribution Upgrades, and Network Upgrades per the IRS Safe Harbor Provisions (IRS Notice 88-129). PG&E reserves the right to require, on a nondiscriminatory basis, the Interconnection Customer to provide such security, in a form reasonably acceptable to PG&E as indicated in Article 11 of the GIA, an amount up to the cost consequences of any current tax liability. Upon request and within sixty (60) Calendar Days' notice, the Interconnection Customer shall provide PG&E such ITCC security or ITCC payment in the event that Safe Harbor Provisions have not been met, in the form requested by PG&E.

RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Attachment 3

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





RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS





**RULE 21 GENERATOR INTERCONNECTION
AGREEMENT FOR EXPORTING GENERATING
FACILITIES INTERCONNECTING UNDER
THE FAST TRACK PROCESS**

Attachment 4

Milestones

In-Service Date: February 16, 2018

Critical milestones and responsibility as agreed to by the Parties:

<u>Milestones</u>	<u>Date</u>	<u>Responsible Party</u>
1. <u>Financial Security Posting Due Date</u> Completion of the Interconnection Facilities, Distribution Upgrades, and Network	<u>180 Calendar days</u> <u>after full IA</u> <u>Execution</u>	Interconnection Customer
2. <u>Upgrade Facilities</u>	<u>February 16, 2018</u>	Distribution Provider & Interconnection Customer
3. <u>In-Service Date (back-feed power)</u>	<u>February 16, 2018</u>	Distribution Provider & Interconnection Customer
4. <u>Pre-Parallel Inspection and Testing</u>	<u>March 15, 2018</u>	Interconnection Customer
5. <u>Initial Synchronization</u> Provide written approval to Interconnection Customer for the operation of the facilities – minimum 15 calendar days prior to the	<u>April 15, 2018</u>	Distribution Provider & Interconnection Customer
6. <u>Commercial Operation Date</u>	<u>May 31, 2018</u>	Interconnection Customer
7. <u>Commercial Operation Date</u> Completion of Reliability and Deliverability Network Upgrades (RNU, DNU) identified in	<u>June 15, 2018</u>	Interconnection Customer
8. <u>Attachment 5</u>	<u>N/A</u>	Distribution Provider

Agreed to by:

For the Distribution Provider _____ Date _____

For the Distribution Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____



*Pacific Gas and
Electric Company*[®]

**RULE 21 GENERATOR INTERCONNECTION
AGREEMENT FOR EXPORTING GENERATING
FACILITIES INTERCONNECTING UNDER
THE FAST TRACK PROCESS**

Attachment 5

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

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

N/A



RULE 21 GENERATOR INTERCONNECTION AGREEMENT FOR EXPORTING GENERATING FACILITIES INTERCONNECTING UNDER THE FAST TRACK PROCESS

Attachment 6

Distribution Provider's Description of its Upgrades and Cost Responsibility

The Distribution Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Distribution Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

Distribution Upgrades (Not Subject to Cost-of-Ownership)	IC Cost	PG&E Cost
Brunswick 1102		
Enable reclose blocking on Brunswick 1102 Feeder Breaker		\$145,000
Upgrade LR 940 to NOVA form 6 and enable reclose blocking		\$75,000
Replace Fuses 8997 and 3947 with Solid blades (\$5,000 x 2)		\$10,000
Subtotal		\$230,000

Distribution Upgrades (Subject to Cost-of-Ownership)	IC Cost	PG&E Cost
	\$0	
Subtotal	\$0	

Total Distribution Costs		
Total Distribution Upgrades		N/A
ITCC ²		TBD
Monthly Cost of Ownership (Subtotal x 0.60%)		N/A
One-Time Cost of Ownership in lieu of Monthly COO (MCOO X 14.28 x 12)		N/A

² Not subject to ITCC (Income Tax Calculation Component) on contribution. ITCC is exempt for wholesale generators that meet the IRS Safe Harbor Provisions. PG&E currently does not require the Interconnection Customer to provide security to cover the potential tax liability on the Interconnection Facilities, Distribution Upgrades, and Network Upgrades per the IRS Safe Harbor Provisions (IRS Notice 88-129). PG&E reserves the right to require, on a nondiscriminatory basis, the Interconnection Customer to provide such security, in a form reasonably acceptable to PG&E as indicated in Article 11 of the GIA, an amount up to the cost consequences of any current tax liability. Upon request and within sixty (60) Calendar Days' notice, the Interconnection Customer shall provide PG&E such ITCC security or ITCC payment in the event that Safe Harbor Provisions have not been met, in the form requested by PG&E.



**RULE 21 GENERATOR INTERCONNECTION
 AGREEMENT FOR EXPORTING GENERATING
 FACILITIES INTERCONNECTING UNDER
 THE FAST TRACK PROCESS**

Total Project Costs

Cost Category	Amount Subject to Cost of Ownership (\$)	Amount NOT Subject to Cost of Ownership (\$)	Total Cost Category Amount (\$)
Interconnection Facilities Costs (from Attachment 2)	\$135,000	\$10,000	\$145,000
Distribution Upgrade Costs (from Attachment 6)	\$0	\$230,000	\$230,000
Total Project Costs	\$135,000	\$240,000	\$375,000

The Interconnection Customer has elected the following by placing a check mark against it for Cost-of-Ownership for the applicable Interconnection Facilities and/or Distribution Upgrade. Details on the scope that is subject to Cost-of-Ownership are found in Attachment 2 for Interconnection Facilities and Attached 6 (above) for Distribution Upgrade. These Cost-of-Ownership will commence upon the In-Service Date per Section 4.1.2.

A. Monthly Cost-of-Ownership Charge

$\$135,000 \times 0.60\%$ (current percentage rate) = \$810.00

Total Monthly Cost-of-Ownership Charge \$810.00 / month
--

B. Equivalent One-Time Charge (in lieu of recurring Monthly Cost-of-Ownership Charge)

$\$810.00 / \text{month} \times 12 \text{ months} \times 14.28$ (present worth factor) = \$138,801.60

Total Equivalent One-Time Charge \$138,801.60
--