

AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION

THIS AGREEMENT is entered into by and between the Kerrville Public Utility Board ("KPUB") and _____ Customer ("Customer").

KPUB owns and operates a municipal electric utility engaged in the generation, transmission and distribution of electricity serving the City of Kerrville and portions of Kerr County, Texas; and

Customer intends to construct, own, operate, maintain and connect to the KPUB electric distribution system, a Distributed Generation system less than 10MW in size (the "DG System") at address _____; and

The parties hereto wish to contract for the purchase and sale of the electrical output from the DG System, and the terms of its interconnection with the KPUB electric distribution system.

THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereby contract and agree with each other as follows:

1. This Agreement shall be effective as of the date of execution by the latter of the two parties (the "Effective Date") and, subject to the other terms of this Agreement, shall continue in effect for a period of one year, and month to month thereafter.
2. The DG System will be installed at Customer's premises at the address specified above. The DG System shall not have a generation capacity greater than 10MW. Customer shall install, operate and maintain the DG System in full and faithful compliance with all applicable federal, state and local laws, ordinances, rules and regulations, and generally accepted industry codes and standards, including, but not limited to the National Electrical Safety Code and the National Electrical Code. Customer shall promptly notify KPUB upon receipt of any citation or other official notice of alleged violation of laws, ordinances, rules and regulations concerning the DG System.
3. Customer warrants and represents that:
 - The information regarding the characteristics of the DG System are as specified in the Application for Interconnection and Parallel Operation of Distributed Generation with the KPUB Utility System filed by the Customer with KPUB;
 - The DG System and associated other electrical components and devices meet National Electrical Code standards;
 - All permits, inspections, approvals, and/or licenses necessary for the installation or operation of the DG System have been obtained; and
 - The DG System has been successfully tested to UL 1741 or IEEE 929 standards, or has been satisfactorily tested by an independent laboratory with published results.

Customer shall provide manufacturer's data or other written proof acceptable to KPUB to verify the accuracy of the foregoing warranties and representations. If any of foregoing warranties and representations are inaccurate, the KPUB may, without waiver of or prejudice to any other remedy, immediately disconnect the DG system from KPUB's electric system and terminate this Agreement

4. KPUB will purchase from Customer, and Customer will sell exclusively to KPUB the Electrical Output made available to KPUB at the point of delivery from the DG system. Electrical Output shall mean the total amount of electricity generated by the DG System less any losses in transforming or transmitting such electricity to KPUB. The point of delivery to KPUB for electric power generated by the DG System shall be at KPUB meter. During the term of this Agreement, Customer shall exclusively purchase from KPUB its requirements of electric energy above the amounts generated by the DG system.
5. KPUB shall pay Customer for the Electrical Output of the DG system at the rates, and in accordance with the terms of, KPUB's then approved Tariff for Electric Service, Rider DG – Distributed Generation.

6. Customer shall be solely responsible for the design, installation, operation, maintenance, and repair of the DG System and Customer's interconnection facilities. The interconnection of the DG System to KPUB's electrical distribution system shall comply with the Public Utility Commission of Texas Substantive Rules §25.212 relating to Technical Requirements for Interconnection and Parallel Operation of On-Site Distributed Generation, (16 Texas Administrative Code §25.212) or any successor rule addressing distributed generation. KPUB shall inspect the DG System and the interconnection equipment. All costs to interconnect with KPUB's electric distribution system shall be the responsibility of Customer. KPUB shall not be required to take or pay for any energy generated by the DG System until the DG System successfully passes KPUB's Field Inspection and Customer shall have reimbursed KPUB for all its interconnection costs. Maintenance of the DG System shall be performed in accordance with the applicable manufacturer's recommended maintenance schedule.
7. KPUB shall not be obligated to accept, and shall have the right to require Customer to temporarily curtail, interrupt, or reduce, deliveries of energy in order to construct, install, maintain, repair, replace, remove, investigate, inspect, or test any part of the interconnection facilities, equipment, or any part of KPUB's electric system. KPUB may disconnect, without notice, the DG System from the electric distribution system, if, in KPUB's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or KPUB's facilities or other customers' facilities from damage or interference caused by Customer's DG System or lack of properly operating protective devices.
8. Customer hereby grants KPUB access on and across its property at any reasonable time to inspect the DG System and the interconnection equipment, to read or test meters and metering equipment, and to operate, maintain and repair KPUB's facilities. No inspection by KPUB of the DG System or the interconnection facilities shall impose on KPUB any liability or responsibility for the operation, safety or maintenance of the DG system or Customer's interconnection facilities.
9. The Customer shall provide and install, at the Customer's expense, a visible break disconnect switch acceptable to KPUB at its sole discretion. The disconnect switch will be located so as to be readily accessible to KPUB personnel in a location mutually acceptable to Customer and KPUB. The disconnect switch shall be capable of being secured in an open position by a KPUB padlock.
10. Customer shall indemnify, defend and save harmless KPUB, its elected and non-elected officials, officers, agents and employees from and against any and all liabilities, losses, claims, damages, actions, suits or demands for damages (including costs and attorney's fees, both at trial and on appeal) arising out of, resulting from, or in any manner connected with the breach of any warranty or representation made by Customer in this Agreement, or in any manner connected with the design, construction, operation, maintenance or repair of any part of Customer's DG System or interconnection facilities, including, without limitation liabilities, losses, claims, damages, actions, suits or demands for damages for or on account of personal injury to, or death of, any person, or damage to, or destruction or loss of, property belonging to Customer, KPUB or any third person.
11. If Customer's DG System has a generating capacity of greater than 10 kilowatts (kW) for a residential customer or 50 kW for a commercial customer, the Customer shall maintain liability insurance including contractual liability insurance covering the indemnity agreement set forth herein, with KPUB as a named insured, which insures KPUB against all claims for property damage and for personal injury or death arising out of, resulting from or in any manner connected with the installation, operation and maintenance of the Customer's DG System. The amount of such insurance coverage shall be at least \$500,000 per occurrence, \$1,000,000 general aggregate. Within 10 days of the date of this Agreement Customer shall furnish a certificate from Customer's insurance carrier showing that it has complied with the provisions of this section and providing that the insurance policy will not be changed or canceled during its term without written 30 day notice to KPUB.

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

If to KPUB:

Kerrville Public Utility Board
2250 Memorial Blvd.
Kerrville, Texas 78029-4999

If to Customer:

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

13. A material failure of either party to fully, faithfully and timely perform its obligations under this Agreement shall be a breach of this Agreement. In the event of a breach which is not cured within thirty (30) days after receipt of written notice to the party in default, the party not in default may terminate this Agreement. If Customer is in breach of this Agreement, and such breach continues for thirty (30) days after written notice from KPUB, KPUB may disconnect the DG System or otherwise suspend taking energy from Customer. All rights granted under this section are in addition to all other rights or remedies available at law or under this Agreement or the applicable KPUB Tariff for Electric Service.
14. This Agreement shall inure to the benefit of and by binding upon the heirs, successors, or assigns of each of the parties hereto. Customer may not assign this Agreement without the prior written consent of KPUB. Any assignment without such consent shall be null and void.
15. This Agreement constitutes the entire agreement and understanding between the parties hereto and can be amended only by agreement between the parties in writing. In the event any provision of this Agreement, or any part or portion thereof, shall be held to be invalid, void or otherwise unenforceable, the obligations of the parties shall be deemed to be reduced only as much as may be required to remove the impediment.
16. The failure of either party to insist in any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provision or the relinquishment of any such right or any other right hereunder.
17. This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Texas. Venue for all such disputes shall be proper and lie exclusively in Kerr County, Texas.

IN WITNESS WHEREOF, the parties hereto have caused their names to appear below, signed by authorized representatives.

KPUB

CUSTOMER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____