

INTERCONNECTION AGREEMENT FOR DISTRIBUTED GENERATION  
(Solartricity Program)

This Interconnection Agreement ("Agreement" or "IA") is made and entered into to be effective the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ by City Public Service of San Antonio ("CPS Energy" or "Buyer"), and

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\_\_ a generator of distributed generation, each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Recitals

1. Seller plans to construct a distributed generation facility ("Facility") at a site located within CPS Energy's retail electric service area in San Antonio, Bexar County, Texas at \_\_\_\_\_, which will generate electric energy in amounts not greater than \_\_\_\_\_ that CPS Energy will purchase from Seller under the terms of the Solartricity Producer Power Purchase Agreement ("SPPPA") executed between the parties and effective of like date herewith.
  2. Seller has completed and submitted the Application for Interconnection of Distributed Generation to CPS Energy's electric distribution system ("System"), which is incorporated herein as Exhibit B, and CPS Energy has conducted its pre-interconnection studies to determine whether CPS Energy can make available and Seller is qualified to enter into such an arrangement for such distributed generation interconnection with CPS Energy's System through Interconnection Facilities.
  3. CPS Energy is willing to modify and/or install Interconnection Facilities, as more fully defined below, adequate to accommodate the receipt into CPS Energy's System of Seller's energy production up to a maximum capacity of \_\_\_\_\_, and Seller agrees to reimburse CPS Energy for its costs incurred in constructing, maintaining and operating the Interconnection Facilities.
  4. CPS Energy's agreement to establish and maintain the Interconnection Facilities under the terms of this Agreement is subject to Seller's agreement to sell all of the energy generated by the Seller's Facility to CPS Energy during the term of this Agreement.
1. Agreement as to Use of Interconnection
    - 1.1 In consideration of the mutual covenants set forth in this Agreement, the Parties agree that, pursuant to the terms of this Agreement, a distributed generation Facility producing energy in a not-to-exceed \_\_\_\_\_ amount shall be constructed by Seller at the above address, consistent with the design reflected in Exhibit B, and shall be interconnected at \_\_\_kV to the CPS Energy System by Interconnection Facilities at the Point of Interconnection identified in Exhibit A Site Plan.
    - 1.2 CPS Energy's agreement to build, own and operate the Interconnection

Facilities under this Agreement is subject to, and Seller represents and agrees that: (1) CPS Energy (or its permitted assignee designated pursuant to Section 1.3) will take delivery of and title to all energy generated by the Facility under the terms of the SPPPA and 2) that Seller will not transmit energy from the Facility to the Point of Interconnection for any purpose other than for delivery and sale to CPS Energy, and (3) that no energy will be sold from the Facility for transfer through the Interconnection Facilities to any purchaser other than CPS Energy or its permitted assignee.

1.3 Seller may not assign its rights and obligations under this Agreement without CPS Energy's prior written consent.

## 2. Interconnection

2.1 CPS Energy will design and install and/or modify existing facilities, as necessary, and own and operate during the term of this Agreement all of the electrical connection facilities ("Interconnection Facilities") which are necessary for purposes of interconnecting the Facility at the Point of Interconnection and accommodating the delivery of energy from the Point of Interconnection, as reflected in Exhibit A, to the CPS Energy System, including appropriate metering facilities to measure both the energy produced by the Facility and any energy provided by CPS Energy for Seller's use at the site of the Facility, such energy service to be applied for by Seller pursuant to CPS Energy Rules and Regulations Applying to Electric Service.

### 2.2 Design and Installation.

2.2.1 CPS Energy will design the Interconnection Facilities so as to assure that such Facilities are sufficient to enable Seller to supply electric energy across the Point of Interconnection. CPS Energy conducted the Interconnection studies and has determined the Interconnection Costs and that the proposed design and location of the Facility can be interconnected to the CPS Energy System

2.2.2 Seller will be solely responsible for CPS Energy's cost to install the Interconnection Facilities, and for the costs of any other protective facilities which, in CPS Energy's sole opinion, are required or prudent in order to protect CPS Energy's System from disruption or damage caused by the Facility (collectively called the "Interconnection Costs").

2.2.3 Upon payment of the Interconnection Costs identified in Exhibit C and execution of this Interconnection Agreement, CPS Energy shall schedule the work necessary to install the Interconnection Facilities, subject to the CPS Energy work load. CPS Energy shall coordinate its planned work schedule with Seller. CPS Energy will attempt in good faith to complete the installation of the Interconnection Facilities in accordance with its schedule. The Interconnection Facilities shall be constructed in a good and workmanlike manner, in accordance with CPS Energy normal standards of installation and in compliance with all applicable permits and licenses and with applicable local, state and federal laws.

2.2.4 Prior to connection of the Facility to the Interconnection Facilities, CPS Energy will perform an inspection and acceptance tests, if determined to be necessary, to ensure the proper functioning of all metering, telemetry, communications equipment, etc., that is associated with the Point of Interconnection. Both parties' facilities shall be validated for accuracy of all data being received and transmitted. Connection of the Facility to the Interconnection Facilities is subject to the continuing sale of the energy to CPS Energy as provided for under the terms of the SPPPA. Seller is required to install its own switch on its side of the Point of Interconnection for its use in disconnecting the Facility from the CPS Energy System.

3. Payment for Interconnection Facility.

3.1 Exhibit C sets out the Costs of the Interconnection Facility to be paid by Seller no later than 10 CPS Energy business days following execution of this Agreement. CPS Energy shall not be obligated to construct the Interconnection Facilities until the Interconnection Costs are paid in full.

3.2 Any amount not paid within the time stated in Section 3.1 shall bear interest at the legal rate calculated from the due date. CPS Energy shall have the right to terminate this Agreement pursuant to Section 7 upon written notice to Seller if the Costs of the Interconnection Facility are not paid by Seller within 30 days from the Effective Date of this Agreement

4. Operation of Interconnection and Facility

4.1 During the term of this Agreement, Seller shall install, maintain and operate the Facility in accordance with the Solartricity Producer's Technical Requirements for Interconnection on the CPS Energy Distribution System and Operational Requirements for Interconnection on the CPS Energy Distribution System (collectively known as "Technical and Operation Requirements") as found on [www.cpsenergy.com](http://www.cpsenergy.com). The Seller must have sufficiently skilled staff available to monitor, maintain and operate the Facility in a safe and effective manner and staff must be available 24/7 to respond to operational emergencies.

4.2 CPS Energy's operation and maintenance of the Interconnection Facilities shall be excused for the duration of any planned or unplanned outage which materially prevents or impairs CPS Energy's ability to operate and control the Interconnection Facilities. CPS Energy shall resume operation of the Interconnection Facilities as soon as possible after the outage. Unless otherwise provided for in the Technical and Operation Requirements, each Party shall, at the Point of Interconnection, at its own risk and expense, install, operate and maintain all apparatus and necessary protective devices on its side of the Point of Interconnection which are reasonably necessary to comply with good operating practices and applicable ERCOT Guides. CPS Energy and Seller shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the Point of Interconnection. For the mutual protection of

Seller and CPS Energy, only with CPS Energy's prior authorization are the connections between the CPS Energy's service wires and Seller's service entrance conductors to be energized.

- 4.4 Seller shall be responsible for the design, installation, operation, and maintenance of the Facility and shall obtain and maintain any required governmental authorizations and/or permits. Seller shall conduct operations of its Facility in compliance with all aspects of such authorizations or permits and shall construct the Facility in accordance with specifications equal to or greater than those provided by the National Electrical Safety Code, approved by the American National Standards Institute, in effect at the time of construction. Seller shall perform maintenance of the Facility in accordance with the applicable manufacturer's recommended maintenance schedule. The Seller may replace and repair equipment on the Facility for normal maintenance, but the Facility may not be upgraded to a capacity above that designated in this IA.

5. Right of Access, Equipment Installation, Removal & Inspection

- 5.1 An inspection of the Facility and Point of Interconnection shall be scheduled with Buyer a minimum of five (5) business days in advance of the proposed energizing of the Facility. Buyer will send a qualified person to the Site to inspect the Facility and Seller's connecting facilities with the Interconnection Facilities, and observe the Facility's commissioning (including any testing), startup, and operation. Buyer shall notify Seller as to whether or not approval is granted within ten (10) CPS Energy business days after Buyer's inspection of the Facility. In the event the Facility does not comply with the Technical and Operation Requirements, Buyer shall promptly notify Seller in writing or electronically, specifying with reasonable specificity the reason for such non-compliance, and shall provide Seller a reasonable period of time to bring the Facility into compliance. Buyer shall have reasonable access to the Project at all times and shall provide advance notice to Seller of the need for Buyer presence at the Project Site, except that no advance notice is necessary in the case of an emergency, in connection with the performance of Buyer's obligations imposed on it by this SPPPA, or if necessary to meet Buyer's legal obligation to provide service to Buyer's retail customers.

- 5.2 Seller shall obtain in behalf of or provide CPS Energy with for one or more grants of easement or rights-of-way, in the form attached hereto as Exhibit D, granting unrestricted access over, on, under and adjacent to the Site up to the Point of Interconnection for the construction, operation, maintenance and/or relocation of CPS Energy' Interconnection Facilities or if necessary to meet CPS Energy's legal obligation to provide service to the CPS Energy Retail base. CPS Energy may locate its equipment or facilities within such easement or right-of-way in the place of its choosing. The providing of an easement(s) to CPS Energy shall be a prerequisite to issuance of the approval provided for in Section 2.2.4 above.

6. Disconnection of Interconnection Facilities

- 6.1 Seller may disconnect from CPS Energy's System by operation of its own switch, in accordance with the Technical and Operational Requirements. Seller shall have no right to operate CPS Energy's switch located on the CPS Energy side of the Point of Interconnection. Such disconnection shall not constitute a termination of this Agreement. The Parties shall disconnect the Facility from CPS Energy's System upon the effective date of any termination under Section 7.
- 6.2 CPS Energy shall have the right to disconnect the Interconnection Facility from the Facility in cases (i) where continuance of service to Seller will, in CPS Energy's reasonable determination, endanger persons or property, (ii) where CPS Energy reasonably determines that Seller is failing to meet its obligations as provided for under the Technical and Operational Requirements; or (iii) where CPS Energy has reasonable cause to believe that the requirements of this Agreement relating to use of the Interconnection Facilities pursuant to Section 1 are not being complied with by Seller. During the forced outage of any portion of CPS Energy's System serving Seller, CPS Energy shall have the right to suspend service to effect immediate repairs on CPS Energy's System, but CPS Energy shall use its best efforts to provide Seller with reasonable prior notice. In addition, CPS Energy shall have the right to disconnect the Interconnection Facilities in the event any CPS Energy right to terminate this Agreement pursuant to Section 7 arises, subject to notice and cure periods provided for in that section.
- 6.3 CPS Energy and Seller shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the Point of Interconnection.

7. Term and Termination Rights

This Agreement becomes effective when executed by both Parties, and shall continue in effect until terminated. This Agreement may be terminated for any of the following reasons: (a) Seller may terminate this Agreement at any time by giving the CPS Energy thirty (30) days' written notice; (b) CPS Energy may terminate upon thirty (30) days' written notice and Seller opportunity to cure within that 30 day period, for the following events of Default:

- Failure by Seller to generate energy from the Facility and deliver such energy to the System by the COD specified in the SPPPA.
- Failure of the Facility to stay in compliance with the IA requirements.
- Any representation made by Seller in this IA which proves to be false or misleading in any material respect
- Failure to insure the Facility as required in the IA.
- Seller participation in any form of current diversion, theft of electricity or meter tampering.
- Failure to remedy any condition resulting in disconnection.

- Any change in the solar installation rating, physical location or Interconnection Point.

Any termination of this Agreement shall result in an automatic termination of the SPPPA without notice. All cost associated with CPS Energy's removal of Interconnection Facilities shall be chargeable to the Seller.

## 8. Limitation of Liability/ Indemnification/ Insurance

- 8.1 Notwithstanding any other provision in this Agreement, with respect to CPS Energy's provision of Interconnection service to Seller, CPS Energy's liability to Seller shall be limited as set forth in CPS Energy's Rules and Regulations Applying to Retail Electric Service, which is incorporated herein by reference.
- 8.2 Neither CPS Energy nor Seller shall be liable to the other for damages for any act that is beyond such party's control. **In no event shall CPS Energy be liable for consequential, special, or incidental damages, including, without limitation, loss of profits, loss of revenue or disruption of business, or loss of production. CPS Energy does not assume liability for any costs or damages arising from the disruption of the business of Seller or for Seller's costs and expenses of prosecuting or defending an action or claim against the CPS Energy.**
- 8.3 CPS Energy, to the extent allowed by law shall be responsible and liable for and any claims, losses, costs, and expenses to the extent that they result from CPS Energy's sole active negligence in connection with the construction, or operation of its Interconnection Facilities; provided, however, that CPS Energy shall have no liability to Seller for claims brought by claimants or Seller's lenders, stockholders or clients who cannot recover directly from CPS Energy or for losses to the Facility caused by events, acts of God, actions by persons or other related causes beyond Buyer's reasonable control. This Agreement does not create a liability on the part of CPS Energy to Seller or to a third person.
- 8.4 Seller shall assume all liability for and shall indemnify CPS Energy for any claims, losses, costs, and expenses of any kind or character to the extent that they result from (i) Seller's negligence or the negligence of its employees, agents or consultants, in connection with the design, construction or operation of its Facilities as described on Exhibit A; provided, however, that Seller shall have no obligation to indemnify CPS Energy for claims brought by claimants who cannot recover directly from Seller. Such indemnity shall include, but is not limited to, financial responsibility for: (a) CPS Energy's penalties or monetary losses; (b) reasonable costs and expenses of defending an action or claim made by a third person; (c) damages related to the death or injury of a third person; (d) damages to the property of CPS Energy; (e) damages to the property of a third person.
- 8.5 Until this Agreement is terminated or expires, Seller agrees to carry and keep in full force insurance with minimum coverages and corresponding amounts as set

forth in Exhibit E. Upon execution of the IA, Seller shall submit to Buyer a properly executed Certificate of Insurance, or upon request by Buyer, true copies of policies from the insurance agent or insurance carrier of such insurance coverages in accordance with Exhibit E. Seller shall cause renewals of expiring policies to be written and delivered to Buyer on a properly executed Certificate of Insurance (or upon request by Buyer), true copies of renewal policies at least one month before the expiration date of such expiring policy.

9. Confidentiality

- 9.1 Certain information provided by each Party (the "Disclosing Party") to the other Party (the "Receiving Party") pursuant to the provisions of this Agreement may be considered confidential and/or proprietary ("Confidential Information"). To be considered confidential, such information must be clearly marked "Confidential Information."
- 9.2 The Receiving Party agrees not to disclose Confidential Information to any third party not a Representative of the Receiving Party absent advance written consent of the Disclosing Party, except as may be necessary to enforce the terms of this Agreement and as required by the rules of a recognized stock exchange, provided that the Receiving Party uses reasonable efforts to maintain the confidentiality of such information in any proceeding or suit to enforce this Agreement. The Receiving Party further agrees that, with respect to Confidential Information, it shall (a) restrict disclosure of Confidential Information solely to its Representatives on a need-to-know basis; and (b) advise those Representatives of their obligations with respect to the Confidential Information.
- 9.3 Confidential Information shall not be deemed to include information which:
- 9.3.1 is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party;
  - 9.3.2 was available to the Receiving Party on a non-confidential basis prior to its disclosure by the Disclosing Party; or
  - 9.3.3 becomes available to the Receiving Party on a non-confidential basis from a person other than the Disclosing Party or its Representative who is not otherwise bound by a confidentiality agreement with Disclosing Party or its Representative, or is otherwise not under any obligation to Disclosing Party or its Representative not to disclose the information to the Receiving Party.
- 9.4 The Receiving Party shall treat any Confidential Information with at least the same degree of care regarding its secrecy and confidentiality as the Receiving Party's similar information is treated within the Receiving Party's organization. The Receiving Party shall notify the Disclosing Party of any unauthorized disclosure to third parties that the Receiving Party discovers, and Receiving Party shall endeavor to prevent further such disclosures.

Receiving Party will be responsible for any breach of the terms of this Section 9 by Receiving Party's Representatives.

9.5 In the event that Receiving Party is requested, pursuant to or as required by applicable law or regulation, by legal process to disclose any Confidential Information, the Receiving Party shall provide the Disclosing Party with prompt notice of such request or requirement in order to enable Disclosing Party to seek an appropriate protective order or other remedy; and to consult with Disclosing Party with respect to Disclosing Party taking steps to resist or narrow the scope of such request or legal process. The Receiving Party agrees not to oppose any action by the Disclosing Party to obtain a protective order or other appropriate remedy. In the event that no such protective order or other remedy is obtained, the Receiving Party shall furnish only that portion of the Confidential Information which the Receiving Party is advised by counsel is legally required. In any such event, Receiving Party shall use its commercially reasonable best efforts to ensure that all Confidential Information so disclosed will be accorded confidential treatment.

9.6 The Parties agree that remedies at law may be inadequate to protect each other in the event of a breach of this Section 9 and the Receiving Party hereby in advance agrees that the Disclosing Party shall be entitled to seek and obtain, without proof of actual damages, temporary, preliminary and permanent injunctive relief from any court or Governmental Authority of competent jurisdiction restraining Receiving Party from committing or continuing any breach of this Section 9.

## 10. Dispute Resolution

10.1 This Article shall govern any dispute between Buyer and Seller arising from or related to the subject matter of this Agreement that is not resolved by agreement between their respective personnel responsible for day-to-day administration and performance of this Agreement. Prior to the filing of any suit with respect to such a dispute (other than a suit seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") will call for progressive management involvement in the dispute negotiation by giving written notice to the other party. Such a notice will be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement. Buyer and Seller will use their best efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between their negotiators at the following successive management levels, each of which will have a period of allotted time as specified below in which to attempt to resolve the dispute:

	Buyer	Seller	
First Level	<i>Program Manager</i>	_____	5 days
Second Level	<i>Senior Vice President</i>	_____	5 days
Third Level	<i>President &amp; CEO</i>	_____	15 days

The allotted time for the first-level negotiators will begin on the date of the Invoking Party's notice. If a resolution is not achieved by the negotiators at any given management level at the end of their allotted time, then the allotted time for the negotiators at the next management level, if any, will begin immediately. If a resolution is not achieved by negotiators at the final management level within their allotted time, then either party may within ten (10) days thereafter request non-binding mediation to resolve the dispute. The mediation shall take place in the city located nearest to the principal office of the party that did not initiate the mediation. The allotted period for completion of the mediation shall be thirty (30) days. If a resolution is not achieved by mediation within the allotted time or if mediation is not requested within the permitted ten-day period, then either party may file an action in a court of competent jurisdiction to resolve the dispute.

11. Governing Law and Regulatory Authority

This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws of Texas.

12. Amendment

This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

13. Entirety of Agreement and Prior Agreements Superseded

This Agreement, including all attached Exhibits, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for in this Agreement. This Agreement replaces all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter of this Agreement, and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement

14. Notices.

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

prepaid, to:

If to CPS Energy:

CPS Energy General Manager and CEO  
P.O. Box 1771  
San Antonio, TX 78296-1771

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If to Seller  
With a copy to:

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 10.

15. Assignment

Any successor, representative or assignee which shall succeed by purchase, merger or consolidation to all or substantially all the properties of CPS Energy or of Seller, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. CPS Energy or Seller may assign the rights and obligations of this Agreement to an affiliated entity, or to a successor entity of either party that is owned, directly or indirectly, by a company or entity that is in the direct chain of corporate ownership of such party. Either party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument which it has executed or may execute hereafter. Otherwise, neither party shall assign this Agreement or any of its rights, duties or obligations unless the party shall have first obtained the consent in writing of the other party to this Agreement.

16. 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 assumed in this Agreement are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

17. No Waiver

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 to waive the obligations, rights, or duties imposed upon the Parties.16.

18. Headings

The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

19. Multiple Counterparts and Duplicate Originals

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. The Agreement may also be executed in duplicate originals.

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

SELLER

CPS ENERGY

By: \_\_\_\_\_

By \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

**ONE LINE DIAGRAM, SITE PLAN AND POINT OF INTERCONNECTION**

The Point of Interconnection is defined as the point of termination on the line side of metering equipment, as shown in the attached One Line Diagram.

**EXHIBIT B**  
**APPLICATION FOR INTERCONNECTION**

**EXHIBIT C**  
**INTERCONNECTION COSTS**

**EXHIBIT D**  
**FORM OF EASEMENT**

## EXHIBIT E

### MINIMUM INSURANCE REQUIREMENTS

<b><u>I. Coverage Required</u></b>	<b><u>Limits of Liability</u></b>
A. Commercial General Liability to include coverage where the exposure exists:	- Occurrence Basis
1. Bodily Injury	\$ 500,000/occurrence } Combined
2. Property Damage	\$1,000,000/aggregate } Single
Limits	
CPS Energy as an Additional Insured	Required

#### **II. Additional Provisions**

- A. Commercial General Liability Contractual coverage must be provided for the hold-harmless provision contained in the Injuries and Damages or Indemnification paragraph within the contract.
- B. Details of coverage and other necessary information must be provided on Certificates of Insurance.
- C. A statement that thirty day notice of policy cancellation or material change must be given to CPS Energy.
- D. Renewal Certificates of Insurance must be submitted to CPS Energy for review and approval a minimum of 30 days prior to expiration.
- E. All coverages must be with companies licensed or qualified to do business in the State of Texas, listed in the current Bests' Key Rating Guide (National or International), and be acceptable to CPS.
- F. The above requirements only represent the minimum insurance acceptable to CPS Energy and are not intended to represent the maximum risk involved or the maximum liability.