



*Pacific Gas and  
Electric Company*™

**WE DELIVER ENERGY.™**

Generator Interconnection Agreement

between

Pacific Gas and Electric Company

and

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# Table of Contents

1	PREAMBLE .....	1
2	RECITALS.....	1
3	AGREEMENT .....	2
4	DEFINITIONS .....	2
	4.1 Agreement .....	2
	4.2 Ancillary Services .....	2
	4.3 Applicable Reliability Criteria .....	2
	4.4 Business Day .....	2
	4.5 Clearance Point.....	2
	4.6 Cost.....	2
	4.7 CPUC.....	2
	4.8 Designated PG&E Electric Control Center .....	2
	4.9 Disconnect Device.....	3
	4.10 Emergency .....	3
	4.11 FPA.....	3
	4.12 FERC .....	3
	4.13 Force Majeure.....	3
	4.14 Generating Facility .....	3
	4.15 Generator Special Facilities Agreement.....	3
	4.16 Good Utility Practice.....	3
	4.17 Governmental Authority.....	3
	4.18 Interconnection Capacity.....	4
	4.19 Interconnection Facilities .....	4
	4.20 Interconnection Service .....	4
	4.21 ISO.....	4
	4.22 ISO Controlled Grid .....	4
	4.23 ISO Tariff .....	4
	4.24 NERC.....	4
	4.25 NRC.....	4
	4.26 Non-Test .....	4
	4.27 Participating Generator.....	5
	4.28 Participating Generating Agreement .....	5
	4.29 Participating TO .....	5
	4.30 Person .....	5
	4.31 PG&E Electric System .....	5
	4.32 PG&E Electric System Integrity.....	5
	4.33 PG&E Interconnection Handbook.....	5
	4.34 PG&E Wholesale Distribution Tariff.....	5
	4.35 Point of Interconnection .....	5
	4.36 Reliability Management System Agreement .....	6
	4.37 Responsible Meter Party.....	6
	4.38 Scheduling Coordinator.....	6
	4.39 Significant Regulatory Change.....	6
	4.40 System Emergency .....	6
	4.41 TCA .....	6
	4.42 Third Party.....	6
	4.43 TO Tariff .....	6

4.44	WECC.....	6
5	TERM AND TERMINATION .....	7
5.1	Term.....	7
5.2	Termination .....	7
6	PG&E’S RIGHTS AND OBLIGATIONS.....	7
6.1	Limited Responsibility to Accept Energy Into the PG&E Electric System .....	7
6.2	No Facility Preservation Obligation After Termination.....	8
6.3	Right to Disconnect the Generating Facility .....	8
6.4	Right to Interrupt Interconnection Service .....	9
6.5	Provision Applicable if PG&E and Applicant are Affiliates .....	10
6.6	Establishing Interconnection Capacity.....	10
7	APPLICANT’S RIGHTS AND OBLIGATIONS .....	10
7.1	Applicant’s Right to Deliver Power to the PG&E Electric System .....	10
7.2	Generator Must Meet Standards.....	11
7.3	No Parallel Operation Without Approval.....	12
7.4	Applicant Must Implement Operating Guidelines.....	12
7.5	Obligation to Maintain Power Factor.....	12
7.6	Emergency Disconnection.....	12
7.7	Clearance Point Request by PG&E .....	12
7.8	Routine Tests and Non-Tests.....	13
7.9	Obligation to Maintain Insurance .....	13
7.10	New or Modified Interconnections.....	13
7.11	Conflicting Instructions .....	13
7.12	Participating Generating Agreement .....	13
8	OPERATING COMMUNICATIONS AND NOTIFICATIONS .....	13
8.1	Designated Representatives.....	13
8.2	Communication with the Designated PG&E Electric Control Center .....	14
8.3	Oral Communications.....	14
8.4	Telemetry Requirements.....	14
8.5	Operating Agreements.....	15
9	OPERATION AND MAINTENANCE OF GENERATING FACILITY AND GENERATOR STEP-UP FACILITIES .....	15
9.1	Power Factor and Voltage Instructions .....	15
9.2	Daily Operating Report and Telemetry Information .....	15
9.3	Unattended Operation.....	15
9.4	Maintenance Notice.....	15
9.5	Maintenance on Facilities Energized by PG&E.....	16
9.6	PG&E Maintenance on Applicant’s Facilities .....	16
10	METERING .....	16
10.1	Delivery Meters .....	16
10.2	Power Supply Metering Requirements.....	16
10.3	Requirements for Meters and Meter Maintenance .....	16
10.4	Meter Access .....	17
11	MAINTENANCE OF INTERCONNECTION EQUIPMENT OWNED BY THE APPLICANT...17	
11.1	Modifications to the Interconnection or Protection Devices.....	17
11.2	Testing of Interconnection Facilities.....	17

11.3	Relay Requirements.....	17
12	REFERENCES.....	17
12.1	PG&E Utility Operations Standard S1466.....	17
12.2	PG&E Utility Operations Standard S1403.....	17
13	SIGNIFICANT REGULATORY CHANGE.....	18
13.1	Automatic Conformance.....	18
13.2	Notification.....	18
13.3	Change in Functions or Scope.....	18
13.4	Amendment of Agreement.....	18
14	BILLING AND PAYMENT.....	19
14.1	Maintenance Payments.....	19
14.2	Payment Due Date.....	19
14.3	Estimated Bills.....	19
14.4	Disputed Bills.....	19
14.5	Adjusted Bills.....	19
14.6	Interest on Adjusted Bills.....	20
14.7	Interest on Unpaid Bills.....	20
14.8	Payment on Disputed Bills.....	20
14.9	Refunds.....	20
14.10	Failure to Make Payment.....	20
15	GENERAL PROVISIONS.....	20
15.1	Appendices Included.....	20
15.2	Accounting.....	21
15.3	Adverse Determination or Expansion of Obligations.....	21
15.4	Assignments.....	21
15.5	Captions.....	22
15.6	Construction of the Agreement.....	22
15.7	Control and Ownership of Facilities.....	22
15.8	Cooperation and Right of Access and Inspection.....	22
15.9	Default.....	22
15.10	Dispute Resolution.....	23
15.11	Governing Law.....	23
15.12	Indemnity.....	23
15.13	Interpretation.....	24
15.14	Judgments and Determinations.....	24
15.15	Liability.....	24
15.16	Modification.....	25
15.17	No Dedication of Facilities.....	25
15.18	No Obligation to Offer Same Service To Others.....	25
15.19	No Precedent.....	25
15.20	No Transmission, Distribution or Ancillary Services Provided.....	25
15.21	Notices.....	25
15.22	Non-waiver.....	26
15.23	Reservation of Rights.....	26
15.24	Rules and Regulations.....	26
15.25	Severability.....	26
15.26	Confidentiality.....	26
16	EXECUTION.....	27

APPENDIX A.....	1
A.1 General Liability Coverage .....	1
A.2 Additional Insurance Provisions.....	1
APPENDIX B.....	1
B.1 Routine Test Guidelines .....	1
B.2 Non-Test Procedures .....	1
APPENDIX C.....	1
C.1 Negotiation and Mediation .....	1
C.2 Technical Arbitration .....	1
C.3 Arbitration .....	1
C.4 Procedures .....	2
C.5 Hearing and Decision .....	2
C.6 Expenses .....	2
APPENDIX D.....	1
D.1 Transmission Line Selector Switches.....	1
D.2 Standby Generator .....	1
APPENDIX E.....	1
E.1 Generating Facility Information .....	1
E.2 Interconnection with the PG&E Electric System.....	1
APPENDIX F.....	1
APPENDIX G.....	1
G.1 Definitions .....	1
G.2 Reliability Management System.....	1
APPENDIX H.....	1

## ***Generator Interconnection Agreement***

This Agreement provides for the interconnection and parallel operations of nonutility-owned generation connected to the PG&E Electric System at either transmission (60 kV and above) or distribution (below 60 kV) voltage and applies only to those Generating Facilities that are, or intend to become, a Participating Generator pursuant to the ISO Tariff.

### **1 PREAMBLE**

THIS AGREEMENT, between \_\_\_\_\_ (Applicant) and PACIFIC GAS AND ELECTRIC COMPANY (PG&E), hereinafter sometimes referred to individually as “Party” or collectively as “Parties”, is as follows:

### **2 RECITALS**

2.1 Whereas, PG&E is a public utility engaged, among other things, in the business of owning and operating an electric system consisting of transmission and distribution facilities in Northern California;

2.2 Whereas, Applicant has (i) purchased or intends to purchase a Generating Facility from PG&E; or (ii) owns a Generating Facility that sells or sold power to PG&E under a Power Purchase Agreement and intends to convert or has converted the status of such Generating Facility to sell all such power on the wholesale market; or (iii) has constructed or intends to construct, a new or expanded Generating Facility. Applicant intends to operate the Generating Facility, which is described in Appendix E, for the purpose of selling electric power at wholesale and has requested permission from PG&E to interconnect such Generating Facility in order to operate it in parallel with the PG&E Electric System;

2.3 Whereas, Applicant intends to become a Participating Generator pursuant to the requirements of the ISO Tariff;

2.4 Whereas, PG&E is willing to permit such interconnection and parallel operation under the terms and conditions contained in this Agreement;

2.5 Whereas, Applicant understands that this Agreement does not provide any transmission service, distribution service, or Ancillary Services as such services, if necessary, will be provided under separate arrangements with PG&E, the ISO, or Third Parties;

2.6 Whereas, this Agreement obligates Applicants to design new Generating Facilities or additions to existing Generating Facilities consistent with Good Utility Practice;

2.7 Whereas, this Agreement obligates Applicant to operate and maintain its Generating Facility consistent with Good Utility Practice;

2.8 Whereas, this Agreement establishes interconnection and operating responsibilities and associated procedures for communications between Applicant and PG&E Electric System operators. The Agreement also establishes procedures for safe work practices on the PG&E Electric System and routine test procedures;

2.9 Whereas Applicant understands that it will be subject to the ISO Tariff and protocols and operating procedures thereunder and that it is responsible for making any arrangements necessary with the ISO.

### **3 AGREEMENT**

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

### **4 DEFINITIONS**

The following terms, when used in this Agreement with the initial letters capitalized, whether in the singular, plural or possessive, shall have the meanings indicated below. Some terms are defined by reference to definitions in the currently effective Appendix A, Master Definitions Supplement, to the ISO Tariff.

#### **4.1 Agreement**

This Generator Interconnection Agreement between PG&E and Applicant and its Appendices, as it may be amended.

#### **4.2 Ancillary Services**

Regulation, Spinning Reserve, Non-Spinning Reserve, Replacement Reserve, Voltage Support and Black Start together with such other interconnected operation services as the ISO may develop to support the transmission of energy from generation resources to loads while maintaining reliable operation of the ISO Controlled Grid in accordance with Good Utility Practice.

#### **4.3 Applicable Reliability Criteria**

The reliability standards established by (1) the Western Systems Coordination Council or its successor, (2) the North American Electric Reliability Council, (3) the ISO, and (4) the Nuclear Regulatory Commission that are relevant to the PG&E Electric System, as amended from time to time.

#### **4.4 Business Day**

A day on which banks are open to conduct general banking business in California.

#### **4.5 Clearance Point**

The point(s) that electrically isolate PG&E's equipment from possible sources of energy from the Generating Facility. Clearance Points may be requested by PG&E from time to time as provided in Sections 7.7 and 9.5, so that work can be safely performed on the PG&E Electric System. The Clearance Point is normally located at the Disconnect Device.

#### **4.6 Cost**

All just, reasonable, necessary and prudent expenses or capital expenditures associated with PG&E's transmission and interconnection facilities, including operation, maintenance, engineering study, adverse impact identification, adverse impact mitigation, contract modification, administrative and general expenses, taxes, depreciation, and costs of capital as determined in accordance with the FERC Uniform System of Accounts as such may be amended or superseded from time to time. The appropriate components of the Cost, as defined herein, shall be applied for the particular transaction performed.

#### **4.7 CPUC**

The California Public Utilities Commission or its successor.

#### **4.8 Designated PG&E Electric Control Center**

The PG&E location, identified in Section 8.1 of this Agreement, with operational jurisdiction over the Generating Facility.

#### **4.9 Disconnect Device**

A device used to isolate the Generating Facility from the PG&E Electric System and normally located adjacent to the Point of Interconnection.

#### **4.10 Emergency**

An abnormal condition or situation that adversely affects, or potentially may adversely affect, the PG&E Electric System Integrity. Such an event may result from, but is not limited to, a System Emergency.

#### **4.11 FPA**

The Federal Power Act as it may be amended or superseded.

#### **4.12 FERC**

The Federal Energy Regulatory Commission or its regulatory successor.

#### **4.13 Force Majeure**

Any occurrence beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure which causes the Party to be unable to perform part or all of its obligations, which by exercise of due foresight such Party could not reasonably have been expected to avoid and which the Party is unable to overcome by the exercise of due diligence. Such an occurrence may include, but is not limited to, act of God, labor disputes, sudden actions of the elements, actions or inactions by federal, state, or municipal agencies, and actions or inactions of legislative, judicial, or regulatory agencies of competent jurisdiction.

#### **4.14 Generating Facility**

The Generating Unit described in Appendix E and associated facilities.

#### **4.15 Generator Special Facilities Agreement**

A separate agreement between PG&E and Applicant, specifying facilities, owned by PG&E, that PG&E determines are necessary for Applicant's Generation Facility to interconnect with PG&E and allow the Generating Facility to deliver power up to the Interconnection Capacity into the PG&E Electric System. For new projects, the Generator Special Facilities Agreement also includes certain project milestones that must be met before this Agreement can be executed. PG&E shall have the right to terminate this Agreement in the event that the Generator Special Facilities Agreement terminates pursuant to the terms and conditions of the Generator Special Facilities Agreement.

#### **4.16 Good Utility Practice**

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

#### **4.17 Governmental Authority**

Any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority, but excluding Applicant and any subsequent owner of the Generating

Facility (if Applicant or any subsequent owner is otherwise a Governmental Authority under this definition).

#### **4.18 Interconnection Capacity**

The contractual electric capacity in kW at the Point of Interconnection up to which the Generating Facility may deliver electrical power into the PG&E Electric System. The Interconnection Capacity for both new and existing projects is specified in Appendix E.2.2.

#### **4.19 Interconnection Facilities**

All means required, and apparatus installed as determined by PG&E, to safely interconnect a Generating Facility, or an Applicant-owned generation tie line with the PG&E Electric System. Interconnection Facilities may include, but are not limited to, the Disconnect Device, connection, step-up transformers and related equipment, switching, metering, and communications equipment, as well as any necessary additions, modifications and reinforcements to the PG&E Electric System at the Point of Interconnection necessitated as a result of interconnecting the Generating Facility to the PG&E Electric System. Interconnection Facilities also include control and safety equipment to protect (i) the PG&E Electric System and its customers from faults occurring at the Generating Facility; and (ii) the Generating Facility from faults occurring on the PG&E Electric System or on the electric system of others to which the PG&E Electric System is directly or indirectly connected.

#### **4.20 Interconnection Service**

The term "Interconnection Service" as used in this Agreement shall not refer to any right to transmit power over PG&E's transmission and/or distribution system. Instead, Interconnection Service refers to the Applicant's ability to deliver power into the PG&E Electric System at the Point of Interconnection under the terms and conditions of this Agreement when the Generating Facility is interconnected with the PG&E Electric System, subject to Section 6.4.

#### **4.21 ISO**

The California Independent System Operator Corporation or its successor including any Regional Transmission Organization, that exercises operational authority over the PG&E transmission system.

#### **4.22 ISO Controlled Grid**

The system of transmission lines and associated facilities of the Participating TOs that have been placed under the ISO's Operational Control.

#### **4.23 ISO Tariff**

The currently effective ISO Operating Agreement and Tariff, dated March 31, 1998, as approved by FERC and as it may be modified or superseded from time to time, or any successor tariff of any Independent System Operator or Regional Transmission Organization approved by FERC that has operational authority over the PG&E transmission system.

#### **4.24 NERC**

The North American Electric Reliability Council, or its successor.

#### **4.25 NRC**

The Nuclear Regulatory Commission or its successor.

#### **4.26 Non-Test**

A procedure used by PG&E in connection with work on a live electric line or near an

energized circuit. In a Non-Test, PG&E will request that Applicant contact the Designated PG&E Electric Control Center before re-energizing a circuit following an automatic trip.

#### **4.27 Participating Generator**

A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or Imbalance Energy through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generating Agreement.

#### **4.28 Participating Generating Agreement**

An agreement between Applicant and the ISO pursuant to which Applicant agrees to be bound by the terms of the ISO Tariff.

#### **4.29 Participating TO**

A transmission owner that has placed its transmission assets under the ISO's operational control pursuant to a transmission control agreement.

#### **4.30 Person**

An individual, partnership, joint venture, corporation, limited liability company, trust, association or unincorporated organization, or any Governmental Authority.

#### **4.31 PG&E Electric System**

All properties and other assets, now or hereafter existing, which are owned or controlled by PG&E or its successor(s), and used for or directly associated with the generation, transmission, transformation, distribution or sale of electric power, including all additions, extensions, expansions, and improvements thereto, but excluding the properties and assets of subsidiaries of PG&E.

#### **4.32 PG&E Electric System Integrity**

The state of operation of the PG&E Electric System in a manner that is deemed by PG&E in its sole discretion necessary or desirable to minimize the risk of injury to persons and/or property and enable PG&E to provide adequate and reliable electric service to its customers.

#### **4.33 PG&E Interconnection Handbook**

A handbook, developed by PG&E pursuant to TCA Section 10.3.1, describing technical requirements for wholesale generators and loads connected to the PG&E Electric System, as it may be modified or superseded from time to time. PG&E's standards contained in the handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Criteria. Where there is conflict or inconsistency with the terms in this Agreement and the PG&E Interconnection Handbook, the terms in this Agreement shall apply.

#### **4.34 PG&E Wholesale Distribution Tariff**

The PG&E Wholesale Distribution Tariff, effective March 31, 1998, as it may be modified or superseded from time to time. The PG&E Wholesale Distribution Tariff applies to Generating Facilities connected to the PG&E Electric System at distribution voltages.

#### **4.35 Point of Interconnection**

The point where the electrical conductors from the Generating Facility contact the PG&E Electric System. Generally, a Generating Facility will have a single Point of Interconnection.

#### **4.36 Reliability Management System Agreement**

The Reliability Management System (RMS) Agreement between the WSCC and PG&E, executed on June 18, 1999, that requires PG&E to include the terms and conditions of Appendix A of the RMS Agreement in any new interconnection agreement. Appendix A of the RMS Agreement is included as Appendix G of this Agreement.

#### **4.37 Responsible Meter Party**

The Party having the responsibility for providing, installing, owning, operating, testing, servicing and maintaining meters and associated recording or telemetering equipment at each Point of Interconnection. Currently the Responsible Meter Party is Applicant for transmission interconnections and PG&E for distribution interconnections.

#### **4.38 Scheduling Coordinator**

An entity certified by the ISO for purposes of undertaking scheduling coordination functions.

#### **4.39 Significant Regulatory Change**

A Significant Regulatory Change occurs when the FERC, the CPUC, the California Energy Commission, the California Legislature, the executive of a state or federal government, or the United States Congress issues an order or decision or adopts or modifies a tariff, or enacts a law that substantially prevents either Party from performing its functions under this Agreement.

#### **4.40 System Emergency**

Conditions beyond the normal control of PG&E or the ISO that affect the ability of PG&E and the ISO control area to function normally including any abnormal system condition which requires immediate manual or automatic action to prevent loss of Load, equipment damage, or tripping of system elements which might result in cascading outages or to restore system operation to meet the minimum operating reliability criteria.

#### **4.41 TCA**

The Transmission Control Agreement, between the ISO and Participating TOs establishing the terms and conditions under which each Participating TO will discharge its respective duties and responsibilities, as may be modified from time to time. PG&E is a Participating TO and has entered into a TCA with the ISO. To the extent that functions assumed by PG&E under the TCA are later assigned to the ISO, references to such functions being performed pursuant to the TCA shall be deemed to be references to the ISO Tariff.

#### **4.42 Third Party**

A Person other than PG&E or Applicant.

#### **4.43 TO Tariff**

PG&E's FERC Electric Tariff, as it may be modified from time to time or superseded. To the extent obligations or tasks performed by PG&E under the PG&E TO Tariff are later assigned or transferred to, or undertaken with PG&E's consent by, the ISO, reference to such obligations or tasks being performed pursuant to the PG&E TO Tariff shall be deemed references to the ISO Tariff. To the extent relevant, this includes PG&E's Wholesale Distribution Tariff

#### **4.44 WECC**

The Western Electricity Coordinating Council, its predecessor (the Western Systems

Coordinating Council) or its successor.

## **5 TERM AND TERMINATION**

### **5.1 Term**

The Parties shall be bound by the terms of this Agreement upon its execution by both Parties. This Agreement shall be in effect on the latest of the date on which Applicant operates its Generating Facility in parallel with PG&E or the date on which FERC accepts this Agreement for filing and permits it to be placed into effect without material change or material new condition unacceptable to either Party. When it becomes effective, this Agreement will remain in effect 1) for an initial term of \_\_\_\_\_ years from the date of its completed execution, or 2) until \_\_\_\_\_ (select one).

#### **5.1.1 Successor Agreement**

At the request of either Party, the Parties shall, provided, this Agreement has not otherwise already terminated, meet no later than one (1) year prior to the expected expiration of this Agreement to discuss renewal of this Agreement or to negotiate a reasonable successor agreement; provided, that nothing herein commits either Party to enter into any renewal or successor agreement.

### **5.2 Termination**

5.2.1 PG&E shall have the right to terminate this Agreement pursuant to Sections 6.3.1 and 15.9. In addition, PG&E shall have the right to terminate this Agreement in the event that (1) Applicant's license or other permits regarding the Generating Facility terminate and are not renewed with Applicant or Applicant's assignee as the new licensee or permit holder; or (2) the Generator Special Facilities Agreement, if one is required, is terminated as a result of a breach by Applicant. Nothing in this section shall be deemed to limit PG&E's right to make changes pursuant to section 15.23.1.

5.2.2 Upon termination of this Agreement, all rights Applicant shall have under this Agreement for the Generation Facility to be interconnected to the PG&E Electric System shall cease and Applicant shall claim no further right to have the Generating Facility connected to the PG&E Electric System by reason of this Agreement. The provisions of this Section 5.2.2 however shall not be construed as a bar to assertion by Applicant of any rights it may have apart from this Agreement to remain interconnected with PG&E following termination of this Agreement, pursuant to any applicable law or regulation, independent and exclusive of this Agreement.

## **6 PG&E'S RIGHTS AND OBLIGATIONS**

### **6.1 Limited Responsibility to Accept Energy Into the PG&E Electric System**

6.1.1 The intent and purpose of this Agreement is to provide only for the interconnection and parallel operation of the Generating Facility with the PG&E Electric System, including the establishment of the Interconnection Capacity and rules governing the interconnected operations in order to promote safety and reliability.

6.1.2 PG&E shall not be obligated to accept electric energy produced by the Generating Facility into the PG&E Electric System unless separate arrangements have been made for the transmission service needed to transfer that energy from the Point of Interconnection to where it is to be delivered. In the event that such transmission arrangements have been made, PG&E shall not be obligated to accept electric energy at the Point of Interconnection in excess of the Interconnection Capacity specified in Appendix E.2.2 and delivered to PG&E in accordance with this Agreement.

6.1.3 Nothing in this Agreement shall be deemed either expressly or implied to obligate PG&E to provide or make available any electric transmission or distribution service for the transport of electric energy from the Generating Facility.

**6.1.4** Applicant understands that PG&E is subject to the ISO Tariff and to the TCA which it has entered into with the ISO and that, as a result, PG&E cannot arrange to provide transmission services for Applicant. Instead, transmission must be arranged either by Applicant or a third party either under existing transmission agreements or under new transmission arrangements with the ISO.

### **6.1.5 Long Term Shutdown**

In the event that the Generating Facility is shut down, or partially shutdown, for a period of six (6) months or more for any reason, the Parties, at either Party's request, shall meet to determine on what date ("Restoration Date") the Generating Facility may reasonably be expected to resume full power production if Applicant uses due diligence in curing whatever problems exist. If the Parties cannot agree on such a Restoration Date, the Restoration Date, at either Party's request, shall be determined by dispute resolution pursuant to Section 15.10. Applicant must obtain PG&E's approval pursuant to Section 7.3 prior to resuming normal operations.

#### **6.1.5.1 Right to Reduce Interconnection Capacity**

If the Restoration Date, determined by either mutual agreement or dispute resolution pursuant to Section 6.1.5, is greater than eighteen (18) months from the date the Generating Facility is initially shut down or partially shutdown or if the Restoration Date is less than eighteen (18) months but restoration has not occurred within the eighteen (18) month period, PG&E shall have the right to reduce the Interconnection Capacity to a capacity value that reflects the then-current generating capability of the Generating Facility. However if Applicant is making commercially reasonable efforts to resume full power production as quickly as possible, PG&E shall not reduce the Interconnection Capacity under this Section 6.1.5.1. Following a reduction of Interconnection Capacity, any subsequent increase of Interconnection Capacity shall be established pursuant to the applicable provisions of the ISO Tariff and TO Tariff.

### **6.2 No Facility Preservation Obligation After Termination**

After termination of this Agreement, PG&E shall have no obligation under this Agreement to remain interconnected with Applicant's Generating Facility. Any subsequent reconnection of the Generating Facility to the PG&E Electric System shall be governed by the laws and regulations governing electric utility interconnection at that time.

### **6.3 Right to Disconnect the Generating Facility**

#### **6.3.1 Applicant's Failure to Meet Standards**

PG&E may disconnect the Generating Facility from the PG&E Electric System if the Generating Facility fails to meet the requirements set forth in this Agreement. Except as described in Section 6.3.1.1, prior to such disconnection PG&E shall provide written notice to Applicant detailing Applicant's failure to adhere to such requirements and provide Applicant thirty (30) calendar days to correct such deficiency. PG&E shall not disconnect the Generation Facility if Applicant corrects the deficiencies described in the written notice within thirty (30) calendar days or such other time period as the Parties may agree. PG&E reserves the right to terminate this Agreement if PG&E disconnects the Generating Facility under this Section 6.3.

##### **6.3.1.1 Immediate Disconnection**

PG&E reserves the right to immediately disconnect the Generating Facility if such deficiencies, as determined by PG&E or the ISO, could be expected to have a material adverse affect on the PG&E Electric System Integrity, endanger the health or safety of the public or any PG&E employee, or cause material damage to the PG&E Electric System or a third party.

#### **6.3.2 Right to Inspect Applicant's Facilities**

PG&E shall have the right to enter Applicant's premises at any reasonable times for inspection of Applicant's operations logs and control, protective and safety devices associated with the

interconnection of the Generating Facility to the PG&E Electric System; provided, PG&E gives Applicant reasonable notice prior to commencing such an inspection. Upon receiving notice of an inspection from PG&E, Applicant shall provide PG&E with Applicant's written safety, security and operating conventions, protocols and practices. While on Applicant's premises, PG&E shall comply with Applicant's written safety, security and operating conventions, protocols and practices in force on the date of the inspection; provided, that Applicant has provided PG&E with such written safety, security and operating conventions, protocols and practices. If PG&E determines that a hazardous condition exists and immediate action is necessary to protect persons, PG&E's facilities or other customers' facilities from damage or interference caused by the Generating Facility, then PG&E may immediately disconnect the Generating Facility from the PG&E Electric System.

## **6.4 Right to Interrupt Interconnection Service**

### **6.4.1 Unscheduled Interruptions**

PG&E may temporarily interrupt or reduce Interconnection Service to the Generating Facility, or temporarily separate the PG&E Electric System from the Generating Facility, if PG&E determines at any time that: (i) an Emergency condition exists; or (ii) the action is necessary or desirable to prevent a hazard to life or property; or (iii) the operation of the PG&E Electric System is suspended, interrupted or interfered with as a result of Force Majeure; or (iv) at the instruction of the ISO in accordance with the TCA. In the event of such interruption or reduction in Interconnection Service, PG&E shall restore full Interconnection Service on a basis comparable to the restoration of other public service and safety facilities, and, in any event, as directed by the authorized emergency response officials. Should PG&E determine that such interruption or reduction in service will be of a prolonged nature, the PG&E and Applicant shall confer and attempt to agree on the time by which full service can be restored.

### **6.4.2 Interruption by Protective Devices**

PG&E utilizes automatic protective devices in order to assist in maintaining the integrity and reliability of the PG&E Electric System and to protect its customers from damage, injury or prolonged outages. Interconnection Service on the PG&E Electric System is subject to interruption in the event of operation of such devices. In the event of such interruption, Interconnection Service will be restored consistent with Good Utility Practice.

### **6.4.3 Maintenance Interruptions**

6.4.3.1 PG&E may, with authorization of the ISO, interrupt Interconnection Service to the Generating Facility to perform necessary maintenance on the PG&E Electric System; provided, that such interruptions are consistent with Good Utility Practice. PG&E shall coordinate such maintenance interruptions with Applicant and shall provide Applicant with as much advance notice as possible but in no event shall the notice be less than four (4) Business Days except where PG&E determines an Emergency exists or may exist which requires quicker action to correct. Applicant will adjust plant output to levels specified by the ISO to preserve local transmission reliability during this maintenance work. This output adjustment will be made on a prescheduled basis.

6.4.3.2 PG&E normally limits maintenance interruptions to business hours on a Business Day, between 8:00 AM and 5:00 PM. In the event that Applicant desires the proposed maintenance interruption to occur during non-business hours, PG&E reserves the right to charge Applicant the additional Cost for work performed. PG&E will provide Applicant with an estimate of the additional Cost and if Applicant still desires the work to be performed during non-normal business hours and PG&E does perform the work, PG&E shall charge Applicant the actual additional Costs of the work, the amount of which shall not exceed the cost estimate.

### **6.4.4 Coordination of Construction Interruptions**

6.4.4.1 When Applicant submits its quarterly outage reports to the ISO in accordance with the ISO Tariff, Applicant shall provide a copy of such reports to PG&E in order to facilitate outage coordination. Such reports shall be treated as Confidential Information under this Agreement. If

Applicant is not required to submit quarterly outage reports to the ISO, then the Parties shall share outage plans quarterly, or at other intervals as the Parties may agree, to facilitate outage coordination.

6.4.4.2 When PG&E submits its equipment and construction outage reports to the ISO in accordance with the ISO Tariff, PG&E shall provide a copy of such reports regarding outages that could impact Applicant's facilities to Applicant in order to facilitate outage coordination, to the extent permitted by Section 6.5 of this Agreement regarding communications between affiliates; provided, if Applicant is interconnected to PG&E's distribution system, PG&E shall provide Applicant with as much notice as is reasonably practicable of equipment and construction outages that could impact Applicant's facilities. Such reports shall be treated as Confidential Information under this Agreement. PG&E also shall, to the extent permitted under Section 6.5, provide Applicant with a copy of any request submitted to the ISO for authorization to interrupt service that could impact Applicant's facilities at the same time that such requests are submitted to the ISO.

6.4.4.3 Applicant and PG&E shall comply with applicable ISO requirements for approving equipment and construction outages and coordinating such outages between Applicant and PG&E. Applicant will adjust its plant output to levels specified by the ISO to preserve local transmission reliability during approved equipment and construction outages; provided, if Applicant is interconnected to PG&E's distribution system, then Applicant will adjust its plant output to the levels specified by PG&E during approved equipment and construction outages. This output adjustment will be made on a prescheduled basis.

## **6.5 Provision Applicable if PG&E and Applicant are Affiliates**

Notwithstanding anything to the contrary contained in this Section 6 or otherwise in this Agreement, if PG&E and Applicant are affiliates within the scope and terms of FERC Orders No. 888, 888-A, 889, and 889-A, and regulations thereunder as they may be amended or superseded, notwithstanding anything to the contrary contained in this Section 6 or otherwise in this Agreement, PG&E shall not provide Applicant access to any information about PG&E's transmission system that is not available to PG&E's open access transmission customers, nor shall PG&E provide Applicant any wholesale market information via any shared telecommunications equipment or services.

## **6.6 Establishing Interconnection Capacity**

For existing projects, the Interconnection Capacity is normally set equal to the maximum kW output of the Generating Facility. For new projects or increases in existing projects, the Interconnection Capacity is established through technical studies conducted by PG&E pursuant to ISO Tariff Section 5.7.1. In cases where multiple Generating Facilities are connected to a non PG&E-owned generation tie line that is connected to the PG&E Electric System, a separate Interconnection Capacity is established for each Generating Facility. Interconnection Capacity shall be specified in Appendix E.2.2.

# **7 APPLICANT'S RIGHTS AND OBLIGATIONS**

## **7.1 Applicant's Right to Deliver Power to the PG&E Electric System**

Applicant shall have the right to deliver power from the Generating Facility into the PG&E Electric System; provided, at no time shall Applicant 1) deliver power at a rate that exceeds the Interconnection Capacity specified in Appendix E, 2) deliver power into the PG&E Electric System unless it has arranged for transmission service as provided in Section 6.1.2, and 3) operate the Generating Facility in a manner that is inconsistent with Section 5.1 of the ISO Tariff.

### **7.1.1 Consequences of Exceeding Interconnection Capacity**

It is the intent of the Parties that power deliveries to the PG&E Electric System shall not exceed the Interconnection Capacity specified in Appendix E at any time. In the event that power deliveries exceed the Interconnection Capacity, the Parties, at either Party's request, shall meet to determine

the reason that the Interconnection Capacity was exceeded. If the Parties determine that such an event was not due to Force Majeure or an Emergency and is reasonably likely to occur again in the future then a new Interconnection Capacity shall be established. PG&E shall have the right to require that a study be conducted pursuant to the ISO Tariff and/or the TO Tariff, at Applicant's expense, to determine if additional facilities, including upgrades to the PG&E transmission system, are required to accommodate the increased Interconnection Capacity. If the Parties fail to agree, within thirty (30) calendar days after the initial meeting, that the Interconnection Capacity must be increased, the matter, at either Party's request, shall be resolved through the dispute resolution procedures set forth in Section 15.10. If PG&E determines that additional facilities are required, then the Parties shall work together, in good faith, to develop a Generator Special Facilities Agreement as described in Section 6.5.

### **7.1.2 Operating Procedures and Limitations**

Applicant shall adhere to the operating procedures and limitations as set forth in Appendix H.

## **7.2 Generator Must Meet Standards**

### **7.2.1 Generating Facility to Meet Applicable Laws and Good Utility Practice**

Applicant shall be fully responsible for designing new Generating Facilities or additions to existing Generating Facilities in accordance with Good Utility Practice. Applicant is also fully responsible for installing, owning, operating and maintaining the Generating Facility in accordance with all applicable laws, rules and regulations of governmental agencies having jurisdiction and in accordance with Good Utility Practice.

### **7.2.2 Generating Facility to Meet Requirements of the PG&E Interconnection**

#### **Handbook**

New Generating Facilities or modifications to existing Generating Facilities shall be designed and constructed in accordance with the PG&E Interconnection Handbook. The Generating Facility shall be operated and maintained in accordance with the PG&E Interconnection Handbook except as provided in Section 7.2.2.1 and Appendix F.

#### **7.2.2.1 Exceptions for Existing Projects**

For existing projects that are already interconnected and operating in parallel with the PG&E Electric System, PG&E may waive, in its sole discretion, specific requirements of the PG&E Interconnection Handbook; provided, that PG&E, (i) shall not waive any requirements where in PG&E's judgment such waiver (a) would be inconsistent with Good Utility Practice or (b) could reduce the ability of the Generating Facility to operate safely, (ii) shall apply such waiver on a non-discriminatory basis for all such existing projects, and (iii) shall specify what requirements have been waived in Appendix F. In the event that such a waiver results, or might result, in PG&E's sole judgment, in an Emergency, a degradation of the PG&E Electric System Integrity, a system disturbance, or any other such event, PG&E shall have the right to rescind such waiver and require the Generating Facility to meet at Applicant's expense and within a reasonable amount of time the then-current requirements of the PG&E Interconnection Handbook as may be necessary to address the problem identified by PG&E. The waivers in Appendix F shall continue to apply with respect to requirements that are not implicated by the problem identified by PG&E. At either Party's request, disputes under this Section 7.2.2.1 shall be resolved through dispute resolution proceedings pursuant to Section 15.10.

#### **7.2.2.2 Waivers for Modified Generating Facilities**

The waivers specified in Appendix F relating to Generating Facilities that are modified shall continue to apply with respect to those portions of the Generating Facilities that have not been modified, except as provided under Section 7.2.2.1.

### **7.2.3 Applicant Shall Provide Transmission Planning Data**

Applicant is obligated to provide PG&E with steady state and dynamic data for the Generating Facility as required by the PG&E Interconnection Handbook and the WECC.

### **7.2.4 Applicant Shall Operate Protective Devices**

Applicant shall operate protective and safety devices as required by Section 7.2.2 for safe parallel operation of the Generating Facility with the PG&E Electric System.

### **7.2.5 Duty to Minimize Disturbances**

Applicant agrees to plan and operate its Generating Facility in order to minimize electrical disturbances on the PG&E Electric System caused by the operation of Applicant's Generating Facility.

### **7.2.6 Power Delivery Standard**

Power delivered to the PG&E Electric System from the Generating Facility shall be at what is commonly designated as three phase alternating current, at 60 Hertz, and at the normal voltage specified in Appendix E. Normal variations in voltage and frequency shall be permitted pursuant to Good Utility Practice.

## **7.3 No Parallel Operation Without Approval**

For new Generating Facilities or for existing Generating Facilities that have shut down pursuant to Section 6.1.5, Applicant shall not operate its Generating Facility in parallel with the PG&E Electric System until the Generating Facility has been inspected by an authorized PG&E representative and final written approval has been received from PG&E, which approval shall not be unreasonably withheld. Any such inspection and approval shall not be deemed or construed as any representation, assurance, guarantee or warranty by PG&E of the safety, durability, reliability, or compliance as required in Section 7.2, of the Generating Facility and its control, protective and safety devices or the quality of power produced by the Generating Facility.

## **7.4 Applicant Must Implement Operating Guidelines**

Applicant shall implement the operating guidelines contained in this Agreement, including applicable guidelines included in the PG&E Interconnection Handbook to the extent they do not conflict with FERC or NRC permitting or licensing requirements. Applicant shall ensure that its operating personnel are familiar with the procedures and guidelines contained in or incorporated by reference into this Agreement.

## **7.5 Obligation to Maintain Power Factor**

Applicant understands that the voltage of PG&E's electric transmission system is not automatically regulated and may vary widely. The voltage levels will fluctuate depending on operation and PG&E Electric System conditions. In accordance with the PG&E Interconnection Handbook, Applicant shall install, operate, and maintain the necessary equipment to maintain proper power factor and voltage at the Point of Interconnection. All voltage regulation equipment shall be operated in an automatic mode being immediately responsive to changes in voltage, except for voltage regulation equipment with respect to which the requirement for automatic mode equipment is waived pursuant to Section 7.2.2.1 of this Agreement.

## **7.6 Emergency Disconnection**

In an Emergency, Applicant agrees to expeditiously open the Disconnect Device upon notification from the Designated PG&E Electric Control Center.

## **7.7 Clearance Point Request by PG&E**

Applicant must open its Disconnect Device if PG&E requests a Clearance Point. A

qualified PG&E employee will observe that the Disconnect Device is open, lock it with a PG&E lock, and attach a filled-out "Man-on-Line" tag to indicate it is a Clearance Point.

#### **7.8 Routine Tests and Non-Tests**

Unless the parties agree otherwise, when conducting a test or a Non-Test, Applicant agrees to follow the procedures described in Appendix B.

#### **7.9 Obligation to Maintain Insurance**

Applicant agrees to acquire and continuously maintain during the term of this Agreement insurance coverage which meets the requirements of Appendix A.

#### **7.10 New or Modified Interconnections**

##### **7.10.1 ISO Tariff and TO Tariff Provisions**

Applicant shall follow all applicable provisions of the ISO Tariff and/or the TO Tariff regarding new interconnections or modifications to or increases in capacity of its existing interconnection.

##### **7.10.2 Right to Install Special Facilities**

In the event it is necessary, consistent with Good Utility Practice, for PG&E to install any PG&E-owned facilities in order to accommodate an increase in the Interconnection Capacity, the Parties shall work together, in good faith, to agree upon the extent and Costs of such facilities. If the Parties cannot agree on the need or Cost of such facilities, then the dispute shall be resolved through procedures set forth in Section 15.10; provided, that in the event that PG&E deems it necessary to begin construction of the facilities prior to the resolution of a dispute, PG&E shall have the right to develop a new or amended Generator Special Facility Agreement and file such new or amended agreement unilaterally with the FERC pursuant to Section 15.23. Each new or amended Generator Special Facility Agreement shall specify that the Applicant pay PG&E the Costs of such facilities and that PG&E has no obligation to begin construction prior to receipt of such payments.

#### **7.11 Conflicting Instructions**

In the event that Applicant receives conflicting operating instructions from PG&E and the ISO, Applicant shall follow the instructions of the ISO.

#### **7.12 Participating Generating Agreement**

Applicant shall enter into and maintain the effectiveness of a Participating Generator Agreement with the ISO.

### **8 OPERATING COMMUNICATIONS AND NOTIFICATIONS**

#### **8.1 Designated Representatives**

The Parties shall provide for operating communications through their respective designated representatives as follows:

PG&E	Applicant
Title	Name or Title of Operator
Designated PG&E Electric Control Center	Telephone Number
Telephone Number	Alternate Operator
	Telephone Number

**8.2 Communication with the Designated PG&E Electric Control Center**

8.2.1 Applicant shall maintain operating communications with the Designated PG&E Electric Control Center. The operating communications shall include, but not be limited to, advising the Designated PG&E Electric Control Center promptly, and in advance if possible, of any paralleling with or separation from the PG&E Electric System and any scheduled and unscheduled shutdowns, equipment clearances, and changes in levels of operating voltage or power factors.

8.2.2 Applicant promptly shall notify the Designated PG&E Electric Control Center of, and any changes in, the following:

- (a) The current names and 24-hour phone numbers of the personnel responsible for operating and maintaining the Generating Facility.
- (b) Any Emergency situation or any request that PG&E de-energize a portion of the PG&E Electric System under its control.
- (c) Any changes in the mechanical or electric condition of the Generating Facility or Interconnection Facilities that may affect the reliability of either the Generating Facility or the PG&E Electric System.
- (d) Immediately upon discovery, any misoperation or inoperable condition of a PG&E-required interconnection relay or circuit breaker.
- (e) Immediately upon discovery, the operation of any circuit breaker that has operated by a PG&E-required interconnection relay, along with the relay targets that caused the circuit breaker to operate.
- (f) Plans to manually parallel with or separate from the PG&E Electric System and the times of actual manual parallels and separations. Emergency separations shall be reported as soon as conditions permit.

**8.3 Oral Communications**

All oral operating communications shall be conducted through the Designated PG&E Electric Control Center. Applicant agrees to maintain 24 hour direct phone service so that PG&E can give instructions to Applicant or its designated operator.

**8.4 Telemetry Requirements**

For Generating Facilities 1,000 kW and greater, Applicant must telemeter real-time information pursuant to the requirements of the PG&E Interconnection Handbook. When telemetered real-time information is required for PG&E to bill Applicant for service taken under separate PG&E tariffs, upon

PG&E's request, Applicant shall request the ISO to provide PG&E with read-only passwords and other information necessary for PG&E to access Applicant's meters.

## **8.5 Operating Agreements**

The Parties may enter into a separate agreement describing specific operating procedures regarding the Generator Facility.

# **9 OPERATION AND MAINTENANCE OF GENERATING FACILITY AND GENERATOR STEP-UP FACILITIES**

## **9.1 Power Factor and Voltage Instructions**

Applicant will receive, from time to time, and shall follow output voltage or power factor instructions from the Designated PG&E Electric Control Center or the ISO. The Applicant may also receive voltage instructions that will exceed the normal output voltage or power factor instructions. These instructions will not exceed the normal operating ranges of 0.95 buck (lead) or 0.90 boost (lag). During certain instances the Generating Facility may be given a voltage order of "full boost" or "full buck". Full boost is not less than 105 % of the Generating Facility nameplate terminal voltage. Full buck is not more than 95% of the Generating Facility nameplate terminal voltage. Applicant shall operate the Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection, unless prevented from doing so as a consequence of Electric System conditions. If Applicant is unable to maintain the specified voltage or power factor, it shall promptly notify the Designated PG&E Electric Control Center.

## **9.2 Daily Operating Report and Telemetry Information**

9.2.1 The Applicant agrees to transmit, at a minimum, hourly readings of delivered capacity in kW by means of telemetry as described in Section 8.4. Readings shall be taken at the end of each hour.

9.2.2 Upon receiving notice that telemetered data is not being correctly received by PG&E, Applicant agrees to supply the information set forth in section 9.2.1 in a daily operating report by telephone directly to the Designated PG&E Electric Control Center at the phone number in Section 8.1. The Applicant shall submit complete daily operating report information for the previous 24-hour period (ending at 2400 hours) not later than 0300 hours the following day, or as mutually agreed by the Applicant and PG&E. Such report shall also include the total energy, in kWh, delivered to PG&E since the last report.

## **9.3 Unattended Operation**

If the Generating Facility is unattended and has the capability for automatic or remotely-initiated paralleling, it is not necessary to notify the Designated PG&E Electric Control Center before paralleling with the PG&E Electric System. However, such Generating Facility must report relay targets within 72 hours following automatic separation, or immediately upon request of the Designated PG&E Electric Control Center. All unattended facilities must be equipped with an event recorder as described in the PG&E Interconnection Handbook.

## **9.4 Maintenance Notice**

Under normal conditions, Applicant shall give as much advance notice as possible (a minimum of four (4) Business Days) to the Designated PG&E Electric Control Center when planning to perform work that may affect the PG&E Electric System. At a minimum, the notice shall include:

- (a) Nature of the work to be performed.
- (b) Date and time the work will begin.
- (c) Date and time the work will be completed.

- (d) Apparatus to be cleared and the Clearance Points required.
- (e) Name and telephone number of the person in charge of the work.
- (f) Whether or not protective grounds will be installed.

## **9.5 Maintenance on Facilities Energized by PG&E**

9.5.1 If Applicant wishes to perform work on its own facilities which would normally be energized by transmitting energy over the PG&E Electric System, Applicant may request that PG&E take a clearance (see UO Standard S1403) on PG&E's associated electric facilities needed to isolate Applicant's facilities from the PG&E Electric System. Applicant's request must be made with a minimum of four (4) Business Days in advance or as otherwise may be agreed from time to time. PG&E shall notify any users of PG&E's Electric System that might be affected by the clearance and shall coordinate such request with the ISO as appropriate. PG&E shall reserve the right to delay the clearance if: (1) the ISO does not have the responsibility for approving the clearance; and (2) in PG&E's reasonable judgment, there are PG&E Electric System users that will be adversely affected by such clearance. In such event, PG&E shall not unduly delay the requested clearance.

9.5.2 PG&E is not responsible for Applicant's equipment energized by the generator step-up transformer or by any other means. Applicant agrees that any work it performs is at its own risk. Applicant shall take all necessary steps to ensure that work is conducted consistent with Good Utility Practice and in compliance with all applicable federal, state, and local laws and regulations and in a manner that does not endanger the safety of persons or equipment.

## **9.6 PG&E Maintenance on Applicant's Facilities**

If PG&E provides assistance in the operation or maintenance of the Applicant's Facility without a written agreement, PG&E assumes no liability for any loss or damage, direct, indirect or consequential, arising from or related to any services PG&E may provide. PG&E reserves the right to charge the Applicant for all such services.

# **10 METERING**

## **10.1 Delivery Meters**

All real and reactive power deliveries to the PG&E Electric System from Applicant's Generating Facility shall be metered at each Point of Interconnection with meters meeting the requirements of: (i) Appendix J to the ISO Tariff for interconnections at 60 kV and above ("transmission interconnection"); and (ii) the PG&E Wholesale Distribution Tariff for interconnections below 60 kV ("distribution interconnection"). In addition, meters and metering equipment shall meet the requirements of the PG&E Interconnection Handbook. Any conflicts with regard to metering standards that may arise between this Agreement, the ISO Tariff, or the PG&E Wholesale Distribution Tariff shall be resolved consistent with the applicable tariff. Power deliveries shall be metered at voltage specified for the Interconnection Point in Appendix E.2.1.

## **10.2 Power Supply Metering Requirements**

The Parties shall cooperate in the installation and provision of access to the meters, as necessary for each Party to obtain the information needed to perform as contemplated under this Agreement.

## **10.3 Requirements for Meters and Meter Maintenance**

The Responsible Meter Party's metering equipment located at each Point of Interconnection shall measure and record real and reactive power flows and shall be capable of recording flows in both directions. Such "in" and "out" bi-directional meters shall be designed to prevent reverse registration and shall measure and continuously record such deliveries. Meters, metering transformers and devices shall be

maintained and tested by the Responsible Meter Party in accordance with applicable metering maintenance and testing standards and guidelines.

#### **10.4 Meter Access**

##### **10.4.1 Access to Meter-Related Facilities**

The Party that owns meter-related facilities such as metering transformers and devices shall grant reasonable access to allow the other Party to use such meter-related facilities for the other Party's own meters; provided that, the other Party shall compensate the owning Party for actual costs incurred related to such access.

##### **10.4.2 Reading and Maintaining Meters**

If required, the other Party shall grant the Responsible Meter Party access to the other Party's facilities as may be required for meter reading and/or the proper operation and maintenance of all revenue metering facilities.

### **11 MAINTENANCE OF INTERCONNECTION EQUIPMENT OWNED BY THE APPLICANT**

#### **11.1 Modifications to the Interconnection or Protection Devices**

Prior to modifying its existing interconnection or protection devices, Applicant agrees to obtain PG&E's written approval; provided that, PG&E's approval shall not be unreasonably withheld. Applicant shall notify PG&E, in writing, at least sixty (60) days prior to such modification.

#### **11.2 Testing of Interconnection Facilities**

PG&E-required Interconnection Facilities owned by Applicant shall be periodically tested and maintained at the manufacturer's accepted specifications, but no less than every four (4) years, by qualified personnel. Copies of equipment test reports shall be forwarded to PG&E for review.

#### **11.3 Relay Requirements**

11.3.1 All PG&E-required interconnection relays shall be sealed by PG&E. If a relay is removed for maintenance or repair, the Designated PG&E Electric Control Center shall be notified. If the seals are broken for any reason, PG&E will be responsible for inspecting and resealing the relays.

11.3.2 Lamicoid or equivalent forms of nameplates or labels shall be installed by Applicant adjacent to all PG&E-required interconnection relays. Each relay nameplate shall include the device number and the relay's function.

### **12 REFERENCES**

The following reference materials, all of which are subject to revision or being superseded from time to time, are available for use by Applicant and its operating personnel. Copies may be requested from the Designated PG&E Electric Control Center:

#### **12.1 PG&E Utility Operations Standard S1466**

A document listing all the standard operating orders followed by PG&E system operators.

#### **12.2 PG&E Utility Operations Standard S1403**

A document describing approved PG&E clearance procedures and instructions for obtaining clearances.

## **13 SIGNIFICANT REGULATORY CHANGE**

### **13.1 Automatic Conformance**

This Agreement shall be automatically modified to conform to any final order issued by the FERC that directly addresses a provision or provisions of this Agreement. Such changes shall be filed by PG&E at FERC and a copy provided to Applicant. Such conformance shall be prospective only and shall not affect any rights or obligations of either party that have accrued as of the date of the order requiring conformance under the terms of this Agreement.

### **13.2 Notification**

If, at any time during the term of this Agreement, either Party becomes aware of a Significant Regulatory Change (whether actual or proposed), including any automatic conformance under Section 13.1 herein, and if such change may reasonably be expected materially to affect either or both Parties' obligations or operations under this Agreement, such Party shall provide written notice to the other Party promptly no later than one (1) month after becoming aware of such Significant Regulatory Change. The notice shall contain a description of the Significant Regulatory Change, including expected time schedules. If the Party giving notice believes that it will be necessary to amend this Agreement to address the anticipated change, then the notice to the other Party may include a proposal that the Parties meet as provided in Section 13.3.2 hereof in order to negotiate an appropriate amendment to this Agreement.

### **13.3 Change in Functions or Scope**

The Parties recognize that there may be a change in the functions of the ISO or a change in the scope of the facilities under the operational authority of the ISO or the replacement of the ISO with a Regional Transmission Organization that may perform different functions or have a different scope than the ISO. Such a change shall not be deemed to be a Significant Regulatory Change unless the change may reasonably be expected materially to affect either or both Parties' obligations or operations under this Agreement. Furthermore, a Significant Regulatory Change shall not be deemed to have occurred solely as a consequence of any shifting of functions contemplated in this Agreement between PG&E and the ISO. In such event, functions assigned to PG&E under this Agreement shall be performed by the ISO and the ISO shall have the same rights and obligations as PG&E under this Agreement to obtain information, perform studies, have access to rights-of-way and facilities, construct facilities, and otherwise perform the functions described in this Agreement. Only if the ISO refuses to perform the functions previously performed by PG&E shall a Significant Regulatory Change be deemed to have occurred as a result of a change in functions.

### **13.4 Amendment of Agreement**

13.4.1 Following notification under Section 13.2, the Parties shall meet to discuss whether an amendment to this Agreement is necessary to address the Significant Regulatory Change. Such amendment, if any, shall be limited in scope to what is necessary to allow this Agreement to accommodate the Significant Regulatory Change identified in the notice issued pursuant to Section 13.2.

13.4.2 If the Parties agree that such an amendment to this Agreement is necessary, the Parties will proceed to negotiate in good faith such amendment. If the Parties have not reached agreement within sixty (60) calendar days of the date of the first meeting, any unresolved issues shall be resolved through dispute resolution procedures set forth in Section 15.10. Notwithstanding the above, if any issues remain unresolved as of ninety (90) calendar days before the Significant Regulatory Change is scheduled to take place then, with respect to the unresolved issues, PG&E may, but is not required to, unilaterally file an amendment to this Agreement with FERC pursuant to Section 205 of the FPA, and Applicant may exercise its rights under the FPA to protest or oppose such filing.

13.4.3 If the Parties cannot agree that an amendment to this Agreement is necessary to allow this Agreement to accommodate the Significant Regulatory Change, they shall submit such dispute to dispute resolution proceedings pursuant to Section 15.10; provided, however, that if such dispute is not

resolved as of ninety (90) calendar days before the Significant Regulatory Change is scheduled to take place, then PG&E may, but is not required to, unilaterally file an amendment to this Agreement with FERC as set forth in the paragraph above.

13.4.4 Nothing in this Section 13.43 shall be deemed to limit PG&E's right to make changes pursuant to Section 15.23.1.

## **14 BILLING AND PAYMENT**

### **14.1 Maintenance Payments**

PG&E shall bill Applicant for the Costs of performing necessary maintenance during non-working hours at the request of Applicant pursuant to Section 6.4.3.2. Applicant shall pay PG&E for such Costs at:

Pacific Gas and Electric Company  
Payment Processing Center  
Research Unit / B5A  
P.O. Box 770000  
San Francisco, CA 94177

PG&E may change the place where payment is made by giving Applicant notice thereof as provided in Section 15.21.

### **14.2 Payment Due Date**

PG&E shall prepare and submit bills to Applicant on or after the first Business Day of each calendar month. The payment of any bill shall be due and must be received by PG&E not later than the 30th calendar day following the day on which Applicant receives the bill or, if that 30th day is a Saturday, Sunday or legal holiday, the next Business Day. Such date shall be referred to as the "Payment Due Date". A bill shall be deemed delivered and received on the third Business Day after the postmarked date unless a copy of the bill is sent by electronic facsimile, in which case it shall be deemed delivered on the same day. If Applicant has a question concerning a bill, it may review the back-up data used in preparation of the bill to the extent that data is still available.

### **14.3 Estimated Bills**

If charges under this Agreement cannot be determined accurately for preparing a bill, PG&E may use its best estimates in preparing the bill and such estimated bill shall be paid by Applicant. Any estimated charges shall be labeled as such and PG&E shall, upon request, document the basis for the estimate used. Estimated bills shall be prepared and paid in the same manner as other bills under this Agreement.

### **14.4 Disputed Bills**

If Applicant disputes all or any portion of a bill submitted by PG&E to Applicant, it nevertheless shall, not later than the Payment Due Date of that bill, pay the bill in full. A dispute between either PG&E or Applicant and any Third Party shall not be a proper basis for withholding payment. Payments to PG&E of Applicant's obligations arising under this Agreement are not subject to any reduction, whether by offset, payments into escrow, or otherwise, except for routine adjustments or corrections as may be agreed to by the Parties or as expressly provided in this Agreement.

### **14.5 Adjusted Bills**

When final and complete billing information becomes available and a charge is determined accurately or billing errors are identified and corrected, PG&E shall promptly prepare and submit an adjusted bill to Applicant, and any additional payments by Applicant shall be made in accordance with the

provisions of this Section 14.5. Refunds by PG&E shall be paid to Applicant not later than thirty (30) calendar days after the date of the adjusted bill. Such date shall be referred to as the "Refund Due Date". All adjustments or corrections of bills under this Agreement shall be subject to the interest provisions of Sections 14.7 and 14.8.

#### **14.6 Interest on Adjusted Bills**

Interest on an additional payment shall accrue from the Payment Due Date of the applicable bill and interest on a refund shall accrue from the date payment of the applicable bill was received by PG&E.

#### **14.7 Interest on Unpaid Bills**

Any amount due under this Agreement which is not timely paid shall accrue interest from the date prescribed in Section 14.6 until the date payment is made. The interest amount shall be determined using the interest rate applicable to any amount due during a given month and shall be calculated using the methodology for refunds pursuant to Section 35.19(a) of FERC's Regulations, 18 CFR § 35.19(a). This interest rate shall not exceed the maximum interest rate permitted under California law. Interest shall be calculated for the period during which the payment is overdue or the period during which the refund is accruing interest.

#### **14.8 Payment on Disputed Bills**

As provided in Section 14.4, if any portion of a bill is disputed, Applicant shall pay the full amount, without offset or reduction, by the Payment Due Date. In addition, Applicant shall, on or before the Payment Due Date, notify PG&E, in writing, of the amount in dispute and the specific basis for the dispute. PG&E and Applicant shall endeavor to resolve any billing dispute within thirty (30) calendar days of PG&E's receipt of Applicant's notice of a dispute (or such extended period as the Parties may establish). If the Parties cannot agree, either Party may initiate dispute resolution pursuant to Section 15.10.

#### **14.9 Refunds**

If, after Applicant has paid the full amount of a disputed bill directly to PG&E, the results of dispute resolution pursuant to Section 15.10 include a determination that the amount due was different than the amount paid by Applicant, a refund by PG&E to Applicant shall include interest for the period from the date Applicant's overpayment was received by PG&E to the date the refund is paid to Applicant. Likewise, an additional payment by Applicant to PG&E shall include interest for the period from the original Payment Due Date to the date Applicant's additional payment is received by PG&E. Interest paid pursuant to this Section 14.9 shall be at the rate determined pursuant to Section 14.7.

#### **14.10 Failure to Make Payment**

A Party's failure to make any payment on or before the applicable Payment Due Date or Refund Due Date shall constitute a material breach of this Agreement if that failure is not corrected within seven (7) Business Days after the other Party delivers written notice to non-paying Party. In such event, the Party not receiving payment shall be entitled to pursue any legal, equitable and regulatory rights and remedies it may have under this Agreement or otherwise.

### **15 GENERAL PROVISIONS**

#### **15.1 Appendices Included**

The following Appendices to this Agreement, as they may be revised from time to time by written agreement of the Parties or by order of FERC, are attached hereto and are incorporated by reference as if fully set forth herein:

Appendix A - Insurance

Appendix B - Routine Test Guidelines and Non-Test Procedures  
Appendix C - Dispute Resolution and Arbitration  
Appendix D - Elections Made By Applicant for New Generators  
Appendix E - Generating Facility Information and Interconnection Capacity  
Appendix F - PG&E Interconnection Handbook Waivers  
Appendix G - Appendix A of the Reliability Management Agreement  
Appendix H - Operating Procedures and Limitations

## **15.2 Accounting**

For good cause and upon reasonable notice each Party shall have the right to audit, at its own expense, the relevant records of the other Party (including the relevant records of Applicant's meters) for the limited purpose of determining whether the other Party is meeting its obligations under this Agreement. Such audits shall be limited to the preceding twelve month period and to only those records reasonably required to determine compliance with this Agreement, and each Party agrees to disclose the information obtained in such audit only to those persons, whether employed by such Party or otherwise, that are directly involved in the administration of this Agreement. Each Party agrees that under no circumstances will it use any information obtained in such an audit for any commercial purpose or for any purpose other than assuring enforcement of this Agreement.

## **15.3 Adverse Determination or Expansion of Obligations**

### **15.3.1 Adverse Determination**

If, after the effective date of this Agreement, FERC or any other Governmental Authority of competent jurisdiction determines that all or any part of this Agreement, its operation or effect is unjust, unreasonable, unlawful, imprudent or otherwise not in the public interest, each Party shall be relieved of any obligations hereunder to the extent necessary to comply with or eliminate such adverse determination. The Parties shall promptly enter into good faith negotiations in an attempt to achieve a mutually agreeable modification to this Agreement to address any such adverse determination.

### **15.3.2 Expansion of Obligations**

If, after the effective date of this Agreement, FERC or any other Governmental Authority of competent jurisdiction orders or determines that this Agreement should be interpreted, modified, or significantly extended in such a manner that PG&E or Applicant may be required to extend its obligations under this Agreement to a Third Party, or to incur significant new or different obligations to the other Party or to Third Parties not contemplated by this Agreement, then the Parties shall be relieved of their obligations to the extent lawful and necessary to eliminate the effect of that order or determination, and the Parties shall attempt to renegotiate in good faith the terms and conditions of the Agreement to restore the original balance of benefits and burdens contemplated by the Parties at the time this Agreement was made.

### **15.3.3 Renegotiation**

If, within three (3) months after an order or decision as described in Sections 15.3.1 and 15.3.2, the Parties either: (i) do not agree that a renegotiation is feasible or necessary; or (ii) the Parties cannot agree to amend or supersede this Agreement, then: (a) either Party may submit the dispute for resolution in accordance with procedures set forth in Section 15.10; or (b) PG&E may unilaterally file a replacement interconnection agreement with FERC.

## **15.4 Assignments**

### **15.4.1 Assignment**

The rights under this Agreement shall not be assignable or transferable nor the

duties delegable by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided, that the other Party's consent shall not be required for (i) assignments in connection with interests that arise by reason of any deed of trust, mortgage, indenture or security agreement granted or executed by such Party, and (ii) assignments to affiliates where, in the absence of the other Party's consent thereto, the assigning Party retains responsibility for the payment of all of its obligations and liabilities hereunder. This section shall not restrict PG&E's ability to assign this Agreement to a successor entity owning the transmission system in accordance with a confirmed Plan of Reorganization of PG&E.

### **15.5 Captions**

All indices, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to affect the meaning of the contents or scope of this Agreement.

### **15.6 Construction of the Agreement**

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against either Party, but shall be determined by the Agreement taken in its entirety.

### **15.7 Control and Ownership of Facilities**

The PG&E Electric System shall at all times be and remain in the exclusive ownership, possession and control of PG&E, and nothing in this Agreement shall be construed to give Applicant any right of ownership, possession or control of all or any portion of the PG&E Electric System. All facilities installed hereunder shall, unless otherwise agreed by the Parties, at all times be and remain the property of PG&E, notwithstanding that they may be affixed to premises owned or leased by or under license to Applicant.

### **15.8 Cooperation and Right of Access and Inspection**

Each Party shall give to the other all necessary permission to enable it to perform its obligations under this Agreement. Each Party shall give the other Party the right to have its agents, employees and representatives, when accompanied by the agents, employees and representatives of the other Party, enter its premises at reasonable times and in accordance with reasonable rules and regulations for the purpose of inspecting the property, equipment and records of the Party in a manner which is reasonable for assuring the performance of the Parties under this Agreement.

### **15.9 Default**

#### **15.9.1 Termination for Default**

If either Party breaches its material obligations under this Agreement, such breach shall constitute an event of default. If either Party defaults under this Agreement, the other Party may terminate this Agreement; provided, that prior to such termination the other Party must provide the defaulting Party with written notice stating: 1) the Party's intent to terminate; 2) the date of such intended termination; 3) the specific grounds for termination; 4) specific actions which the defaulting Party must take to cure the default, if any; and 5) a reasonable period of time, which shall not be less than sixty (60) calendar days, within which the defaulting Party may take action to cure the default and avoid termination, provided, there is any action which can be taken to cure the default. The pendency of any dispute resolution procedure pursuant to Section 15.10 with regard to any separate dispute(s), other than the event of default, shall not limit the right to terminate this Agreement under this Section 15.9.

#### **15.9.2 Other Remedies for Default**

The remedy under Section 15.9.1 is not exclusive, and subject to Section 15.10 either Party also shall be entitled to pursue any other legal, equitable or regulatory rights and remedies it may have in response to a default by the other Party.

## **15.10 Dispute Resolution**

The Parties shall make best efforts to resolve all disputes arising under this Agreement expeditiously and by good faith negotiation. Where this Agreement specifically calls for resolution of disputes pursuant to this Section 15.10, such disputes shall be resolved according to the procedures set forth in Appendix C. In all other circumstances the procedures in Appendix C may be used to resolve disputes upon agreement by both Parties. In the event that a matter is submitted to arbitration under Appendix C, the Parties shall be bound by the determination of the arbitrator(s).

## **15.11 Governing Law**

This Agreement shall be interpreted, governed by and construed under the laws of the State of California, as if executed and to be performed wholly within the State of California.

## **15.12 Indemnity**

### **15.12.1 Definitions**

As used in this Section 15.12, with initial letters capitalized, whether in the singular or the plural, the following terms shall have the following meanings:

15.12.1.1 Accident — Personal injury, death, property damage, or economic loss which:

(a) is sustained by a Third Party ("Claimant"), which is an end use customer of a Party;

(b) arises out of delivery of, or curtailment of, or interruption to electric service, including but not limited to abnormalities in frequency or voltage; and

(c) results from either or both of the following:

(i) engineering, design, construction, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use, or ownership of either the PG&E Electric System or Applicant's electric facilities; or

(ii) the performance or non-performance of either Party's obligations or the exercise of either Party's rights under this Agreement.

15.12.1.2 Indemnitee — A Party defined in Section 15.12.2(b).

15.12.1.3 Indemnitor — A Party defined in Section 15.12.2(b).

### **15.12.2 Indemnity Duty**

If a Claimant makes a claim or brings an action against a Party seeking recovery for loss, damage, costs or expenses resulting from or arising out of an Accident (a "Claim"), the following shall apply:

(a) That Party shall, in its reasonable discretion, either (i) defend any such Claim brought against it, (ii) satisfy any such Claim, (iii) give written notice of such Claim to the other Party within ten (10) Business Days of knowledge of its existence and request that the other Party undertake the defense of such Claim, or (iv) in the event the Indemnitor does not accept the obligation to defend such Claim or does not respond within the period set forth in Section 15.12.2, proceed as set forth in (i) and (ii) in this Section 15.12.1.

(b) That Party ("Indemnitor") shall hold harmless, defend and indemnify, to the fullest extent permitted by law, the other Party, its directors or members of its governing board, officers and employees ("Indemnitees"), upon written request by the Indemnitee, for Claims brought against the Indemnitee allegedly resulting from Accidents caused by acts or omissions of the Indemnitor. The Indemnitor shall respond in writing within twenty (20) Business Days to any written notice of Claim from the Indemnitees, as provided in Section 15.12.1, either accepting the obligation to defend the Claim or

refusing to undertake such Claim.

(c) No Party shall be obligated to defend, hold harmless or indemnify the other Party, its directors or members of its governing board, officers and employees for Accidents resulting from the latter Party's gross negligence or willful misconduct.

(d) If a Party successfully enforces this indemnity, the Party against which enforcement is required shall pay all costs of satisfying the Claim, including reasonable attorneys' fees and other settlement or litigation expenses, incurred in such enforcement, within sixty (60) days of written notice thereof.

### **15.13 Interpretation**

This Agreement is not intended to modify any PG&E or ISO tariff or rule filed with the CPUC or FERC. In case of conflict between this Agreement and any PG&E or ISO tariff or rule, the tariff or rule shall govern. This Agreement represents the entire understanding between the Parties hereto relating to the interconnection and parallel operation of the Generating Facility with the PG&E Electric System, and supersedes any and all prior proposals or agreements, whether written or oral, that may exist between the Parties. Where there is conflict or inconsistency with the express terms in this Agreement and any documents referenced by this Agreement excluding the above referenced PG&E and ISO tariffs, the terms of this Agreement shall supersede such conflicting terms.

### **15.14 Judgments and Determinations**

When the terms of this Agreement provide that an action may or must be taken, or that the existence of a condition may be established based on a judgment or determination of a Party, such judgment shall be exercised or such determination shall be made reasonably and in good faith, and where applicable in accordance with Good Utility Practice, and shall not be arbitrary or capricious.

### **15.15 Liability**

#### **15.15.1 To Third Parties**

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any Third Party.

#### **15.15.2 Between the Parties**

Except for its willful misconduct, gross negligence, or with respect to breach of this Agreement, or with respect to the indemnity duty under Section 15.12.2, no Party, nor its directors or members of its governing board, officers, employees or agents shall be liable to another Party for any loss, damage, claim, cost, charge or expense arising from or related to this Agreement. In the event of breach of this Agreement, neither Party, nor its directors or members of its governing board, officers, employees or agents shall be liable to the other Party for any consequential, special or indirect damages.

#### **15.15.3 Protection of a Party's Own Facilities**

Each Party shall be responsible for protecting its facilities from possible damage by reason of electrical disturbances or faults caused by the operation, faulty operation, or non-operation of another Party's facilities, and such other Party shall not be liable for any such damage so caused.

#### **15.15.4 Liability for Interruptions**

Neither Party shall be liable to the other, and each Party hereby releases the other and its directors, officers, employees and agents from and indemnifies them, to the fullest extent permitted by law, for any claim, demand, liability, loss or damage, whether direct, indirect or consequential, incurred by either Party, which results from the interruption or curtailment in accordance with (i) this Agreement, (ii) Good Utility Practice, or (iii) as directed by the ISO, of power flows through a Point(s) of Interconnection made available by PG&E under this Agreement, or of power flows made possible by reason of that Point(s) of Interconnection.

**15.16 Modification**

This Agreement may be amended or modified only by a written instrument signed by the authorized representatives of both Parties, except as may otherwise herein be expressly provided.

**15.17 No Dedication of Facilities**

Any undertaking by either Party under any provision of this Agreement is rendered strictly as an accommodation and shall not constitute the dedication by Applicant of any part or all of the Generating Facility or by PG&E of any part or all of the PG&E Electric System to the other, the public, or any Third Party. Any such undertaking by any Party under a provision of, or resulting from, this Agreement shall cease upon the termination of that Party’s obligations under this Agreement.

**15.18 No Obligation to Offer Same Service To Others**

By entering into this Agreement to interconnect with Applicant and filing it with FERC, PG&E does not commit itself to furnish any like or similar undertaking to any other Person.

**15.19 No Precedent**

This Agreement establishes no precedent with regard to any other entity or agreement. Nothing contained in this Agreement shall establish any rights to or precedent for other arrangements as may exist, now or in future, between PG&E and Applicant for the provision of any interconnection arrangements or any form of electric service.

**15.20 No Transmission, Distribution or Ancillary Services Provided**

Under this Agreement, PG&E does not undertake to provide or make available any transmission service, distribution service, or Ancillary Services using any part of the PG&E Electric System for Applicant or any Third Party, or to act as a Scheduling Coordinator or in any other capacity as an intermediary for Applicant with others. Nothing in this Agreement shall be construed to preclude Applicant from seeking transmission, distribution, and Ancillary Services or other services under a separate arrangement or a successor interconnection agreement with PG&E, or pursuant to any tariff for such service which PG&E may have on file with FERC, or on the basis of other rights that may exist in law or regulation.

**15.21 Notices**

Except as provided in Sections 8 and 9 above and in Appendix C, all notices or other communications herein provided to be given or which may be given by either Party to the other shall be deemed to have been duly given if delivered by electronic facsimile transmission with confirmed receipt, or when made in writing and delivered in person or deposited in the United States mail, postage prepaid, certified mail, return receipt requested and addressed as follows:

To PG&E:

To Applicant:

Director, Interconnection Services  
Pacific Gas and Electric Company  
Mail Code B13J

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

P. O. Box 770000  
San Francisco, CA 94177

\_\_\_\_\_  
\_\_\_\_\_

Either Party may change any address or location for notices and other communications by giving notice to the other Party as provided in this Section 15.21.

## **15.22 Non-waiver**

Failure by either Party to enforce any right or obligation with respect to any matter arising in connection with this Agreement shall not constitute a waiver as to that matter or any other matter.

## **15.23 Reservation of Rights**

### **15.23.1 Rate Changes**

Nothing contained herein shall be construed as affecting in any way the right of PG&E to unilaterally make application to the FERC for a change in rates under section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder, Applicant shall have the right to protest and object to such change in rates and otherwise to exercise any and all rights it may have with respect thereto, including its rights under Section 206 of the FPA. The term "rates" as used herein shall mean all rates, terms and conditions contained in this Agreement. A change in rates may include, but not be limited to, not only changes in rates and charges but also in the underlying methodology by which such rates and charges are developed.

### **15.23.2 FPA Disputes**

The Parties agree that each Party expressly reserves all of its rights under Sections 202(b) and 210 of the FPA, including the right to seek resolution by FERC of disputes arising under Sections 202(b) or 210 of the FPA; provided, however, that the Parties may agree to resolve such dispute through procedures set forth in Section 15.10.

## **15.24 Rules and Regulations**

PG&E and Applicant may each establish and, from time to time, change such procedures, rules, or regulations as they shall determine are necessary in order to establish the methods of operation to be followed in the performance of this Agreement; provided, that any such procedure, rule, or regulation shall not be inconsistent with the provisions of this Agreement. If a Party objects to a procedure, rule, or regulation established by the other Party, it will notify the other Party and the Parties will endeavor to modify the procedure, rule, or regulation in order to resolve the objection. If the Parties cannot reach agreement, either Party may seek to resolve such dispute through procedures set forth in Section 15.10.

## **15.25 Severability**

If any term, covenant or condition of this Agreement or its application is held to be invalid as to any person, entity or circumstance, by FERC or any other regulatory body, or agency or court of competent jurisdiction, then such term, covenant or condition shall cease to have force and effect to the extent of that holding. In that event, however, all other terms, covenants and conditions of this Agreement and their application shall not be affected thereby, but shall remain in full force and effect unless and to the extent that a regulatory agency or court of competent jurisdiction finds that a provision is not separable from the invalid provision(s) of this Agreement.

## **15.26 Confidentiality**

Each Party shall use any non-public information concerning any other Party that is furnished to such party by or on behalf of such other Party in connection with this Agreement (collectively, "Confidential Information") solely for engineering, planning and operating purposes and for the purpose of administering and enforcing this Agreement, and shall limit disclosure of Confidential Information to its employees who need to have the Confidential Information for such purposes. In no event shall Confidential Information be provided to a Third Party except as provided below or with the written consent of the other Party. Notwithstanding the foregoing, each Party may disclose Confidential Information (a) to its directors, officers, employees, auditors, counsel, advisors, or representatives (collectively, the "Representatives") whom it determines need to know such information for the purposes set forth in this Section 15.26; (b) to any governmental agency or regulatory body having or claiming to have authority to regulate or oversee any

aspect of such party's business or that of its Representatives in connection with the exercise of such authority or claimed authority; and (c) pursuant to any subpoena or any similar legal process; provided that a Party shall give the other Party prompt notice of any obligation to disclose under paragraphs (b) and (c) above prior to making the disclosure and shall reasonably cooperate with any effort by that Party to oppose the required disclosure. For purposes hereof, the term "Confidential Information" shall not include information that (x) is in a party's possession prior to its being provided by or on behalf of any other party, provided that such information is not known by a Party to be subject to another confidentiality agreement with, or other legal or contractual obligation of confidentiality to, another Party, (y) is or becomes publicly available (other than through a breach hereof by such Party), or (z) becomes available to such Party on a nonconfidential basis, provided that the source of such information was not known by such Party to be bound by a confidentiality agreement or other legal or contractual obligation of confidentiality with respect to such information.

## 16 EXECUTION

The signatories hereto warrant and represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. If Applicant is a Governmental Authority, complete execution on its part requires that a certified copy of a resolution of its governing council, board or other controlling body, authorizing Applicant and those signing on its behalf to enter into this Agreement, must be attached.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ .

**PACIFIC GAS AND ELECTRIC COMPANY**

\_\_\_\_\_  
Applicant

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

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

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## APPENDIX A

### Insurance<sup>1</sup>

#### A.1 General Liability Coverage

A.1.1 Applicant shall maintain during the performance hereof Commercial General Liability Insurance for bodily injury, personal injury, and property damage in limits, of combined single limit or equivalent for the results of any one (1) occurrence, of not less than \$50,000,000. Such insurance shall provide coverage at least as broad as the Insurance Service Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions.<sup>2</sup>

A.1.2 Commercial General Liability Insurance shall include coverage for Premises-Operations, Owners and Contractors Protective, Product/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations.

A.1.3 Such insurance, by endorsement to the policy(ies), shall include PG&E as an additional insured, shall contain a severability of interest or cross-indemnity clause, shall provide that PG&E shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance, and shall provide for thirty (30) calendar days written notice to PG&E prior to cancellation, termination, alteration or material change of such insurance.

#### A.2 Additional Insurance Provisions

A.2.1 Evidence of coverage described above in Section 1 shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by PG&E.

A.2.2 PG&E shall have the right to inspect or obtain a copy of the original policy(ies) of insurance.

A.2.3 Applicant shall furnish the required certificates<sup>3</sup> and endorsements to PG&E prior to commencing operation.

A.2.4 All insurance certificates, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

PG&E Corporation  
Manager, Insurance Department  
Mail Code B24H  
P. O. Box 770000  
San Francisco, CA 94177

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<sup>1</sup> Governmental Authorities which have an established record of self-insurance may provide the required coverage through self-insurance.

<sup>2</sup> The precise amount of insurance coverage will be negotiated by the parties consistent with the risks associated with the specific interconnection.

<sup>3</sup> A Governmental Authority qualifying to maintain self-insurance should provide a statement of self-insurance.

## APPENDIX B

### Routine Test Guidelines and Non-Test Procedures

#### B.1 Routine Test Guidelines

The following routine test guidelines apply to a Generating Facility capable of making deliveries of 40 kW or more to the PG&E Electric System.

B.1.1 Applicant shall secondary bench test individual relays by applying the appropriate currents, voltages or frequencies. The relays must be tested at their specified settings to verify the following:

B.1.1.1 Minimum operating point at which relay will actuate (minimum pickup).

B.1.1.2 Time delay for at least three (3) separate multiples of minimum pickup.

B.1.1.3 Phase angle characteristic of directional impedance relays.

B.1.1.4 All relays must meet the following tolerances as applicable under test conditions:

<u>Item</u>	<u>Range</u>
Current	± 10%
Voltage	± 10%
Time	± 10%
Frequency	± 0.5 Hz
Phase Angle	± 5 Degrees

B.1.2 Applicant shall check each protective relay to confirm that the appropriate breaker and/or main breaker is tripped by the relay contact.

B.1.3 Applicant shall check all voltage and frequency relays when energized to confirm that the proper secondary potential is applied.

B.1.4 When the Generating Facility is energized and picking up generation, all relay current coils must be checked by Applicant to confirm that the proper secondary generation current is applied to the relay.

#### B.2 Non-Test Procedures

B.2.1 Applicant agrees to the following conditions regarding a Non-Test requested by PG&E.

B.2.1.1 Applicant shall not re-energize the affected circuits, whether manually or automatically, without first receiving the approval of the Designated PG&E Electric Control Center.

B.2.1.2 Applicant agrees to install and maintain permanent warning signs on the Generating Facility's main control panel and at each remote operating location where Applicant has remote closing capability. The warning signs shall instruct personnel to contact PG&E before re-closing the circuit.

## APPENDIX C

### Dispute Resolution and Arbitration

#### C.1 Negotiation and Mediation

A Party shall initiate dispute resolution by written notice to the other Party describing the dispute and any proposed remedy. As provided in Section 15.10, the Parties agree to seek settlement of all disputes arising under this Agreement by good faith negotiation between officers of the Parties or their delegates before using the other methods of dispute resolution. Unless otherwise agreed in writing, the Parties shall continue to honor their obligations under this Agreement during the course of dispute resolution pursuant to the provisions of this Section C.1 with respect to all matters not subject to such dispute. Within 30 days after notice of dispute is given, each Party shall give written notice to the other Party of its representative(s), including the officer(s) and any delegate(s), and the representatives shall meet and attempt in good faith to resolve such dispute and shall continue to negotiate in good faith in an effort to resolve the dispute. If a settlement is agreed upon as a result of the negotiation, then such settlement shall be recorded in writing, signed by the Parties, and shall be binding on them.

If such representatives fail to resolve a dispute within 30 days after their first meeting, before initiating arbitration proceedings under this Appendix C, the Parties shall seek resolution of a dispute through mediation, with a mediator to be selected by the Parties. The Parties shall meet and confer to establish an appropriate time schedule for mediation, to choose a mediator with at least 10 years' experience in mediating complex commercial disputes, and to agree on any other terms and conditions that will govern the mediation. The mediation shall include the officers of the Parties named in the notice above (even if such officers sent delegates to any prior negotiation) and any other representatives of the Party who participated in the prior negotiations. If a settlement is agreed upon as a result of the mediation, then such settlement shall be recorded in writing, signed by the Parties, and shall be binding on them.

#### C.2 Technical Arbitration

The Parties agree that it is in the best interest of both Parties to seek expedited resolution of arbitrable disputes that are technical in nature. Technical disputes may include, without limitation, disputes centered on engineering issues involving technical planning studies, the need for and Cost of Special Facilities, and the Interconnection Capacity of a Point of Interconnection. Such technical issues may be resolved through expert application of established technical knowledge and by reference to Good Utility Practice and industry standards.

The Party initiating arbitration pursuant to Section C.3 below shall indicate in its notice to the other Party whether it regards the dispute to be technical in nature. If both Parties agree that a dispute is technical in nature, then the Parties shall meet and confer to develop an appropriate timetable and process for expedited resolution of the dispute by a neutral expert, or "technical arbitrator". If the Parties cannot agree that a dispute is technical in nature, or if they cannot agree on a neutral arbitrator, then the Parties shall submit the dispute to arbitration under the procedures set forth in Section C.3 below.

#### C.3 Arbitration

In the event that a dispute is subject to arbitration under Section 15.10 and is not settled by the Parties within the earlier of 45 days of the first meeting of the Parties with the mediator or 15 days after the conclusion of mediation under Section C.1, the Party that gave notice under Section C.1 shall initiate arbitration by sending written notice to the other Party describing the dispute proposed remedy. Within ten (10) *Business Days* after receipt of such notice, the Parties shall select a single arbitrator. If the Parties cannot agree on the selection of an arbitrator, the arbitrator shall be selected by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The arbitrator selected under these

procedures shall be a lawyer or retired judge with at least 10 years' experience arbitrating complex commercial disputes.

#### **C.4 Procedures**

The arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association, except as modified herein or agreed by the Parties in writing.

#### **C.5 Hearing and Decision**

After giving the Parties due notice of hearing and a reasonable opportunity to be heard, the arbitrator shall hear the dispute submitted for arbitration and shall provide a reasoned written decision within 90 days or such other date selected by agreement of the Parties. Except for a technical arbitrator, the decision shall conform to applicable law, which includes decisions of a regulatory agency or competent jurisdiction. The decision shall be final and binding upon the Parties; provided, that under no circumstances is the arbitrator authorized to (i) add or modify any rate, term or condition of the Agreement or (ii) render a decision that conflicts with FERC jurisdiction under the Federal Power Act. Judgment may be entered on the decision in any court of competent jurisdiction upon the application of either Party.

#### **C.6 Expenses**

Each Party shall bear its own costs and the costs and expenses of the arbitrator shall be borne equally by the Parties.

## APPENDIX D

### *Elections Made By Applicant for New Generators*

(check the appropriate line)

#### **D.1 Transmission Line Selector Switches**

For Applicant's interconnected to the PG&E Electric System at 60 kV or above, PG&E shall determine whether transmission line selector switches are required to be installed on the PG&E transmission system to which the tap serving the Generating Facility is connected in order to maintain current reliability or operability of PG&E's transmission system. Should PG&E determine that the selector switches are required, the material and installation Cost of the selector switches shall be at PG&E's expense. PG&E shall indicate what its determination is by checking the appropriate line below. Should PG&E determine that the selector switches are NOT required, Applicant then shall have the option of requesting that transmission line selector switches be installed on the PG&E transmission system serving the Generating Facility, and if so requested PG&E will install such switches at Applicant's Cost. Should PG&E determine that transmission line selector switches are not required to maintain the current reliability or operability of its transmission system, and that such selector switches would solely benefit Applicant's service reliability, PG&E may recommend the installation of the transmission line selector switches. These selector switches can be used for restoring service or preventing service interruption to Applicant. (PG&E and Applicant are to check the appropriate boxes below):

- D.1.1  PG&E has determined that transmission line selector switches are required.
- D.1.2  PG&E has determined that transmission line selector switches are NOT required.
- D.1.3  PG&E has determined that transmission line selector switches are NOT required but recommends that they be installed.
- D.1.4  Applicant has elected to install transmission line switches.
- D.1.5  Applicant has elected NOT to install transmission line switches.

#### **D.2 Standby Generator**

In the interest of safety, Applicant must promptly notify PG&E before operating or allowing any Third Party to operate any generation sources capable of parallel operation with the PG&E Electric System which are interconnected to the Interconnection Facilities. Applicant shall comply with the requirements identified in the PG&E Interconnection Handbook, as it may be revised or superseded from time to time, for all such generation sources capable of parallel operation with the PG&E Electric System. For PG&E's information and by way of initial compliance with this section, Applicant represents to PG&E that the following is correct:

- D.2.1  Applicant has installed a standby generator.
- D.2.2  Applicant does not have and does not plan to install a standby generator.
- D.2.3  While Applicant does not currently have a standby generator installed, it plans to install a standby generator in the future. Applicant will notify the Designated PG&E Electric Control Center before operating this generator in parallel with the PG&E Electric System.

Applicant shall promptly notify PG&E if the conditions or circumstances indicated above change.

## APPENDIX E

### *Generating Facility Information and Interconnection Capacity*

#### **E.1 Generating Facility Information**

E.1.1 Generating Facility is (check one) [ ] New, [ ] Existing

E.1.2 Location of Generating Facility: \_\_\_\_\_, California.

E.1.3 Description of Generating Facility:

E.1.3.1 Make: \_\_\_\_\_

E.1.3.2 Model \_\_\_\_\_

E.1.3.3 Type \_\_\_\_\_,

E.1.3.4 Serial No. \_\_\_\_\_,

E.1.3.5 Nameplate Output Rating \_\_\_\_\_ kW

E.1.3.6 \_\_\_\_\_ kVA

E.1.3.7 \_\_\_\_\_ volts, \_\_\_\_\_ phase, 60 Hertz.

E.1.3.8 Number of units \_\_\_\_\_

#### **E.2 Interconnection with the PG&E Electric System**

E.2.1 Voltage of the Interconnection \_\_\_\_\_ kV

E.2.2 Interconnection Capacity \_\_\_\_\_ kW<sup>4</sup>

E.2.3 Step-up transformer available taps

high side \_\_\_\_\_ kV/ \_\_\_\_\_ kV \_\_\_\_\_ kV \_\_\_\_\_ kV

low side \_\_\_\_\_ kV/ \_\_\_\_\_ kV \_\_\_\_\_ kV \_\_\_\_\_ kV

Step-up Transformer taps in use: \_\_\_\_\_ kV \_\_\_\_\_ kV

Step-up Transformer impedance \_\_\_\_\_ kV \_\_\_\_\_ kV

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<sup>4</sup> Operating procedures and limitations for the Generating Facility are specified in Appendix H.

## **APPENDIX F**

### **PG&E Interconnection Handbook Waivers (Applies to Existing Projects Only)**

## APPENDIX G

### Appendix A of the Reliability Management Agreement

#### G.1 Definitions

The following definitions apply to this Appendix G:

##### G.1.1 Member

Any party to the WSCC Agreement.

##### G.1.2 Reliability Management System (RMS)

The contractual reliability management program implemented through the WSCC Reliability Criteria Agreement, this Appendix G of this Agreement, and any similar contractual arrangement.

##### G.1.3 Western Interconnection

The area comprising those states and provinces, or portions thereof, in Western Canada, Northern Mexico and the Western United States in which Members of the WSCC operate synchronously connected transmission systems.

##### G.1.4 WSCC Agreement

The Western Systems Coordinating Council Agreement dated March 20, 1967, as such may be amended from time to time.

##### G.1.5 WSCC Reliability Criteria Agreement

The Western Systems Coordinating Council Reliability Criteria Agreement dated June 18, 1999, among the WSCC and certain of its member transmission operators, as such may be amended from time to time.

##### G.1.6 WSCC Staff

Those employees of the WSCC, including personnel hired by the WSCC on a contract basis, designated as responsible for the administration of the RMS.

#### G.2 Reliability Management System

##### G.2.1 Purpose

In order to maintain the reliable operation of the transmission grid, the WSCC Reliability Criteria Agreement sets forth reliability criteria adopted by the WSCC to which Applicant and PG&E shall be required to comply.

##### G.2.2 Compliance

Applicant shall comply with the requirements of the WSCC Reliability Criteria Agreement, including the applicable WSCC reliability criteria set forth in Section IV of Annex A thereof, and, in the event of failure to comply, agrees to be subject to the sanctions applicable to such failure. Such sanctions shall be assessed pursuant to the procedures contained in the WSCC Reliability Criteria Agreement. Each and all of the provisions of the WSCC Reliability Criteria Agreement are hereby incorporated by reference into this Section 2 as though set forth fully herein, and Applicant shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WSCC Reliability Criteria Agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WSCC Reliability Criteria Agreement.

### **G.2.3 Payment of Sanctions**

Applicant shall be responsible for payment of any monetary sanction assessed against Applicant by WSCC pursuant to the WSCC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WSCC Reliability Criteria Agreement.

### **G.2.4 Transfer of Control or Sale of Generation Facilities.**

In any sale or transfer of control of any generation facilities subject to this Agreement, Applicant shall as a condition of such sale or transfer require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Applicant with respect to this Appendix G or to enter into an agreement with PG&E imposing on the acquiring party or transferee the same obligations applicable to Applicant pursuant to this Appendix G.

### **G.2.5 Publication**

Applicant consents to the release by the WSCC of information related to Applicant's compliance with this Appendix G only in accordance with the WSCC Reliability Criteria Agreement.

### **G.2.6 Third Parties.**

Except for the rights and obligations between the WSCC and Applicant specified in this Appendix G, this Appendix G creates contractual rights and obligations solely between the Parties. Nothing in this Appendix G shall create, as between the Parties or with respect to the WSCC: (1) any obligation or liability whatsoever (other than as expressly provided in this Appendix G), or (2) any duty or standard of care whatsoever. In addition, nothing in this Appendix G shall create any duty, liability, or standard of care whatsoever as to any other party. Except for the rights as a third-party beneficiary under this Appendix G, of the WSCC against Applicant, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. PG&E and Applicant expressly intend that the WSCC is a third-party beneficiary to this Appendix G, and the WSCC shall have the right to seek to enforce against Applicant any provision of this Appendix G, provided, that specific performance shall be the sole remedy available to the WSCC pursuant to Appendix G of this Agreement, and Applicant shall not be liable to the WSCC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WSCC, if so applicable), whether direct, compensatory, special, indirect, consequential, or punitive.

### **G.2.7 Reserved Rights**

Nothing in the RMS or the WSCC Reliability Criteria Agreement shall affect the right of the ISO, subject to any necessary regulatory approval, to take such other measures to maintain reliability, including disconnection, which the ISO may otherwise be entitled to take.

### **G.2.8 Severability.**

If one or more provisions of this Appendix G shall be invalid, illegal or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality or unenforceability shall not affect the validity of the other provisions of this Agreement.

### **G.2.9 Termination**

Applicant may terminate its obligations pursuant to this Appendix G: (a) if after the effective date of this Agreement, the requirements of the WSCC Reliability Criteria Agreement applicable to Applicant are amended so as to adversely affect the Applicant, provided, that Applicant gives fifteen (15) days' notice of such termination to the ISO, PG&E, and the WSCC within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by Applicant for an additional forty-five (45) days if Applicant gives written notice to the ISO and PG&E of such requested extension within the initial forty-five (45) day period; or (b) for any reason on one year's written notice to the ISO, PG&E, and the WSCC.

### **G.2.10 Mutual Agreement**

This Section Appendix G may be terminated at any time by mutual agreement of PG&E and Applicant.

## **APPENDIX H**

### **Operating Procedures and Limitations**