

Industry Public Utilities ("IPU") INTERCONNECTION AND
NET ENERGY METERING AGREEMENT

This Interconnection and Net Energy Metering Agreement for Renewable Electric Facilities ("Agreement") is made and entered into by and between:

_____, ("Customer"),
whose mailing address is:

_____, and
the Industry Public Utilities, a public agency organized and existing under the laws of the State of California ("IPU"), sometimes also referred to herein jointly as "Parties" or individually as "Party."

1. APPLICABILITY

This Agreement is applicable only to customers who satisfy all requirements of the definition of an Eligible Customer-Generator as set forth in Section 2827(b)(4) of the California Public Utilities Code on the effective date of this Agreement. To qualify as an Eligible Customer Generator, the expected annual generation from the Renewable Electrical Generation Facility must not exceed the Customer's load for the prior full calendar year, or if insufficient historical load data is available, the expected annual load based on the customer type and characteristics. Customer represents that customer is an Eligible Customer-Generator.

This Agreement is available on a first-come, first-served basis, until the total rated generating capacity of Eligible Customer-Generator customers exceeds five percent of IPU's aggregate customer peak demand. Once the total rated generation capacity reaches five percent of IPU's aggregate customer peak demand, this rate schedule is closed to new customers.

2. DESCRIPTION OF CUSTOMER'S RENEWABLE ELECTRIC GENERATING FACILITY

- 2.1. Customer elects to interconnect and operate a renewable electric generation facility, as defined in Section 25741(a) (1) of the California Public Resources Code, located on Customer's owned, leased or rented premises within IPU's service area ("Generating Facility") in parallel with IPU's electric grid. Customer represents that the Generating Facility is intended primarily to offset part or all of the Customer's own electrical requirements but, will not be designed to produce net generation in excess of the property's future consumption needs.

2.2. Generating Facility Identification Number:

2.3. Customer Meter Number:

2.4. Customer Service Account Number:

2.5. Applicable Rate Schedule:

2.6. Generating Facility Location:

2.7. Generating Facility Technology:

2.8. Generating Facility Nameplate Rating (kW):

2.9. Estimated monthly energy production of Generating Facility (kWh):

2.10. Estimated date when Generating Facility will be ready to commence parallel operation with IPU's electric system:

3. INTERCONNECTION, DESIGN AND CUSTOMER REQUIREMENTS

- 3.1. Customer shall deliver the available energy to IPU at the Required Meter (as defined in Subsection 4.1 below) located on the Customer's premises.
- 3.2. Customer shall be responsible for the design, installation, operation, and maintenance of the Generating Facility and shall obtain and maintain any required governmental authorizations and permits.
- 3.3. Customer shall conform to all applicable solar electrical generating system safety and performance standards established by the National

Electrical Code (“NEC”), the Institute of Electrical and Electronics Engineers (“IEEE”), and accredited, nationally recognized testing laboratories such as Underwriters Laboratories, applicable building codes, and to all applicable IPU’s Electric Service Requirements, as may be amended from time to time.

- 3.4. Customer shall not commence parallel operation of the Generating Facility until Customer receives written approval from IPU’s Authorized Representative. This individual shall consider such written approval upon IPU’s receipt of a copy of the final inspection and approval of the Generating Facility that has been issued by the governmental authority having jurisdiction to inspect and approve the installation. Such approval shall not be unreasonably withheld.
- 3.5. IPU shall have the right to have its representatives present at the final inspection made by the governmental authority having jurisdiction to inspect and approve the installation of the Generating Facility. Customer shall notify IPU in accordance with the terms of Section 13, herein, at least five days prior to such inspection.
- 3.6. Customer shall not add generation capacity in excess of the Nameplate Rating set forth in Section 2.8 of this Agreement, or otherwise modify the Generating Facility without the prior written permission of IPU.
- 3.7. Customer shall install a visible disconnect switch for the Generating Facility. The disconnect switch shall be lockable in the open position and directly accessible to IPU employees at all times. The disconnect switch should be at a location at/near the meter or if not, the location should then be specified by directions posted at the utility meter.

4. METER REQUIREMENTS

- 4.1. In accordance with IPU’s Rules and Regulations for Electrical Service, IPU shall own, operate, and maintain on Customer’s premises a single meter capable of registering the flow of electricity in two directions (“Required Meter”).
- 4.2. If the existing electrical meter of Customer is not capable of measuring the flow of electricity in two directions or supplying time-of-use information, IPU shall be responsible for the expenses involved in the purchase and installation of a Required Meter, which shall be installed after obtaining Customer’s consent for the installation.
- 4.3. If an additional meter or meters are installed, the Net Energy Metering (as defined in Subsection 9.1 below) calculation shall yield a result identical to that of a single meter.

5. DISCONNECTION, INTERRUPTION OR REDUCTION OF DELIVERIES

- 5.1. IPU shall not be obligated to accept or pay for, and may require Customer to curtail, interrupt, or reduce, deliveries of available energy from its Generating Facility as described in IPU's Electric Service Rule 21 and Generation Interconnection Standards and Guideline ("GIST"):
 - 5.1.1. Whenever IPU deems it necessary in its sole judgment, to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its electric system; or
 - 5.1.2. Whenever IPU determines in its sole judgment, that curtailment, interruption, or reduction of Customer's electrical generation is otherwise necessary due to emergencies, forced outages, *force majeure*, or compliance with prudent electrical practices.
- 5.2. Whenever reasonably possible, IPU shall give Customer reasonable notice of the possibility that curtailment, interruption, or reduction of such deliveries may be required.
- 5.3. Notwithstanding any other provision of this Agreement, if at any time IPU determines that either (a) the Generating Facility or its operation may endanger the health, safety, or welfare of IPU personnel, any person or the public, or (b) the continued operation of the Generating Facility may endanger the integrity of IPU's electric system, any property or the environment, IPU shall have the right to enter onto Customer's premises and disconnect Customer's Generating Facility from IPU's system. Customer's Generating Facility shall remain disconnected until such time as IPU is satisfied that the condition(s) referenced in (a) and (b) of this Subsection 5.3 have been corrected.

6. ACCESS TO PREMISES

IPU may enter Customer's premises at all reasonable hours without notice to Customer for the following purposes:

- (a) To inspect Customer's protective devices and read or test the meter(s); and
- (b) To disconnect the Generating Facility and/or service to Customer, whenever in IPU's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, IPU's facilities, or property of others from damage or interference caused by the Generating Facility, or the absence or failure of properly operating protective devices.

7. PERMITS AND MAINTENANCE

Customer shall, at its sole cost and expense, (a) maintain the Generating Facility and interconnection facilities in a safe and prudent manner and in conformance with all applicable laws and regulations including, but not limited to Section 3, and (b) obtain any governmental authorizations and permits required for the construction and operation of the Generating Facility and interconnection facilities and performance of this Agreement. Customer shall reimburse IPU for any and all losses, damages, claims, penalties, or liability it incurs as a result of Customer's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of Customer's Generating Facility and performance of this Agreement.

8. INDEMNITY AND LIABILITY

- 8.1. Customer shall defend, indemnify, and hold harmless IPU's elected or appointed officials, directors, and/or officers, its employees, representatives, and agents (individually and collectively hereinafter "IPU Indemnitees"), from and against any and all liabilities, claims, actions, causes of action, suits, proceedings, demands, losses, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and costs (collectively "Claims"), which IPU Indemnitees may suffer or incur or to which IPU Indemnitees may be subject by reason of or arising out of by the negligent or willful acts or omissions of Customer, or any of its respective agents, officers, directors, employees, consultants or subcontractors, committed in connection with (a) any act or omission in the engineering, design, construction, destruction, maintenance, repair, operation, supervision, inspection, testing, protection or ownership of the Generating Facility, (b) any act or omission in the replacement, addition, betterment, reconstruction, removal, or destruction, of or to the Generating Facility, or (c) the Generating Facility. The foregoing notwithstanding, the provisions of this paragraph shall not apply to Claims occurring as a result of negligence or willful misconduct proven to have been caused by IPU Indemnitees.
- 8.2. The indemnitor shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity and shall pay for all costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.
- 8.3. The provisions of this Section 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.
- 8.4. Except as otherwise provided in Section 8.1, neither Party shall be

liable to the other Party for consequential damages incurred by that Party.

- 8.5. Nothing in this Agreement shall create any duty to, any standard of care with reference to, or any liability to any person who is not a Party to it.
- 8.6. Notwithstanding the provisions of Section 8.1, Customer shall be responsible for protecting its Generating Facility from damage by reason of the electrical disturbances or faults caused by the operation, faulty operation, or non-operation of IPU's facilities and IPU shall not be liable for any such damage so caused.

9. RATES AND BILLING

- 9.1. All rates charged will be in accordance with Customer's otherwise applicable tariff (Rate Schedule), as in effect from time to time, on a Net Energy Metering basis. "Net Energy Metering" means measuring the difference between the electricity supplied through the electric grid to the Customer and the electricity generated by Customer's Generating Facility and fed back to the electric grid over a 12-month billing period as described in Subsection 9.4 below.
- 9.2. Customer's otherwise applicable tariff (Rate Schedule) or "Rate Schedule" means the Rate Schedule in IPU's published Electric Rate Schedules that would otherwise apply to Customer from time to time in the absence of this Agreement.
- 9.3. Customer is responsible for paying all charges in its Rate Schedule including any applicable customer charge, public purpose charge and demand charge, when applicable, regardless of Customer's monthly or annual net generation.
- 9.4. If Customer's applicable Rate Schedule is General Service (Schedule A) or Domestic Service (Schedule D), then the following provisions apply.
 - 9.4.1. Customer will be billed on a 12-month basis initiating on the first day of the following month of the Generating Facility's final interconnection with IPU. The 12-month Net Energy Metering calculation shall be made by measuring the difference between the electricity supplied to the Customer and the electricity generated by the Customer and fed back to the grid over the 12-month billing period.
 - 9.4.2. At the end of each 12-month billing period, IPU shall determine if Customer was a net consumer or a net producer of electricity. In the event the electricity supplied by IPU during

the 12-month period exceeds the electricity generated by Customer during the same period, Customer is a net energy consumer.

- 9.4.3. If Customer is a net energy consumer, IPU shall bill Customer for the net energy consumption during the applicable 12-month billing period based on the Customer's Rate Schedule and Customer shall pay for such net energy consumption in accordance with Customer's billing statement. If Customer is a net energy producer at the end of the applicable 12-month billing period, then Section 9.10 shall apply.
- 9.5. If Customer's applicable Rate Schedule is Large General Service (Schedule B), or Larger General Service (Schedule C), then the following provisions apply.
 - 9.5.1. Customer's Net Energy Metering calculation shall be calculated over each normal monthly billing period within a 12-month period initiating on first day of the following month from the date of the Generating Facility's final interconnection with IPU. The monthly Net Energy Metering calculation shall be made by measuring the difference between the electricity supplied to the Customer and the electricity generated by the Customer and fed back to the grid over a normal one-month billing period.
 - 9.5.2. At the end of each one-month billing period, IPU shall determine if Customer was a net consumer or a net producer of electricity. In the event the electricity supplied by IPU during the one-month period exceeds the electricity generated by Customer during the same period, Customer is a net energy consumer.
 - 9.5.3. If Customer was a net energy consumer, IPU shall bill Customer for the net energy consumption during such billing period based on the Customer's Rate Schedule and Customer shall pay for such net energy consumption monthly in accordance with Customer's monthly billing statement. If Customer is a net energy producer at the end of the applicable 12-month billing period, then Section 9.10 shall apply.
- 9.6. IPU shall provide Customer with Net Energy Metering consumption information on a monthly basis. If the Customer's applicable tariff (Rate Schedule) employs "time of use" rates, any net monthly consumption of electricity shall be calculated according to the terms of the rate schedule. When Customer is a net generator during any discrete time of use period, the net kilowatt hours produced shall be valued at the same price per kilowatt hour as IPU would charge for retail kilowatt hour

sales during that same time of use period.

- 9.7. If Customer terminates service under this Agreement prior to the end of any twelve-month period, IPU shall reconcile Customer's consumption and production of electricity and bill Customer for Net Energy Metering charges, if any. If at the end of the period prior to termination, Customer is a Net Surplus Customer-Generator, then IPU shall retain any Net Surplus Energy generated by Customer, including any associated environmental attributes or RECs. If Customer is eligible for Net Surplus Compensation, such compensation shall be calculated as measured from the end of the prior 12-month period until the date of termination.
- 9.8. If Customer is a net energy consumer during the applicable billing period, the Public Benefits Charge that is applicable to Customer under Customer's Rate Schedule shall be calculated based upon the Customer's Gross Energy Consumption, and monthly demand, if applicable, for such billing period. Gross Energy Consumption is defined as the sum of the net energy provided by IPU and the total production at the Generating Facility within the billing period.
- 9.9. If Customer is a net producer of electricity over a normal billing cycle, any excess kilowatt hours generated during the billing cycle shall be carried over to the following billing period (up to a maximum of twelve consecutive months upon the anniversary of interconnection).
- 9.10. At the end of each 12-month period, the following provisions apply:
 - 9.10.1. IPU shall retain any net surplus energy generated by Customer, including any associated environmental attributes or renewable energy credits ("REC"), and Customer's monetary value shall be reset to zero for the subsequent 12-month period. No payment will be made to Customer for the excess energy delivered to IPU's grid, *unless Customer elects a compensation option in Subsection 9.10.3.*
 - 9.10.2. Customer may be eligible for net surplus energy compensation. The Customer's net surplus energy compensation shall be calculated over a 12-month period beginning with the Customer's regularly scheduled meter read date at the start of their next 12-month billing cycle.
 - 9.10.3. At the end of the 12-month period, upon certification by the Customer that they have sole ownership of the environmental attributes and REC associated with the energy generated from the Generating Facility in accordance with Subsection 9.10.5, Customer may receive net surplus energy compensation for net surplus energy by affirmatively electing one of the following methods (Please initial just one)

(a). *Receive compensation based on the net surplus compensation rate for net surplus energy generated during the prior 12-month period.*

(b). *Receive the net surplus energy as a kilowatt-hour credit calculated using the net surplus energy compensation rate and applied against future billing periods.*

(Please initial) By making this election, Customer also agrees that all environmental attributes and RECs associated with the kilowatt-hours generated shall be the property of IPU. Customer hereby transfers to IPU all rights, title, and interest Customer has to such environmental attributes and RECs.

9.10.4. Affirmative elections remain effective for each 12-month period following the execution of such election. Customers are eligible to revise their net surplus energy compensation elections by giving written notice to IPU at least thirty-days prior to the beginning of each succeeding 12-month period.

9.10.5. Customer hereby certifies that they have sole ownership of the environmental attributes and REC associated with the energy generated from the Generating Facility. For Customers who elect to receive net surplus energy compensation based on a per kilowatt-hour rate in accordance with Subsection 9.10.3, the environmental attributes and RECs associated with the kilowatt-hours in which the Customer received net surplus energy compensation at the per kilowatt-hour rate shall be the property of IPU. Customer hereby transfers to IPU all rights, title, and interest Customer has to such environmental attributes and RECs.

10. INSURANCE

To the extent that Customer has currently in force all risk property insurance and comprehensive personal or commercial general liability insurance, Customer agrees that it will maintain such insurance in force for the duration of this Agreement. IPU and Industry shall have the right to inspect or obtain a copy of the original policy or policies of insurance prior to commencing operation. In the event the solar generating system is greater than 30 kW (AC), such insurance shall, by endorsement to the policy or policies, provide for thirty (30) calendar days written notice to IPU prior to cancellation, termination, alteration, or material change of such insurance.

11. GOVERNING LAW, VENUE

This Agreement shall be interpreted under, governed by, and construed in accordance with the laws of the State of California as if executed and to be performed wholly within the State of California, without regard to conflicts of law rules thereof. Any action at law or equity brought by either Party for the purpose of enforcing a right or rights provided in this Agreement shall be brought only in a court of proper jurisdiction in the County of Los Angeles, State of California, and the Parties hereby waive all other provisions of law providing for a change of venue in such proceedings to any other county. In event of a conflict between this contract and applicable provisions of state law, the later shall apply.

12. MODIFICATIONS, WAIVER, INTERPRETATION

- 12.1. No amendment or modification to this Agreement shall be effective unless in a writing duly executed by both Parties. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.
- 12.2. This Agreement shall supersede any existing agreement with IPU under which Customer is currently operating the Generating Facility identified in Section 2, herein, and any such agreement shall be deemed terminated as of the effective date of this Agreement.
- 12.3. This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreements of the Parties. Neither Party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.
- 12.4. Except as expressly modified herein, IPU's Rules and Regulations for Electrical Service as adopted from time to time by IPU shall continue to be applicable to IPU's provision of electrical service to Customer and performance of this Agreement.

13. NOTICES

- 13.1. Any notice required under this Agreement shall be in writing and mailed at any United States Post Office with postage prepaid and addressed to the Party, or personally delivered to the Party, at the address below.

Changes in such designation may be made by notice similarly given. All written notices shall be directed as follows:

If to IPU:

Industry Public Utilities
15625 Mayor Dave Way
City of Industry, California 91744
Attention: Public Utilities Director

With a copy to:

Casso and Sparks, LLP
13300 Crossroads Parkway North, Suite 410
City of Industry, California 91744
Attention: James M. Casso, General Counsel

Customer:

To the mailing address listed on page 1 of this Agreement.

- 13.2. Customer's notices to IPU pursuant to this Section shall refer to the Generating Facility Identification Number that is set forth in Section 2.2.
- 13.3. In the event of an emergency, Customer shall immediately notify IPU at its 24-hour emergencies number, 1-877-811-8700, of any emergency situations related to the Generating Facility.

14. TERM AND TERMINATION OF AGREEMENT

- 14.1. This Agreement shall become effective on the date this Agreement is duly executed by both Parties as set forth in Section 17 below and shall continue in full force and effect until terminated as provided herein.
- 14.2. This Agreement shall terminate on the earliest to occur of:
 - 14.2.1. The thirtieth (30) day after Customer gives IPU prior written notice of termination with or without cause in accordance with Section 13.
 - 14.2.2. The date both Parties agree in writing to terminate this Agreement.
 - 14.2.3. The first day after IPU gives Customer written notice of termination for cause, provided that IPU shall first have given Customer written notice of Customer's breach of this Agreement and within thirty days of IPU's sending notice of such breach, Customer fails to cure such breach or, if such breach requires more than thirty days to cure, Customer fails to promptly commence cure of such breach and diligently prosecute such cure to completion.

14.2.4. The date IPU is no longer the electric supplier to Customer's premises; or

14.2.5. The date changes to Customer's electric load, or other circumstances, cause Customer to no longer satisfy all requirements of the definition of an Eligible Customer-Generator, as set forth in Section 2827(b)(4) of the California Public Utilities Code on the effective date of this Agreement.

14.2.6. After termination of this Agreement, any electric service provided by IPU to Customer shall be pursuant to and in accordance with Customer's Rate Schedule.

15. AUTHORIZED REPRESENTATIVE

IPU's Authorized Representative is the Public Utilities Director, or his designee. IPU may change its Authorized Representative by giving Customer notice pursuant to Section 13.

16. ASSIGNMENT PROHIBITED

Customer understands and agrees that this Agreement is personal to Customer and that Customer shall not assign or transfer in any way all or any portion of this Agreement to any other person or entity of any kind. Any attempt by Customer to assign or transfer in any way all or any portion of this Agreement shall be void ab initio.

17. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives on the dates set forth below. This Agreement is effective as of the latter of the two dates set forth below.

Customer

By: _____
Name: _____
Title: _____
Date: _____

Industry Public Utilities

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

By:

Commission Secretary

APPROVED AS TO FORM:

By:

General Counsel

SUBMITTALS REQUIRED:

1. Building Permit
2. Electric Single Line Diagram
3. Electric Load Schedule
4. Site Plan
5. Solar Generating System Electric Specifications
6. Solar Generating System Electric Certification