

D R A F T

**INTERCONNECTION AND PURCHASE AGREEMENT
F O R
NET ENERGY METERING**

(Ver 06.24.14)

**AGREEMENT BETWEEN LASSEN MUNICIPAL UTILITY DISTRICT
AND ELIGIBLE CUSTOMER-GENERATORS**

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**INTERCONNECTION AGREEMENT
F O R
NET ENERGY METERING**

THIS AGREEMENT (“Agreement”), entered into this _____ day of _____ 20____, by and between LASSEN MUNICIPAL UTILITY DISTRICT (hereinafter referred to as “LMUD”), a municipal utility district organized under California’s Municipal Utility District Act (Public Utilities Code § 11501, et seq.) and _____, a (_____ corporation, partnership, sole proprietor, individual) whose address is _____, (hereinafter called the “Customer” or “Customer-Generator”), referred to collectively as “Parties” and individually as “Party,” is made with reference to the following:

RECITALS:

A. The Lassen Municipal Utility District (“LMUD”) is a municipal utility district organized under California’s Municipal Utility District Act (Public Utilities Code §11501, et seq.) and provides retail electrical service to its customers, and wheels wholesale power for power producers, located within Lassen County, California;

B. LMUD and the Customer-Generator desire to enter into an agreement to permit the Customer-Generator to install and operate, at the Customer-Generator’s expense, a solar or wind turbine electrical generating facility, or a hybrid system of both, to be operated in parallel with LMUD’s distribution system for the purpose of offsetting all or part of the Customer-Generator’s electrical requirements.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. DEFINITIONS

1.1. “Eligible Customer-Generator” means a residential, commercial, or agricultural customer who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than one megawatt that is located on the Customer-Generator’s owned, leased, or rented premises, is interconnected and operates in parallel with LMUD’s electric grid, and is intended to primarily offset part or all of the Customer-Generator’s own electrical requirements.

1.2. “Net Energy Metering” means measuring the difference between the electricity supplied through LMUD’s electric grid and the electricity generated by an eligible Customer-Generator which is fed back into LMUD’s electric grid over a monthly billing period.

1.3.“Billing Period” means the customary monthly billing period.

1.4.“Net Energy Supplied” means the amount of electricity supplied by LMUD during the

applicable Billing Period in excess of the amount of energy generated by the customer-generator during the same Billing Period.

1.5. "Net Energy Transmitted" means the amount of electricity generated by the customer-generator during the applicable Billing Period in excess of the amount of energy supplied by LMUD during the same Billing Period.

2. APPLICABILITY

This Agreement is applied in conjunction with service under the Customer-Generator's existing LMUD Rate Schedule. The applicability, rates, and special conditions contained in these Rate Schedules are included in this Agreement by reference. Customers will not be permitted to aggregate multiple loads (metered accounts) under a single generation installation. Any credits for Net Energy Transmitted will be applied to the account at the site of the installation only.

3. GENERATING FACILITY SPECIFICATIONS

3.1. Make, Model, Type, Description, and Serial Number of Customer-Installed Generating Facility:

3.2. Location Where Customer-Installed Generating Facility is to be Installed:

3.3. Anticipated Date On Which the Generating Facility Will Be Operational:

4. BILLING AND PAYMENT

4.1. Billing and payment will be as described in the current LMUD Rate Schedule NEM on file at the District office.

5. INTERCONNECTION

5.1. The Customer-Generator will be fully responsible for furnishing, installing, operating, and maintaining in good order and repair, without cost to LMUD, equipment, and any control, protective and safety devices as LMUD requires or may require in the future, for parallel operation with its distribution system.

5.2. The Customer-Generator shall install, at its expense, adequate protective devices to

protect the equipment from over-current, over- or under-voltage and frequency, switching transients and lightning.

- 5.3. The Customer-Generator is responsible, at its expense, for obtaining any governmental authorizations and permits required for the construction and operation of the electric generating facility and interconnection facilities. Customer-Generator shall reimburse LMUD for any and all loss, liability, damage, claim, cost, charge, demand, expense, or penalty LMUD incurs as a result of Customer-Generator's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of Customer-Generator's generating facility.
- 5.4. The Customer-Generator shall submit to LMUD, for review and written approval, equipment specifications and detailed plans for the installation of the generating facility prior to the installation of any equipment or connection to LMUD's distribution system. LMUD's review and acceptance of the Customer-Generator's proposed equipment specifications and detailed plans does not confirm or endorse the Customer-Generator's design or the equipment's safety, durability, or reliability. LMUD is not responsible for strength, details of design adequacy, performance or capacity of equipment, nor is LMUD's acceptance an endorsement of any equipment.
- 5.5. Customer-Generator shall not commence parallel operation of the generating facility until LMUD has given written approval of the interconnection facilities. Such approval shall not be unreasonably withheld. LMUD shall have reasonable notice of any testing and shall have the right to have representatives present at the initial and any subsequent testing of a Customer-Generator's generating facility and associated equipment. Approval for operation is subject to successfully meeting requirements of the LMUD inspections.
- 5.6. All additions, reinforcements, increases in capacity, and extensions of LMUD equipment needed to make connection to the customer-installed generating facility will be constructed at the Customer-Generator's expense and be inspected and approved by LMUD prior to interconnection. Such additions, increases in capacity, and extensions of LMUD equipment shall remain the property of LMUD.
- 5.7. The Customer-Generator shall coordinate with LMUD regarding proposed generator voltage and number of phases. The Customer-Generator may be required to conform to the system voltage and number of phases available in the immediate area.
- 5.8. LMUD will allow interconnection between its facilities and the Customer-Generator's facilities on a continuing basis as long as the parallel operation of the Customer-Generator's generating facility does not degrade in any way the quality of electric service provided to LMUD's other customers. The Customer-Generator shall insure that its operation of the generating facility in no way creates unsafe conditions at either its facility or on LMUD's distribution system.

5.9. LMUD may perform periodic inspections of the Customer-Generator's generating facility without notice to the Customer-Generator.

6. METERING

6.1. Net Energy Metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. If the existing electrical meter of an eligible Customer-Generator is not capable of measuring the flow of electricity in two directions, the Customer-Generator shall be responsible for all expenses for LMUD to purchase and install a meter that is able to measure electricity flow in two directions.

6.2. An additional meter or meters to monitor the flow of electricity in each direction may be installed, with the consent of the Customer-Generator, at LMUD's expense, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the Customer-Generator, or to collect solar or wind electric generating system performance information for research purposes. If an additional meter or meters are installed, the Net Energy Metering calculation shall yield a result identical to that of a single meter. Note: in some cases, California state law may require installation of a separate production meter, which will be installed at the customer's expense.

7. ACCESS TO PREMISES

LMUD shall have immediate and unhindered access, without notice, to and from LMUD's equipment for any purpose reasonably connected with the furnishing of electric services, including, but not limited to, inspection, reading, testing, maintenance, removal and replacement of LMUD meters and equipment, or for the purposes of observing testing of the Customer-Generator's generating facility and associated equipment.

8. OPERATING STANDARDS AND REQUIREMENTS

8.1. The Customer-Generator will coordinate with LMUD, in advance, all distribution system paralleling, separation, shutdowns, equipment clearances, and other operations or activities that affect the interconnection with LMUD's distribution system. For planned outages, the Customer-Generator will give LMUD 48-hour notice of such activities. Planned outages include, but are not limited to, routine maintenance; repairs; equipment or facility changes or upgrades; testing; and, demonstrations. For unplanned outages, the Customer-Generator will provide notice as soon as practicable, but within 24 hours of the event. Reasons for unplanned outages include, but are not limited to, emergencies; fire; flood; earthquake; mechanical failure; accidents; unsafe operating conditions; inadvertent tripping of fuses, breaker switches or other protective devices; power quality problems; system checking and testing of an unplanned nature; and, interruptions in the supply of fuel.

8.2. LMUD may disconnect, without notice, the Customer-Generator's parallel generating facility in order to construct, install, maintain, repair, replace or

inspect LMUD facilities; or for emergencies, forced outages, force majeure or for any reason due to operating conditions on the distribution system; or if, at LMUD's sole discretion, a hazardous condition exists and such immediate action is necessary to protect persons, equipment or property from harm, damage or interference caused by the Customer-Generator's generating facility and associated equipment or facilities. The Customer-Generator's generating facility shall remain disconnected until such time as LMUD is satisfied that the condition(s) referenced above have been corrected.

8.3. Whenever possible, LMUD shall give Customer-Generator reasonable notice of the possibility that interruption or reduction of deliveries may be required.

8.4. LMUD is not liable for lost generation for any reason or cause, including, but not limited to, the reasons listed in Section 8.2 above.

9. INTERFERENCE WITH QUALITY OF SERVICE

9.1. LMUD can refuse to connect or remain connected to any new or existing equipment that may interfere with the quality of LMUD operation or electric service to its customers.

9.2. The Customer-Generator will not operate equipment that superimposes upon LMUD's distribution system a voltage, current, or frequency which causes interference with LMUD's provision of electric service to LMUD customers or interference to communication facilities. If the Customer-Generator causes electric service interference to others, the Customer-Generator must take corrective action, at Customer-Generator's expense, after being given notice and reasonable time to do so by LMUD or after being disconnected by LMUD, in accordance with Section 8.2 above. The Customer-Generator shall notice LMUD with any corrective action prior to it being taken. As to any corrective action, the Customer-Generator must comply with any other requirements of this Agreement.

10. FORCE MAJEURE

LMUD shall not be subject to any liability or damage for inability to provide service, and the Customer-Generator shall not be subject to any liability or damage for such inability to receive service, to the extent that such inability shall be due to causes beyond the control of the party seeking to invoke this provision, including, but not limited to, the following: (a) the operation and effect of any rules, regulations and orders promulgated by any Commission, municipality, or governmental agency of the United States, or subdivisions thereof; (b) restraining order, injunction, or similar decree of any court; (c) war; (d) flood; (e) earthquake; (f) act of God; (g) sabotage; or (h) strikes or boycotts. The Party claiming Force Majeure under this provision shall make every attempt to remedy the cause thereof as diligently and expeditiously as possible.

11. INDEMNITY

- 11.1. Except for loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, caused solely by the negligence of LMUD, its Board, officers and employees, the Customer-Generator shall indemnify, defend and hold harmless LMUD, its Board, officers and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, regardless of the merits or outcome of any such claim or suit arising from, or in any manner connected to, the negligent act or omission of the Customer-Generator or Customer-Generator's agent regarding the compliance by the Customer-Generator or Customer-Generator's agent with any provision of this Agreement.
- 11.2. Except for loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, caused solely by the negligence of LMUD, its Board, officers and employees, the Customer-Generator shall indemnify, defend and hold harmless LMUD, its Board, officers and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, accruing or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, equipment or supplies arising from, or in any manner connected to, the negligent act or omission of the Customer-Generator or Customer-Generator's agent regarding the compliance by the Customer-Generator or Customer-Generator's agent with any provision of this Agreement.
- 11.3. The provisions of this Section 11 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.
- 11.4. If the Customer-Generator or Customer-Generator's agent fails to comply with the insurance provisions in Section 12 of this Agreement, the Customer-Generator shall indemnify, defend and hold harmless LMUD, its Board, officers and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, accruing or resulting from the death or injury to any person or damage to any property, including the personnel and property of LMUD, to the extent that LMUD would have been protected had the Customer-Generator complied with all such insurance provisions. The inclusion of this Section 11.4 is not intended to create any expressed or implied right for the Customer-Generator or Customer-Generator's agent to elect not to provide any such required insurance.

12. INSURANCE

- 12.1. On or before the commencement of the terms of this Agreement, the Customer-Generator or Customer-Generator's agent shall furnish LMUD with certificates showing the type, amount, class of operations covered, effective dates and expiration dates of insurance coverage in compliance with Section 12.2. Such certificates, which do not limit the indemnification of the Customer-Generator or Customer-Generator's agent, shall also contain substantially the following

statement: "Should any of the above insurance covered by this certificate be amended, altered, modified, canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to LMUD by certified mail, "Attention: General Manager."

12.2. The Customer-Generator or Customer-Generator's agent shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to LMUD and licensed to do insurance business in the State of California.

13. BINDING AGREEMENT

This Agreement shall be binding on any assignee, successor or agent of the Customer-Generator.

14. NOTICES

14.1. All notices, demands, requests or approvals to be given under this Agreement shall be given in writing, and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

14.2. All notices, demands, requests, or approvals from the Customer-Generator to LMUD shall be addressed to LMUD at:

Lassen Municipal Utility District
65 S. Roop Street
Susanville, CA 96130
Attention: General Manager

14.3. All notices, demands, requests, or approvals from LMUD to Customer-Generator shall be addressed to the Customer-Generator at:

15. TERM OF AGREEMENT

This Agreement shall be in effect when signed by the Customer-Generator and LMUD and shall remain in effect thereafter month-to-month unless terminated by either Party in accordance with the provisions of Section 16 below.

16. TERMINATION

- 16.1. LMUD may terminate this Agreement after giving ten (10) days’ written notice in accordance with Section 14 above if the Customer-Generator fails or refuses to comply with any of the provisions hereof at the time and in the manner required hereunder, or those contained in the applicable LMUD Rate Schedule; or fails or refuses to comply with federal, state, or local codes, regulations, or rules, including, but not limited to, LMUD’s Rules and Regulations; or fails or refuses to correct an unsafe or disruptive condition after having been given proper written notice in accordance to Section 14 above, specifying the nature of condition(s) and the steps necessary to correct such condition(s), and after having been given reasonable time to correct the condition(s) referenced above by LMUD.

- 16.2. In the event that LMUD terminates this Agreement in accordance with the provisions of Section 16.2 above, the Customer-Generator will cease operating the Customer-Generator’s parallel generating facility and will revert back to taking full-requirements electric service from LMUD under the Customer-Generator’s applicable LMUD Rate Schedule.

- 16.3. Upon termination of this Agreement, each Party shall pay to the other Party that portion of compensation or reimbursement specified in this Agreement that is due and unpaid prior to the effective date of termination.

17. COMPLIANCES

The Customer-Generator shall comply with all laws, state or federal and all ordinances, rules and regulations enacted or issued by LMUD that pertain to the execution of this agreement and the operation and interconnection of the Customer-Generator’s generating facility.

18. CONFLICT OF LAW

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any choice of law rules that may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the courts of the County of Lassen, State of California.

19. WAIVER

A waiver by LMUD of any breach of any term, covenant, or condition contained herein, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

20. INTEGRATED CONTRACT

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both LMUD and the Customer-Generator.

21. INSERTED PROVISIONS

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If, through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either Party.

22. CAPTIONS

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

23. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives on the day and year first above written.

_____	Lassen Municipal Utility District
(Company Name)	
_____	A Municipal Utility District
(Type of company)	
By _____	By _____
(Signature)	(Signature)
_____	_____
(Please print or type)	(Please print or type)
Title _____	Title _____

Form Approved by LMUD
General Counsel
