



DISTRIBUTED ENERGY RESOURCE INTERCONNECTION AGREEMENT

This Interconnection Agreement (“Agreement”) is made and entered into to be effective the ____ day of _____, ____ by City Public Service of San Antonio ("CPS Energy"), and _____ (“Producer”), a generator of distributed energy resource, each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Recitals

WHEREAS, Producer either plans to construct or has already constructed a distributed energy resource facility (“DER Facility”) at a site located within CPS Energy’s retail electric service area (“DER Site”), which will generate electric energy for Producer’s needs and may produce surplus energy which Producer wishes to deliver to the CPS Energy electric power distribution system by way of electrical metering facilities owned and operated by CPS Energy (collectively called “CPS Energy’s System”).

WHEREAS, Producer has completed and submitted the Application for Interconnection of Distributed Energy Resource (“DER Application”) to CPS Energy’s System, which is incorporated herein as Exhibit A, and CPS Energy has conducted its pre-interconnection studies to determine whether CPS Energy can make available and Producer is qualified to enter into such an arrangement for such distributed energy resource interconnection with CPS Energy's System.

WHEREAS, in consideration of the mutual covenants set forth herein, the Parties agree as follows with regard to CPS Energy’s interconnection to the distributed energy resource of Producer.

1. Scope of Agreement

This Agreement sets out conditions under which the Producer and CPS Energy agree that a DER Facility, eligible for interconnection to CPS Energy's System, may be interconnected to CPS Energy’s System, in accordance with the Interconnection Requirements for Distributed Energy Resource (“Interconnection Requirements”) found on the www.cpsenergy.com website and incorporated into this Agreement by reference.

Any energy supplied by CPS Energy and purchased by Producer under this Agreement shall be in accordance with the terms of CPS Energy’s Rules and Regulations for Electric and Gas Service (“Rules and Regulations”), CPS Energy's applicable Rate Schedules (“Rates”), the Interconnection Requirements and the terms and conditions of this Agreement. The Rules and Regulations, Rates, the Interconnection Requirements, and this Distributed Energy Resource Interconnection Agreement together form the total agreement between the Parties.



2. **Interconnection of DER Facility**

Producer or its contractor shall design and install the DER Facility, as necessary for the interconnection of Producer's DER Facility to CPS Energy's System at the Point of Interconnection as located and described in the Interconnection Requirements for Distributed Energy Resource. The Point of Interconnection (POI) is defined as the point where the DER Facility is electrically connected, either directly to the CPS Energy System or directly to the load-side (metered) of Customer-owned equipment, for the applicable DER Facility. Producer will own, operate, maintain and be responsible for the DER Facility, and for the costs of any other protective facilities which, in CPS Energy's commercially reasonable opinion, are required or prudent in order to protect CPS Energy's System from disruption or damage caused by the DER Facility. The Interconnection Facilities shall measure both the energy produced by the DER Facility and any energy provided by CPS Energy for Producer's use at the DER Site. The "Interconnection Facilities" are defined as all facilities required by CPS Energy as a result of interconnection to the DER to allow the safe, reliable interconnection and operation of the DER. CPS Energy will design the Interconnection Facilities such that the Interconnection Facilities are sufficient to enable Producer to supply electric energy across the Point of Interconnection and Point of Delivery to CPS Energy's System. The Point of Delivery/Point of Demarcation (POD) is defined as the point where the electric energy first leaves the conductors or devices owned by CPS Energy, and enters the service-entrance, other conductors or devices owned by the Producer. Producer agrees to promptly provide information and engineering drawings requested by CPS Energy to assist in the design and installation of the Interconnection Facilities. Any electrical energy to be supplied by CPS Energy under this Agreement shall be delivered to Producer at the Point of Delivery in the manner described within the Interconnection Requirements.

3. **Inspection of DER Facility**

Prior to connection of the DER Facility to the Interconnection Facilities, CPS Energy may send a representative to the DER Site to inspect and perform acceptance tests on the DER Facility to determine if the DER Facility complies with the Interconnection Requirements and that all metering, telemetry, communications equipment, etc., associated with the Point of Interconnection is properly functioning and receiving and transmitting accurate information. Producer shall not commence operation of the DER Facility until written approval has been given by CPS Energy. CPS Energy shall notify Producer as to whether or not approval is granted within ten (10) working days from CPS Energy's inspection of the DER Facility. In the event the DER Facility does not comply, CPS Energy shall promptly notify Producer in writing, specifying with reasonable specificity the reason(s) for rejection of approval, and shall provide Producer a reasonable period of time to bring the DER Facility into compliance. CPS Energy shall have reasonable access to the DER Site at all times and shall provide advance notice to Producer of the need for CPS Energy presence at the DER Site, except that no advance notice is necessary in the case of an emergency, or if necessary to meet CPS Energy's legal obligation to provide service to CPS Energy's Customers.



4. **Charges for Interconnection Facilities**

Following execution of this Agreement and prior to commencement of construction of the Interconnection Facilities, CPS Energy shall invoice Producer for the estimated cost, if any, for the work which is required to interconnect the DER Facility to CPS Energy's System in accordance with the Interconnection Requirements ("Interconnection Costs"), in the manner set forth in Exhibit B. DER Producer shall pay CPS Energy the Interconnection Costs within thirty (30) days from the date of the postmark or electronic mail (e-mail) of such invoice, consistent with the Exhibit B - Interconnection Costs. Any amount not paid within such time shall bear interest at the legal rate calculated from the due date. CPS Energy shall have the right to terminate this Agreement pursuant to Section 9 upon Notice to Producer if the Interconnections Costs remain unpaid by Producer 60 days from the date of the invoice postmark or email. In the event the actual cost of the work exceeds the initial estimated Interconnection Cost, invoiced by CPS Energy and paid by Producer, through no fault of CPS ENERGY, CPS Energy shall invoice Producer for the additional cost and Producer shall pay such additional cost to CPS Energy within thirty (30) days from the date of the postmark or email of the invoice. Within thirty (60) days following completion of the make-ready work, if the amount paid by Producer to CPS Energy exceeds the final actual cost of the construction, CPS Energy shall promptly reimburse Producer for the amount by which the amount that was paid by Producer exceeds the final actual cost of the construction.

5. **Charges/Payment for Energy**

If Producer is a net metered Customer, Producer's monthly energy bill, and Net Electric Generation (NEG) credits to which Customer is entitled, will be calculated in accordance with the corresponding CPS Energy applicable Rate(s) under which the Producer is served less any NEG credit computed under CPS Energy applicable Rate(s). NEG, in terms of kWh, is deemed to exist only if an amount equal to the difference between the current month's CPS Energy meter read less the previous month's CPS Energy meter read is negative. Producer agrees to pay its energy bill on or before the due date set forth on the bill in accordance with applicable provisions in the Rules and Regulations.

A Producer who is not a net metered Customer shall pay for energy provided by CPS Energy and be paid by CPS Energy for energy produced by the DER Facility in accordance with the provisions found in the Power Purchase Agreement negotiated between the Producer and CPS Energy.

6. **Operation of Interconnection**

During the term of this Agreement, Producer will maintain and operate the DER Facility in accordance with the Interconnection Requirements. CPS Energy's operation and maintenance of the Interconnection Facilities shall be excused for the duration of any outage which materially prevents or impairs CPS Energy's ability to operate and control the provision of energy through the Point of Interconnection. CPS Energy shall resume operation and maintenance as soon as possible after the outage.



Unless otherwise provided for in the Interconnection Requirements, each Party shall install, operate and maintain all apparatus and necessary protective devices on the Party's respective side of the Point of Delivery which are reasonably necessary, or reasonably required by CPS Energy, to comply with good operating practices and applicable ERCOT Protocols and Operating Guides, at its own cost and expense. In nearly all cases this most nearly represents the point where the ownership changes between CPS Energy facilities and the Producer's facilities.

CPS Energy and Producer shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on the Party's respective side of the Point of Interconnection. For the mutual protection of Producer and CPS Energy, only with CPS Energy's prior authorization and approval are the connections between the CPS Energy's distribution service wires and Producer's service entrance conductors to be energized.

7. **Construction, Operation and Maintenance of DER Facility**

Producer shall be responsible for the design, installation, operation, and maintenance of the DER Facility and shall obtain and maintain any required governmental authorizations and/or permits. Producer shall conduct operations of its DER Facility in compliance with all aspects of such authorizations or permits and shall construct the DER Facility in accordance with specifications equal to or greater than those provided by the National Electrical Safety Code, approved by the American National Standards Institute, and other applicable standards in effect at the time of construction. Producer shall perform maintenance of the DER Facility in accordance with the applicable manufacturer's recommended maintenance schedule and shall provide CPS Energy with a copy upon request. Producer has provided CPS Energy with two phone numbers for contact during "normal" business hours and for emergency events. These contact numbers are found on Exhibit C and Producer is responsible for promptly monitoring and updating the contact information as necessary over the term of this Agreement.

8. **Disconnection at the Point of Interconnection**

Producer shall be required to install their own switch on their side of the Point of Interconnection for their use in disconnecting the DER Facility. Producer may, at their option, disconnect from the Point of Interconnection by operation of their switch. No notice is required for DER Facility's less than 500 kW. **For DER systems 500kW and larger, notice to CPS Energy is required as outlined in the Interconnection Requirements.** Producer shall have no right to operate any of CPS Energy's facilities. Producer's disconnection shall not constitute a termination of this Agreement unless Producer exercises its rights under Section 9. Should CPS Energy schedule planned maintenance and repairs on CPS Energy's System requiring disconnection or other service interruption, CPS Energy will use reasonable efforts to provide Producer with seven calendar days advance notice of such disconnection.

CPS Energy shall have the right to disconnect its System from the DER Facility in cases where continuance of connection will, in CPS Energy's reasonable



determination, i) endanger persons or the public with physical harm or pose potential damage to property of CPS Energy, its customers or members of the public or ii) if there is evidence that the DER Facility operation causes disruption or deterioration of service to other Producers or other customers served from the same grid; or (iii) where CPS Energy reasonably determines that Producer has failed to meet its obligations as provided for in this Agreement; or (iv) where CPS Energy has reasonable cause to believe that Producer is not in compliance with the requirements of this Agreement. During the forced outage of any portion of CPS Energy's System serving and/or receiving energy from Producer, CPS Energy shall have the right to suspend service to effect immediate repairs on CPS Energy's System, but CPS Energy shall use its reasonable efforts to provide Producer with prior notice.

9. **Term and Termination Rights**

This Agreement becomes effective when executed by both Parties, and shall continue in effect until terminated by either Party providing sixty (60) days prior written notice to the other Party. CPS Energy may terminate (i) upon CPS Energy's determination that the DER Facility does not comply with the conditions of this Agreement provided CPS Energy provides notice of default to the Producer and Producer is given a forty-five (45) day period in which to bring the DER Facility into compliance, which may be extended upon mutual agreement, and the DER Facility continues to be noncompliant after such cure period; (ii) upon failure by Producer to generate energy from the DER Facility within twelve months after completion of the Interconnection Facilities; (iii) if any representation made by Producer in this Agreement proves to be false or deliberately misleading in any material respect; or (iv) if CPS Energy costs of constructing the Interconnection Facilities, as set out in Exhibit B of this Agreement are not paid by Producer as provided for Section 4 of this Agreement, after notice and a reasonable opportunity for Producer to remedy such nonpayment. The Parties shall disconnect the DER Facility from the Point of Interconnection upon the effective date of any termination under this Section.

The Initial Term of this Agreement shall be for one (1) year from the date of execution of the Agreement, and thereafter for successive terms of one year unless terminated in accordance with this Section. The last day of the Initial Term and of each successive one-year term of this Agreement is referred to in this Agreement as an "Anniversary Date".

10. **Limitation of Liability and Indemnification**

Notwithstanding any other provision in this Agreement, with respect to CPS Energy's provision of service to Producer, CPS Energy's liability to Producer shall be limited as set forth in the Rules and Regulations.

In no event shall CPS Energy be liable for consequential, special, or incidental damages, including, without limitation, loss of profits, loss of revenue or disruption of business, or loss of production by or on behalf of Producer. CPS Energy does not assume liability for any costs or damages arising from the disruption of the business or for Producer's costs and expenses of prosecuting or



defending an action or claim against CPS Energy. The limitations of liability provided in this paragraph do not apply in actionable cases of gross negligence or intentional wrongdoing on the part of CPS Energy, if any.

11. **Insurance**

For facilities larger than 50 kW and prior to interconnection, the Producer must provide a certificate of insurance showing satisfactory liability insurance including contractual liability insurance covering indemnity obligations which insures the Producer 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 Producer's DER Facility. The amount of such insurance coverage shall be not less than \$2,000,000 per occurrence and name CPS Energy as an additional insured. This amount may be increased at the sole discretion of CPS Energy if the nature of the project so requires. Insurance as specified hereunder shall be in conjunction with insurance obligations stipulated within the executed Power Purchase Agreement (PPA), if applicable. The certificate of insurance shall provide that the insurance policy will not be changed or canceled during its term without thirty days written notice to CPS Energy. The term of the insurance shall be coincident with the term of this Agreement or shall be specified to renew throughout the length of this Agreement.

The Producer shall provide proof of such insurance to CPS Energy at least annually and upon request by CPS Energy.

For installations 50kW and smaller the Producer is not required to provide a certificate of insurance coverage to CPS Energy. It is recommended, however, that the Producer carry liability insurance coverage which insures the Producer 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 Producer's generating equipment.

12. **Easements**

The Producer shall execute and deliver to CPS Energy one or more grants of easement or rights-of-way over, on, under and adjacent to the DER Facility Site, in form and content reasonably acceptable to CPS Energy, containing such commercially reasonable terms and conditions for the construction, operation, maintenance and/or relocation of CPS Energy's gas and electric facilities and the Interconnection Facilities. CPS Energy may locate its equipment or facilities within such easement or right-of-way in the location of its choosing, after obtaining the prior written consent for such location from Producer, which may not be unreasonably withheld, conditioned or delayed. The agreement, execution and delivery of such easements shall be a prerequisite to issuance of the approval provided for in Section 3. Producer agrees that CPS Energy's representatives, employees and assignee are hereby granted rights of ingress and egress to the DER Facility Site at all reasonable times for the purpose of inspection of



equipment and facilities providing service and in order to carry out the provisions of this Agreement.

13. **Dispute Resolution**

The Parties agree to make a good faith effort to resolve any disputes arising between them under this Agreement by non-binding mediation. The Parties hereby agree that, in the event that any dispute between them has not been resolved by non-binding mediation, a Party will have any and all remedies in any court of competent jurisdiction.

14. **Governing Law and Regulatory Authority**

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

15. **Amendment and Changes**

This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties. Producer agrees that the Rates and the Rules and Regulations are expressly subject to change by the Board of Trustees of CPS Energy or any governmental body having jurisdiction over the provision of gas and electric service by CPS Energy. Producer agrees to be bound by the Rates and the Rules and Regulations as they may change from time to time. Any such change shall affect only that portion of this Agreement specifically changed and all other portions shall remain in full force and effect.

16. **Entirety of Agreement and Prior Agreements Superseded**

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



17. **Notices.**

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

If to CPS Energy:

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

Cc:

Distributed Energy Resource Dept.
PO Box 1771
San Antonio, Texas 78296-1771

If to Producer:

Producer: _____
Title or Attn: _____
Mailing Address: _____

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 17.

18. **Assignment**

Any successor, representative or assignee which shall succeed by purchase, merger or consolidation to all or substantially all the properties of CPS Energy or of Producer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. CPS Energy or Producer may assign the rights and obligations of this agreement to an affiliated entity, or to a successor entity of either party that is owned, directly or indirectly, by a company or entity that is in the direct chain of corporate ownership of such Party. Either Party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument which it has executed or may execute hereafter. Provider shall not assign this Agreement or any of its rights, duties or obligations unless and until Provider obtains CPS Energy's consent in writing of the other Party to this Agreement. On any grid-tied DER Facility 500kW or greater, CPS Energy shall have the first right of refusal to purchase the DER Facility should Producer decide to sell.

19. **No Third-Party Beneficiaries**

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations assumed in this agreement are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.



20. **Confidentiality Agreement**

Should Producer request ERCOT Polled Settlement (EPS) meter information or the ability to retrieve meter data from the EPS, Producer shall be required to execute a Confidentiality Agreement in the form attached as Exhibit D.

21. **No Waiver**

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

22. **Headings**

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

23. **Multiple Counterparts and Duplicate Originals**

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument. The Agreement may also be executed in duplicate originals.

24. **Revisions to Exhibits and Requirements**

The Exhibits and the Requirements to this Agreement are part of the Agreement. CPS Energy may revise any of the Exhibits and Requirements to this Agreement at any time, with the prior written acceptance of Producer. Upon acceptance by the Producer, the revised Exhibits and Requirements will become a part of this Agreement. If Producer has not accepted the revised Exhibits and Requirements within thirty (30) calendar days after the revised Exhibits and Requirements have been received by Producer, then Producer shall have been deemed to have rejected the Exhibits and Requirements. If CPS Energy receives a written rejection within the thirty (30) calendar day period, and Producer and CPS Energy are unable to reach a compromise, this Agreement shall terminate upon written notice by either CPS Energy or Producer to the other Party.

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

CPS Energy

Producer

NAME: _____

NAME: _____

SIGNATURE: _____

SIGNATURE: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____