

PHOTOVOLTAIC INTERCONNECTION AGREEMENT FOR LEASED ELECTRIC GENERATING FACILITIES (G-1 RATE)

This Agreement is entered into on _____ by and between the City of Lompoc, a Municipal Corporation ("City"), and _____ with reference to the following facts:

- A. City owns and operates an electric utility system supplying power to the City's customers; and
- B. City desires to allow for electrical utility customers to provide customer owned generation; and
- C. Customer desires to operate a photovoltaic solar electric generating facility in parallel with the City's System, which is intended primarily to offset part or all of the Customer's own electrical requirements.

NOW, THEREFORE, for good and valuable consideration, the City and Customer agree as follows:

1. DEFINITIONS

- 1.1 "Account" is the Customer's normal (non-generation) utility account assigned to the Customer's Facility or its successor account. _____
- 1.2 "Agreement" is this agreement.
- 1.3 "Annual Net Generation Settlement" is the method of settling accumulated monthly generation credits earned in the prior calendar year, as described in Section 6 of this Agreement.
- 1.4 "City" is the City of Lompoc, a California Municipal Corporation.
- 1.5 "Customer" is _____ .
- 1.6 "Leaser" is _____ .
- 1.7 "Facility" is the Customer's premises located at the following address: _____ .
- 1.8 "Force Majeure" means unforeseeable causes beyond the reasonable control and without the fault or negligence of the Party claiming Force Majeure. Such an occurrence may include, but is not limited to, acts of God, labor disputes, sudden extreme actions of the elements, actions or inactions of federal, state, and municipal agencies, and actions or inactions of legislative, judicial, or regulatory agencies.
- 1.9 "kW" is kilowatt, a unit of capacity.
- 1.10 "kWh" is kilowatt-hour, an energy billing unit.
- 1.11 "Monthly Energy Use" is the energy supplied by the City to the Customer during any particular month.
- 1.12 "Monthly Energy Generation" is the energy supplied by the Customer to the City during any particular month.
- 1.13 "Customer Owned Generation-Distribution Rate, G-1" is the tariff authorized by City Council Resolution No. 5888(14), or its successor tariff and is applicable to customers (not eligible for Net Energy Metering) who have installed electrical generating systems and wish to operate in parallel with the electric grid.
- 1.14 "Normal Rate Schedule" is the City's electric rate schedule under which the Customer normally receives service. Customer is served under City rate schedule _____.

- 1.15 "Party" refers to either the Customer or City.
- 1.16 "Parties" are collectively Customer and City.
- 1.17 "Production Meter" measures the monthly energy, recorded in kWh, produced from the customer's generating facility and will be the basis for billing under the G-1 rate schedule.
- 1.18 "Project" is the photovoltaic solar electric generation system.
- 1.19 "REC" is Renewable Energy Credit (also known as "Green Tags") as defined by the Kyoto Protocol. "Kyoto Protocol" is an international agreement under which industrialized countries will reduce their collective emissions of greenhouse gases by 5.2% compared to the baseline year of 1990. The goal is to lower overall emissions of six (6) greenhouse gases (carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, and perfluorocarbons) averaged over the period of 2008-2012.
- 1.20 "Renewable Portfolio Standard" (RPS) is a regulatory policy that requires the increased production of renewable energy sources such as wind, solar, biomass, and geothermal energies. The RPS mechanism generally places an obligation on electric supply companies to produce a specified fraction of their electricity from renewable sources.
- 1.21 "System" is the City owned and operated electric utility system in its entirety.

2. SERVICE ELIGIBILITY

- 2.1 This Agreement is only available to City's electric customers installing a photovoltaic solar electric generation system to primarily offset part or all of the Customer's electrical services requirements.
- 2.2 This Agreement does not apply to any systems with a rating higher than 100KW.
- 2.3 The Project must be permanently located at the Customer's premises, and must operate in parallel with the City's System.
- 2.4 Customer Facility must continue under its Normal Rate Schedule.

3. TERM OF AGREEMENT

- 3.1 Customer agrees to take service and to maintain Photovoltaic System in operating order under Customer Owned Generation-Distribution Rate, G-1 five (5) years after the date this Agreement is executed by both Parties.
- 3.2 This Agreement cannot be terminated without the mutual consent of the Parties, except as allowed in Section 16.
- 3.3 At the end of the term of this Agreement, the Agreement will automatically renew for an additional five (5) year period, unless terminated by either Party on sixty (60) days prior written notice in accordance with Section 25.

4. METERING REQUIREMENTS

- 4.1 Customer shall install an approved meter socket base and AC disconnect switch. The meter socket base shall be installed after the generation system AC disconnect switch. The meter socket base will house a revenue grade kWh meter Production Meter for recording system generation. City will provide and install this Production Meter, to record the energy produced by the Project for use by the City to track RECs and to bill for monthly usage. The customer-generator shall be responsible for all expenses in purchasing and installing the required meters.

4.2 The City will endeavor to read the Production Meter and associated customer revenue meter every thirty (30) days, but meter reads may vary from twenty-six (26) days to thirty-six (36) days. After the meters have been read, the two (2) reads will be compared to the prior month's reads to determine the monthly Energy Use and the Monthly Energy Generation.

5. PAYMENT FOR PRODUCTION AND NET ENERGY

5.1 In the event, the Monthly Energy Use exceeds the Monthly Energy Generation, the entire amount of energy recorded on the Production Meter will be used for billing.

5.2 In the event, the Monthly Energy Generation exceeds the Monthly Energy Use, the amount of energy delivered to the Utility will be subtracted from the total amount of monthly energy recorded on the "production meter" prior to billing under this schedule.

5.3 In the event, the Monthly Energy Use and the Monthly Energy Generation are equal, Customer will be billed for zero (0) consumption and zero (0) credit will be added to the Annual Net Generation Settlement but will be billed for production as recorded on the Production Meter.

6. ANNUAL GENERATION SETTLEMENT

6.1 In the event that excess energy is delivered to the Utility's grid from the customer-generator generating facility, the customer-generator will be paid annually for excess energy delivered monthly between January and December during the first quarter following the end of December.

7. RENEWABLE ENERGY AND OTHER ENVIRONMENTAL CREDITS

7.1 Customer understands that by accepting funds under the City's Electric PV Rebate Program, Customer agrees as follows:

- (a) City assumes all rights and ownership to the RECs, credits or certificates for green house gas emissions, and other future "renewable" or "environmental" credits or certificates for as long as the Project is interconnected to the City's System.
- (b) City may trade, sell, and/or utilize the RECs, without notice, as deemed necessary and valuable for the benefit of City's electric ratepayers.
- (c) Customer grants City the sole right to claim the green power label for City's Renewable Portfolio Standard and other reporting purposes, including all federal, state, and local regulatory bodies.

8. INTERRUPTION OR REDUCTION OF DELIVERIES

8.1 City shall not be obligated to accept or pay for, and may require Customer to interrupt or reduce, deliveries of as-available energy, when requested by an authorized City representative. This may occur:

- (a) When necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its System; or
- (b) If City determines, in its sole discretion, that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, Force Majeure, or compliance with prudent electrical practices.

8.2 Whenever possible, City shall give Customer reasonable notice of the possibility that interruption or reduction of deliveries may be required.

8.3 Notwithstanding any other provisions of this Agreement, if at any time City determines that either:

(a) The Project may endanger City personnel, or

(b) The continued operation of Customer's Project may endanger the integrity of City's electric System,

Then, City shall have the right to disconnect Customer from City's electric System. Customer shall remain disconnected until such time as City is satisfied that the condition(s) referenced in (a) or (b) of this Section 8.3 have been corrected.

9. INTERCONNECTION REQUIREMENTS

9.1 Customer shall deliver the as-available energy to City at the City's bi-directional net billing meter.

9.2 Customer shall pay for designing, installing, operating, and maintaining the Project in accordance with all applicable laws and regulations.

9.3 Project shall be designed such that failure of commercial power will cause the Project to automatically disconnect from the City's System. Project shall include a manual lockable disconnect switch, which provides for visible disconnect of the Project. The disconnect switch shall be accessible to City employees at all times. The disconnect switch shall have provisions to be physically locked in the "off" position.

9.4 Project shall provide appropriate self-protection from electrical and mechanical faults, which may occur on the Customer's Facility, Project, or on the City's System.

9.5 Customer shall provide the City with a one-line diagram of the protection relays and the planned relay settings for the Project.

9.6 Prior to initial start-up of the Project, Customer shall test the relays and demonstrate to the satisfaction of the City that the relays are functional and set correctly.

9.7 Customer shall provide signs at the bi-directional net billing meter and disconnect switch. The sign at the (bi-directional net) revenue billing meter shall clearly indicate that a customer generation system is parallel at the meter point. The disconnect switch shall be clearly labeled as such. The labels must be weatherproof and durable.

9.8 Customer shall not commence parallel operation of the Project until City has given written approval of the interconnection facilities. Such approval shall not be unreasonably withheld. City shall have the right to have representatives present at the initial testing of Customer's protective devices.

10. MAINTENANCE AND PERMITS

10.1 Customer shall obtain any governmental authorizations and permits required for the construction and operation of the Project and interconnection facilities and shall maintain all facilities in a safe and prudent manner and in conformance with all applicable laws and regulations.

10.2 Customer shall reimburse City for any and all losses, damages, claims, penalties, or liability it incurs as a result of Customer's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of Customer's Project.

11. ACCESS TO PREMISES

11.1 City may enter Customer's Facility:

- (a) To inspect, at all reasonable hours, Customer's protective devices and read or test meter; and
- (b) To disconnect, without notice the interconnection facilities if, in City's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or City's facilities, or property of others from damage or interference caused by Customer's Project, or lack of properly operating protective devices.

12. FORCE MAJEURE

12.1 If either Party, due to Force Majeure, is rendered wholly or partly unable to perform its obligations under this Agreement, that Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that the non-performing Party, within two (2) weeks after the occurrence of the Force Majeure, gives the other Party a written report describing the particulars of the occurrence. The suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure.

12.2 The non-performing Party shall use its best efforts to remedy its inability to perform. This Section 12.2 shall not require the settlement of any strike, walkout, or other labor dispute on terms, which in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, or other labor disputes shall be entirely within the discretion of the Party having the difficulty.

12.3 No obligation of either Party, which arose before the occurrence causing the suspension of performance, is excused as a result of the occurrence.

13. INDEMNITY, DISCLAIMER OF WARRANTY, AND LIABILITY

13.1 Each Party as indemnitor shall defend, hold harmless, and indemnify the other Party and the directors, officers, employees, and agents of such other Party against and from any and all loss, liability, damage, claim, cost, charge, demand, or expense (including any direct, indirect, or consequential loss, liability, damage, judgment, claim, cost, charge demand, or expense, including attorney's fees) for injury or death to persons including employees of either Party and damage to property including property of either Party arising out of or in connection with this Agreement for (a) the engineering, design, construction, use, maintenance, repair, operation, supervision, inspection, testing, protection or ownership of, or (b) the making of replacements, additions, betterments to, or reconstruction of, the indemnitor's facilities; provided, however, Customer's duty to indemnify City hereunder shall not extend to loss, liability, damage, claim, cost, charge, demand, or expense resulting from interruptions in electrical service to City's customers other than Customer. This indemnity shall apply notwithstanding the active or passive negligence of the indemnitee. However, neither Party shall be indemnified hereunder for its loss, liability, damage, judgment, claim, cost, charge, demand, or expense resulting from its sole negligence or willful misconduct.

13.2 Notwithstanding the indemnity of Section 13.1, and except for a Party's willful misconduct or sole negligence, each Party shall be responsible for damage to its facilities resulting from electrical disturbances or faults.

13.3 The provisions of this Section 13 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with provisions of any valid insurance policy.

13.4 Except as otherwise provided in Section 13.1, neither Party shall be liable to the other Party for consequential damages incurred by that Party.

- 13.5 If Customer fails to comply with the insurance provisions of this Agreement, if any, Customer shall, at its own cost, defend, hold harmless and indemnify City, its directors, officers, employees, agents, assignees, and successors in interest from and against any and all loss, liability, damage, claim, cost, charge, demand, or expense of any kind of nature (including attorney's fee and other costs of litigation) resulting from the death or injury to any person or damage to any property, including the personnel and property of City, to the extent that City would have been protected had Customer complied with all such insurance provisions. The inclusion of this Section 13.5 is not intended to create any express or implied right in Customer to elect not to provide any such required insurance.
- 13.6 The Customer understands that the City makes no representations or warranties, directly or indirectly, expressed or implied, as to the suitability, reliability, performance, durability, fitness for use, condition, or installation of any equipment incident to this Agreement. In no event shall the City be liable to the Customer for special, consequential, or punitive damages arising out of or in anyway related to the performance of this Agreement. Except as stated otherwise in this Agreement, the City shall not be liable for, and assumes no responsibility to the Customer for any loss, damage, or expense of any nature whatsoever, caused directly or indirectly, by the System, monitoring equipment, or installation, or public demonstration thereof, incident to this Agreement.

14. INCONSISTENCIES

- 14.1 In the event any provision of this Agreement and the documents incorporated herein by reference are deemed to be in conflict, the provision of this Agreement shall prevail.

15. TERMINATION OF AGREEMENT FOR CAUSE

- 15.1 If either Party fails to perform any of the provisions of this Agreement, the other Party may, by written notice given within thirty (30) days of such failure to perform, terminate this agreement. This is in addition to any other legal recourse Parties may have. The City reserves all its full rights to legal recourse should the Customer terminate the Agreement in this manner.
- 15.2 If the Customer fails to meet the requirements of the Rate at any time during the term of this contract, the Customer's Account shall be transferred to the appropriate electric service rate offered by the City for the remaining term of this Agreement.
- 15.3 If the Customer qualifies for a different electric service rate as offered by the City, this Agreement may be terminated by mutual consent of the parties.

16. GOVERNING LAW, VENUE, AND ATTORNEY'S FEES

- 16.1 This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California.
- 16.2 Any legal action arising out of this Agreement shall be brought in Santa Barbara County, California, regardless of where else venue may lie.
- 16.3 If either Party commences any legal action against the other Party arising out of this Agreement or the performance thereof, the prevailing Party shall be entitled to recover its reasonable litigation expenses, including but not limited to court costs, expert witness fees, discovery expenses, and attorney's fees.

17. AMENDMENT, MODIFICATIONS, OR WAIVER

17.1 Any amendments or modifications to this Agreement shall be in writing and agreed to by both Parties, or its successors. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or waiver of the breach of any other term or covenant unless such waiver is in writing.

18. ASSIGNMENT

18.1 Neither Party shall voluntarily assign its rights or delegate its duties under this Agreement without the prior written consent of the other Party.

19. SEVERABILITY

19.1 In the event that any of the terms, covenants, or conditions of this Agreement shall be held invalid, the Parties intend that all other terms, covenants, and conditions and their application shall not be affected thereby, but shall remain in full force and effect unless a court holds that such provisions are not severable from all other provisions of this Agreement.

20. UNDERSTANDING OF THE PARTIES

20.1 This Agreement represents the complete understanding between the Parties with respect to the matters set forth herein.

21. INTERPRETATION

21.1 This Agreement shall be interpreted as though prepared by both Parties. The captions of the sections are for convenience and reference only and not intended to be construed to define or limit the provisions to which they relate.

22. WARRANTY OF AUTHORITY

22.1 Each of the Parties which has executed and delivered this Agreement represents and warrants that it has agreed to be bound by the terms, covenants, and conditions of this Agreement and has acted with all the requisite capacity, authority, and approval of its principal governing body.

23. NOTICES

23.1 Any notice, demand, request, or instrument required or permitted to be given by either Party to the other may be given, tendered or delivered, as the case may be, by depositing the same in the United States Postal Service with postage prepaid, for transmission by certified or registered mail, addressed to the Party, or personally delivered by the other Party, at the addresses designated below. Changes in such designation may be made by notice similarly given.

23.2 All written notices shall be directed as follows:

City of Lompoc Electric Division
100 Civic Center Plaza
Lompoc, CA 93438

Customer:

Address:

City:

24. SIGNATURES

IN WITNESS THEREOF, City and Customer have executed this Contract on the day and year first hereinabove set forth.

Approved as to form:

CITY OF LOMPOC:

Joseph W. Pannone
City Attorney

_____ Date _____
Larry A. Bean
Utility Director

CUSTOMER:

_____ Date _____