

**AGREEMENT FOR THE INTERCONNECTION AND PARALLEL OPERATION OF
DISTRIBUTED GENERATION IN THE HALLETTSVILLE ELECTRIC SYSTEM**

THIS AGREEMENT is entered into by and between the City of Hallettsville, Texas ("CITY") and _____ Customer ("Customer"). CITY owns and operates a municipal electric utility engaged in the distribution of electricity serving the City of Hallettsville and portions of Lavaca County, Texas. Customer intends to construct, own, operate, maintain and connect to the CITY electric distribution system, a Distributed Generation system having a generating capacity of no more than ten (10) MW in size (the "DG System") at the following address:_____.

The parties hereto wish to contract for the purchase and sale of the electrical output from the DG System, and set forth the terms of its interconnection with the CITY 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:

Article I. This Agreement shall be effective as of the date of execution by the latter of the two parties (the "Effective Date"). The minimum term of this agreement is one year, extended automatically unless terminated by either party with sixty days written notice.

Article II. 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 ten (10) MW. 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 CITY upon receipt of any citation or other official notice of alleged violation of laws, ordinances, rules and regulations concerning the DG System.

Article III. Customer warrants and represents that:

- (A) 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 CITY Electric System filed by the Customer with CITY;
- (B) The DG System and associated other electrical components and devices meet National Electrical Code standards;
- (C) All permits, inspections, approvals, and/or licenses necessary for the installation or operation of the DG System have been obtained; and that the DG System has been successfully tested to UL 1741, IEEE 1547 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 CITY to verify the accuracy of the foregoing warranties and representations. If any of the foregoing warranties or representations are inaccurate, the City may, without waiver of or prejudice to any other remedy, immediately disconnect the DG system from the City electric system and terminate this Agreement.

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Article IV. City will purchase from Customer, and Customer will sell exclusively to City the electrical output made available to City 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 City. The point of delivery to City for electric power generated by the DG System shall be at Point of Interconnection. During the term of this Agreement, Customer shall exclusively purchase from City its requirements of electric energy above the amounts generated by the DG system.

Article V. City shall pay Customer for the Electrical Output of the DG system that exceeds the electric energy purchased by Customer from City at the avoided cost rate. The avoided cost shall be the combined per KWH wholesale power cost of electric energy purchased by City from its wholesale electric energy providers.

Article VI. 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 the City electrical 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. City may inspect the DG System and the interconnection equipment at any time to ensure compliance with applicable federal, state and local laws, ordinances, rules and regulations. All costs to interconnect with the City electric system shall be the responsibility of Customer. City shall not be required to take or pay for any energy generated by the DG System until (a) the DG System successfully passes City's Field Inspection, and (b) Customer shall have reimbursed City for all its interconnection costs. Maintenance of the DG System shall be performed in accordance with the applicable manufacturer's recommended maintenance schedule.

Article VII. City 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 the City electric system. City may disconnect, without notice, the DG System from the electric distribution system, if, in City's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, City's facilities, or other customers' facilities from damage or interference caused by Customer's DG System or lack of properly operating protective devices.

Article VIII. Customer hereby grants City 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 City's facilities. No inspection by City of the DG System or the interconnection facilities shall impose on City any liability or responsibility for the operation, safety, repair or maintenance of the DG system or Customer's interconnection facilities.

Article IX. Customer shall indemnify, defend and hold harmless City, 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

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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, City or any third person.

Article X. The Customer shall maintain liability insurance including contractual liability insurance covering the indemnity agreement set forth herein, with City as a named insured, which insures City 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 ten (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 article and providing that the insurance policy will not be changed or canceled during its term without first providing a written 30-day notice to City. This insurance requirement will not apply to systems of 20 kW or less that are UL 1741 listed and meet the requirements of IEEE 1547 and are installed in accordance with the National Electric Code.

Article XI. 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 Hallettsville:

City of Hallettsville
City Secretary/Administrator
101 N. Main Street
Hallettsville, TX 77964

If to Customer:

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

Article XII. 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 City, City may disconnect the DG System or otherwise suspend taking energy from Customer. All rights granted under this article are in addition to all other rights or remedies available at law or under this Agreement or the applicable City Utilities Rules and Regulations.

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Article XIII. This Agreement shall inure to the benefit of and be 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 City. Any attempted assignment without such consent shall be null and void.

Article XIV. 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.

Article XV. 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.

Article XVI. 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 Lavaca County, Texas.

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

City of Hallettsville	Customer
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____