

DISTRIBUTION SYSTEM

INTERCONNECTION AGREEMENT

BETWEEN

[Interconnection Customer]

AND

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT

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DISTRIBUTION SYSTEM INTERCONNECTION AGREEMENT

This DISTRIBUTION SYSTEM INTERCONNECTION AGREEMENT (“*Agreement*”) is made and entered into this ____ day of _____, 20____, by and between [*interconnection customer*], a [*type of entity and state of organization*] (“*Customer*”) and Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona (“*SRP*”). Customer and SRP may each be referred to in this Agreement as a “*Party*.”

RECITALS

- A. SRP owns and operates the SRP Distribution System in the greater Phoenix metropolitan area.
- B. Customer intends to control and operate, or cause to be controlled and operated, the Distribution Energy Resource Facility identified in Appendix 1 to this Agreement (the “*DER Facility*”).
- C. Customer has requested to interconnect the DER Facility to the SRP Distribution System.
- D. This Agreement governs the terms and conditions under which the DER Facility will interconnect, and operate in parallel, with the SRP Distribution System.

AGREEMENT

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agree as follows:

Article 1. Definitions; Interpretation.

In this Agreement: (a) capitalized terms have the meanings specified in Appendix 7; (b) a reference to a number of days refers to calendar days; (c) words using the singular or plural number also include the plural or singular number, respectively; and (d) use of the words “include” or “including” or similar words shall be interpreted as “include, without limitation” or “including, without limitation.”

Article 2. Effective Date, Term and Termination.

- 2.1 Effective Date; Term. This Agreement will become effective as of the last date set forth beneath the Parties’ signatures below, and will remain in effect unless and until terminated by mutual agreement of the Parties, or as provided for in this Article 2 or Article 15.
- 2.2 Termination.
 - 2.2.1 Customer may terminate this Agreement, effective as of the date on which the DER Facility permanently ceases operation, by delivering at least ninety (90) days’ advance written notice to SRP.
 - 2.2.2 Upon any termination of this Agreement, Customer must cause the DER Facility to be disconnected from the SRP Distribution System. All costs associated with such disconnection will be borne by Customer, unless the termination of this Agreement resulted from SRP’s Default. Customer’s obligations under this Section 2.2.2 will survive the termination of this Agreement.
 - 2.2.3 Upon any termination of this Agreement, each Party will be released and discharged from any further liability or obligation under this Agreement, except for the obligations to perform any

provision of this Agreement that by its terms survives any such termination, and any obligations that arise upon termination. Termination of this Agreement shall not operate to discharge any liability incurred by either Party prior to the effective date of such termination.

- 2.2.4 Notwithstanding anything to the contrary contained in this Agreement, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

Article 3. Scope and Limitations of Agreement.

This Agreement does not provide for the sale or delivery of power or energy, nor does it govern Customer's participation in any other SRP program. Without limiting the foregoing, nothing in this Agreement will be deemed to obligate SRP to accept from Customer, or to compensate Customer for, any energy delivered to SRP. If and to the extent SRP agrees to accept any energy delivered to it, such delivery, and any compensation payable therefor, will be in accordance with the Standard Electric Price Plan and Rider(s) or other pricing documents applicable to Customer from time to time. Customer will be responsible for separately making all necessary arrangements (including any scheduling, distribution and/or transmission service) for delivery of electricity to SRP or other eligible service provider, if any. Nothing in this Agreement affects any other agreement between SRP and Customer, including without limitation, any agreement for the provision of distribution or transmission service.

Article 4. Responsibilities of the Parties.

- 4.1 General. Except as may be otherwise expressly provided in this Agreement or agreed in writing by the Parties: (a) any and all facilities, equipment, and appurtenances placed on the premises of a Party shall be and remain the property of the Party providing such equipment, regardless of the mode and manner of annexation or attachment to real property; and (b) each Party shall be fully responsible for the safe installation, operation, maintenance, repair and condition of the facilities, equipment, and appurtenances that it owns now or in the future. The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

4.2 Customer Obligations.

- 4.2.1 Customer will be responsible, at its sole expense, for performing, or causing to be performed, all obligations of Customer in this Agreement, whether the DER Facility is designed, installed, owned or operated by Customer or by a third party. Customer will be solely responsible for all legal and financial obligations arising from or in connection with the ownership, design, construction, installation, operation, maintenance, and removal of the DER Facility.
- 4.2.2 Customer shall construct and install (or cause to be constructed and installed) the DER Facility and all of its facilities and systems in accordance with, and in a manner that meets or exceeds all specifications provided by, this Agreement, SRP's Rules and Regulations, the Operating Requirements, the National Electrical Safety Code, the ANSI, the Institute of Electrical and Electronics Engineers, Underwriter's Laboratory, and all other applicable national and state codes and standards, in each case, as in effect at the time of construction. Customer must, at its own expense, obtain and maintain all permits, inspections and approvals required by applicable jurisdictions with respect to the DER Facility and all of its facilities and systems.
- 4.2.3 Customer shall operate and maintain (or cause to be operated and maintained) the DER Facility and all of its facilities and systems in accordance with this Agreement, SRP's Rules and Regulations, the Operating Requirements, and the applicable manufacturer's recommended maintenance schedule, in each case, as in effect from time to time.

- 4.2.4 Customer shall own and control the Customer Interconnection Facilities and, unless and to the extent otherwise agreed upon in Appendix 2 of this Agreement, shall be responsible, at its sole expense, for the construction, operation and maintenance thereof.
- 4.2.5 Customer shall abide by all rules and procedures of SRP pertaining to the parallel operation of the DER Facility with the SRP Distribution System, including, the Operating Requirements.
- 4.2.6 Customer must fully comply, and cause its contractors to fully comply, with all applicable SRP Terms and Requirements, all of which are adopted and incorporated as part of this Agreement. All SRP Terms and Requirements are available at SRP's principal office, as well as at SRP's website, www.srpnet.com.
- 4.2.7 Customer represents and warrants that initial title to the energy produced by the DER Facility immediately vests with Customer. Customer also represents and warrants that it will not sell energy produced by the DER Facility to a third party.
- 4.3 SRP Obligations.
- 4.3.1 SRP will own and control all SRP Interconnection Facilities. SRP shall construct, operate, and maintain the SRP Interconnection Facilities and, if and to the extent agreed upon in Appendix 2 of this Agreement, the Customer Interconnection Facilities.
- 4.3.2 SRP shall coordinate the operation of the interconnection with all Affected Systems.
- 4.4 Security Arrangements. Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. SRP, other distribution and transmission system owners, market participants, and all Interconnection Customers (including Customer) must comply with the recommendations offered by the President's Critical Infrastructure Protection Board, Good Utility Practices, and standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.
- 4.5 Environmental Releases. Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the DER Facility or the Interconnection Facilities, which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, and make a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly-available reports filed with any Governmental Authority addressing such events.

Article 5. DER Facility Nameplate Rating; Milestones.

- 5.1 Maximum Nameplate Rating. The DER Facility may not exceed the Maximum Nameplate Rating.
- 5.2 In-Service Deadline. Customer shall have no more than three (3) years from the date it submitted its valid Distribution System Interconnection Request to place the DER Facility into service. If, at the three (3) year in-service deadline, the DER Facility is constructed but its capacity is less than Maximum Nameplate Rating, then the DER Facility will thereafter be limited to the highest capacity achievable at the three (3) year in-service deadline and this Agreement will be deemed automatically modified to reflect such new capacity maximum. Any subsequent changes in capacity shall be subject to the then-existing applicable interconnection process.
- 5.3 Construction Milestones. Subject to Section 5.2, Customer may suspend or otherwise modify milestones for construction work as shown in Appendices 2, 3, 4 and 5. In no event shall SRP bear any responsibility

for Customer's failure to achieve full generating capacity at the DER Facility by the three (3) year in-service deadline due to Customer's failure to meet the milestones in Appendices 2, 3, 4 and 5, and specifically for any changes in milestones relating to SRP construction work as required in this Agreement.

Article 6. Metering, Communications and Control.

- 6.1 Metering Equipment. SRP will install the Metering Equipment, if any, described on Appendix 2 and depicted on Appendix 5. Metering Equipment, if any, shall comply with the Applicable Reliability Standards. Unless otherwise agreed by the Parties, SRP shall install Metering Equipment at or near the Point of Interconnection prior to any operation of the DER Facility, and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the DER Facility shall be measured at or, at SRP's option, compensated to, the Point of Interconnection. SRP shall provide metering quantities, in analog and/or digital form, to Customer upon request. Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 6.2 Check Meters. Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check SRP's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this Agreement. The check meters shall be subject at all reasonable times to inspection and examination by SRP or its designee. The installation, operation and maintenance thereof shall be performed entirely by Customer in accordance with Good Utility Practice.
- 6.3 Metering Equipment Inspections. SRP shall install, calibrate, and periodically inspect and test Metering Equipment, if any, in accordance with applicable ANSI standards. SRP shall give Customer reasonable advance notice of any Metering Equipment test or inspection, and Customer may have representatives present at the test or inspection. SRP shall also, at Customer's request and expense, inspect or test Metering Equipment. If at any time Metering Equipment is found to be inaccurate or defective, SRP shall cause it to be adjusted, repaired or replaced to provide accurate metering, and the costs thereof will be borne by Customer unless Customer demonstrates that the inaccuracy or defect is due to SRP's failure to maintain the Metering Equipment. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than 2% from the measurement made by the standard used in the test, SRP shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error. If, however, SRP cannot reasonably ascertain the first day on which the Metering Equipment was in error, that day will be deemed to have occurred on the first day of the month in which occurs the 90th day prior to the date on which SRP learns that the Metering Equipment is in error.
- 6.4 Metered Data. Metered data shall be used, under normal operating conditions, as the official measurement of the amount of energy, if any, delivered from the DER Facility to the Point of Interconnection. SRP may require the metered data to be telemetered, at Customer's expense, to locations designated by SRP, in which event the telemetered data will be used as the official energy measurement mechanism.
- 6.5 Communications. This Section 6.5 is not applicable to any Emergency, Stand-by, or Back-Up Generation Facility.
- 6.5.1 SRP shall maintain SRP-required operating communications with SRP's dispatcher or representative designated by SRP. SRP shall also provide and maintain the dedicated data circuit(s) necessary to provide Customer data to SRP as set forth in the Operating Requirements. The data circuit(s) shall extend from the DER Facility to the locations(s) specified by SRP. Operational communications shall be activated and maintained under,

without limitation, the following events: system paralleling or separation; scheduled and unscheduled shutdowns; equipment clearances; and hourly and daily load data.

- 6.5.2 SRP shall, at Customer's expense, install a remote terminal unit, or equivalent data collection and transfer equipment acceptable to SRP, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by SRP through use of a dedicated point-to-point data circuit(s) as indicated in Section 6.5.1. SRP shall specify the communication protocol and data points for the data circuit(s).
- 6.6 Notification of Errors. Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention of, or correction by, the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.
- 6.7 Operational Control by SRP. If SRP determines that the DER Facility is negatively impacting power quality on Customer's circuit, SRP may adjust inverter settings or require operational control to achieve levels acceptable to SRP. This Section 6.7 is not applicable to any Emergency, Stand-by, or Back-Up Generation Facility.

Article 7. Inspection, Testing, Authorization, and Right of Access.

7.1 Equipment Testing and Inspection.

- 7.1.1 Customer shall test and inspect the DER Facility prior to interconnection in accordance with Good Utility Practice, Applicable Laws and Regulations, and the Operating Requirements. Customer shall notify SRP of such activities no fewer than five (5) Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day (or as may be agreed to by the Parties). SRP may send qualified personnel to the Premises to inspect the DER Facility and observe the testing. Customer shall provide SRP a written test report when such testing and inspection is completed.
- 7.1.2 SRP shall provide Customer written acknowledgment that it has received Customer's written test report. Such written acknowledgment and any inspection or observation by SRP shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by SRP of the safety, durability, technical or economic feasibility, suitability, or reliability of the DER Facility or any associated control, protective, and safety devices owned or controlled by Customer, or the quality of power produced by the DER Facility. The sole purpose of any SRP review, inspection or observation is to evaluate whether the DER Facility will adversely affect the Interconnection Facilities, the SRP Distribution System, the SRP Transmission System, or Affected Systems.

7.2 Authorization Required Prior to Parallel Operation.

- 7.2.1 Appendix 6 lists the applicable parallel operation requirements, or references the applicable guidelines and procedures. SRP shall notify Customer of any changes to Customer-specific requirements as soon as they are known, or, with respect to changes in applicable guidelines or procedures, in the same manner notice is provided by SRP to other Interconnection Customers.
- 7.2.2 Customer shall not operate the DER Facility in parallel with the SRP Distribution System without prior written authorization of SRP, not to be unreasonably withheld, conditioned, or delayed. SRP will provide such authorization when SRP has confirmed Customer's compliance with this Agreement, and all applicable parallel operation requirements.

7.3 Right of Access.

- 7.3.1 Customer shall notify SRP at least five (5) Business Days prior to conducting any on-site verification testing of the DER Facility.
- 7.3.2 Upon reasonable notice to Customer, SRP may send qualified personnel to the Premises prior to the time the DER Facility first produces energy to inspect the interconnection, and for a reasonable period thereafter, as SRP deems appropriate, to observe the commissioning of the DER Facility (including any required testing), startup, and operation.
- 7.3.3 Following the initial inspection process described above, SRP reserves the right to inspect the DER Facility at any time, in its sole and absolute discretion, upon reasonable notice (if practical) to Customer. If SRP has reason to believe that operation of the DER Facility poses a risk to the SRP Distribution System, SRP's personnel or the general public, SRP may require Customer to test the DER Facility and provide SRP the results in writing, irrespective of periodic testing of equipment that may be required or has been completed.
- 7.3.4 Customer hereby grants SRP's employees, contractors, and agents the right of access to the Premises at all times for emergency operation or repair of SRP's equipment and related facilities, and at all other reasonable times for installing, constructing, modifying, testing and maintaining SRP's equipment and related facilities, and for any other reasonable purpose in connection with the performance of SRP's obligations under this Agreement, or to ensure the protection of the SRP Distribution System, the SRP Transmission System, or any Affected Systems, and the provision of reliable electric service to SRP's customers.

Article 8. Outages and Interruptions; Modifications.

- 8.1 Emergency Conditions. Under Emergency Conditions, SRP may interrupt Interconnection Service, curtail the output of the DER Facility, or temporarily disconnect the DER Facility from the SRP Distribution System. SRP shall use Reasonable Efforts to notify Customer as promptly as possible, given the specific circumstances, when SRP becomes aware of an Emergency Condition that may reasonably be expected to affect Customer's operation of the DER Facility. Customer shall notify SRP as promptly as possible, given the specific circumstances, when Customer becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Facilities, the SRP Distribution System, the SRP Transmission System or any Affected Systems. To the extent information is known, the notifications required under this Section 8.1 shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.
- 8.2 Routine Maintenance. SRP may interrupt Interconnection Service, curtail the output of the DER Facility, or temporarily disconnect the DER Facility from the SRP Distribution System when necessary for routine maintenance, construction, hold tags, and repairs on the Interconnection Facilities, the SRP Distribution System, or the SRP Transmission System, or upon request of the owner or operator of any Affected System. SRP shall use Reasonable Efforts to provide Customer with as much advance notice as possible of any routinely scheduled interruptions that are within SRP's control. SRP shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with Customer, and accommodate alternative schedules requested by Customer for any such reduction or interruption of Interconnection Service. In all cases, SRP shall schedule routine maintenance, construction and repairs on an equitable, nondiscriminatory basis with respect to all Distribution Energy Resource Facilities. Any such interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice.
- 8.3 Unscheduled Outages. During any unscheduled or forced outage, SRP may suspend Interconnection Service to effect immediate repairs on the SRP Distribution System, the SRP Transmission, or any

Affected System. SRP shall use Reasonable Efforts to provide Customer with prior notice of such suspension. Following any such suspension, SRP shall, upon Customer's request, provide Customer a written explanation of the circumstances of the suspension.

- 8.4 Adverse Operating Effects. SRP shall use Reasonable Efforts to notify Customer as soon as practicable if, based on Good Utility Practice, SRP determines that operation of the DER Facility may cause disruption or deterioration of service to other SRP customers served from the SRP Distribution System, or if operating the DER Facility could cause damage to the SRP Distribution System, the SRP Transmission System or any Affected System. Upon Customer's request, SRP will provide Customer with supporting documentation used to reach any such determination. If, after notice, Customer fails to remedy the adverse operating effect within a reasonable time, SRP may disconnect the DER Facility from the SRP Distribution System. SRP shall provide Customer with five (5) Business Days' notice of such disconnection, unless the provisions of any other section under this Article 8 apply.
- 8.5 System Modifications. Customer may not, without SRP's prior written authorization, make any change to the DER Facility that effects the Interconnection Facilities, the SRP Distribution System, the SRP Transmission System, or any Affected System. SRP's consent will not be unreasonably withheld. Customer acknowledges that it will be reasonable for SRP to withhold its consent to any modification that would, in SRP's sole determination, consistent with Good Utility Practice, adversely impact the Interconnection Facilities, the SRP Distribution System, the SRP Transmission System, or any Affected System, or increase SRP's costs. If Customer fails to comply with this Section 8.5, SRP may, in addition to any other rights and remedies available under this Agreement, interrupt Interconnection Service, curtail the output of the DER Facility, or temporarily disconnect the DER Facility from the SRP Distribution System. All modifications of the DER Facility must be done in accordance with Good Utility Practice.
- 8.6 Restoration of Operations. The Parties shall cooperate with each other to restore the DER Facility and Interconnection Facilities to their normal operating state as soon as reasonably practicable following a temporary disconnection or Emergency Condition.

Article 9. Cost Responsibility.

- 9.1 General. Unless expressly provided otherwise in this Agreement, and except to the extent any of the following are recovered by SRP under the Standard Electric Price Plan and Rider(s) or other pricing documents applicable to Customer, Customer will pay SRP for all of SRP's costs and expenses (including administrative costs) arising from or in connection with the commissioning, interconnection, or disconnection of the DER Facility, including the costs of any of the following: technical study work; Upgrades; telemetry; metering; and design review, inspections, and testing.
- 9.2 Interconnection Facilities.
- 9.2.1 The SRP Interconnection Facilities and Customer Interconnection Facilities are generally described on Appendix 2 and depicted on Appendix 5.
- 9.2.2 Customer will pay SRP for the cost of all SRP Interconnection Facilities and all Customer Interconnection Facilities, if any, to be constructed by SRP in accordance with Appendix 2. Cost estimates for the SRP Interconnection Facilities are set forth on Appendix 2.
- 9.2.3 Unless indicated otherwise on Appendix 2, in each year during the Term of this Agreement, Customer will pay SRP an annual charge (the "**Facilities Charge**") to compensate SRP for all expenses, including overhead, incurred by SRP in connection with owning, operating, maintaining, repairing, and replacing the SRP Interconnection Facilities and, if applicable, maintaining the Customer Interconnection Facilities that SRP has agreed to maintain under this

Agreement. Customer will be responsible for all actual expenses, including overhead, incurred by SRP in connection with operating, maintaining, repairing, and replacing any other portion of the Customer Interconnection Facilities. The initial amount of the Facilities Charge is shown on Appendix 2, but that amount is subject to reasonable adjustment by SRP.

- 9.2.4 If any SRP Interconnection Facilities paid for by Customer under this Agreement are subsequently used by one or more third parties, SRP will reimburse Customer for an equitable portion of Customer's costs, as reasonably determined by SRP, based upon, among other possible factors, the number of third parties using any such SRP Interconnection Facilities.
- 9.3 Upgrades. SRP shall design, procure, construct, install, and own the Upgrades described on Appendices 3 and 4. Customer will pay SRP for all actual expenses, including overhead, incurred by SRP in connection with designing, procuring, constructing, and installing the Upgrades. SRP shall be responsible for all maintenance, repair and replacement costs associated with Upgrades after installation and successful initial operation.
- 9.4 Affected Systems. Unless SRP provides, under this Agreement, for the repayment of amounts advanced to any applicable Affected System operators for Network Upgrades, Customer and Affected System operator shall enter into an agreement that provides for such repayment and specifies the terms governing payments to be made by Customer to the Affected System operator.
- 9.5 Auxiliary Power. Customer shall pay SRP for the cost of an auxiliary power source to the Premises, if any, described in Appendix 2 and depicted in Appendix 5.
- 9.6 Electrical Service. Customer shall pay SRP for all deposits, guaranties, and Contribution in Aid of Construction costs for general electrical service.
- 9.7 Removal of Facilities. Upon termination of this Agreement for any reason, or any Default by Customer (whether or not this Agreement is terminated as a result), SRP may elect, in its sole discretion, to remove or reconfigure the SRP Interconnection Facilities and recover from Customer an amount (the "**Cost Recovery Amount**") equal to: (a) the costs incurred by SRP to remove and transport salvageable equipment to storage and to remove and dispose of other related facilities and structures; plus (b) the costs of system reconfiguration (including equipment that does not directly serve Customer); less (c) the remaining value of the SRP Interconnection Facilities. SRP will reasonably determine the Cost Recovery Amount and provide Customer with an itemized statement and an explanation of the basis for its calculation of such amount. Customer must pay the Cost Recovery Amount to SRP within thirty (30) days after receipt of SRP's statement.

Article 10. Billing and Payment.

- 10.1 Billing and Payment Procedures. SRP will bill Customer for the estimated design, engineering, construction, and procurement costs of Interconnection Facilities, Upgrades, and auxiliary power sources, if any, contemplated by this Agreement. Customer shall pay the bill within thirty (30) days of receipt and prior to any work being performed, or as otherwise agreed to by the Parties. SRP will bill Customer for the Facilities Charge in twelve equal monthly installments.
- 10.2 Final Accounting. Within ninety (90) days of completing the construction and installation of the Interconnection Facilities, Upgrades, and auxiliary power sources contemplated by this Agreement, SRP will provide Customer with a final accounting report of any difference between (1) Customer's cost responsibility for the actual cost of Interconnection Facilities and Upgrades, and (2) Customer's previous aggregate payments to SRP for Interconnection Facilities and Upgrades. If Customer's cost responsibility exceeds its previous aggregate payments, SRP will invoice Customer for the amount due and Customer shall make payment to SRP within thirty (30) days. If Customer's previous aggregate payments exceed its cost responsibility under this Agreement, SRP shall refund to Customer an amount

equal to the difference within thirty (30) days of the final accounting report.

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Article 11. Assignment.

- 11.1 Consent Required. Except as set forth in this Article 11, Customer may not assign this Agreement or any of its rights and obligations hereunder without SRP's prior written consent, not to be unreasonably withheld, conditioned or delayed. SRP may withhold its consent if the proposed assignee does not meet SRP's credit requirements.
- 11.2 Permitted Assignment. Customer may, without SRP's consent but with prior written notice to SRP, assign this Agreement: (a) to a Customer Affiliate; (b) to a purchaser of all or substantially all of the assets of Customer; or (c) in connection with a merger of Customer with another entity, provided that such Customer Affiliate, purchaser or the entity surviving such merger, as applicable, (x) agrees in writing to be bound by the terms of this Agreement, (y) meets or exceeds SRP's credit requirements, and (z) has the legal and operational ability to satisfy the obligations of Customer under this Agreement.
- 11.3 Collateral Assignment. Customer may, without SRP's consent but with prior notice to SRP, assign this Agreement for collateral security purposes to aid in providing financing for the DER Facility.
- 11.4 Effect of Assignment. Any attempted assignment that violates this Article 11 is void. Unless otherwise agreed to by the Parties, no assignment or transfer of this Agreement shall release or discharge the assigning Party from its obligations under this Agreement. Any permitted assignee of Customer's interest in this Agreement must assume all existing and future obligations of Customer to be performed under this Agreement. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the original Party.

Article 12. Indemnity.

- 12.1 Indemnification. To the fullest extent permitted by law, each Party (the "*Indemnifying Party*") will indemnify the other Party and its directors, officers, members, partners, agents, and employees, and their respective predecessors, successors or assigns (collectively, the "*Indemnified Parties*"), for, from and against any and all third-party liabilities, claims, damages, losses, penalties, litigation, demands, causes of action (whether in tort or contract, in law or at equity or otherwise), suits, proceedings, judgments, disbursements, charges, assessments, and expenses (including attorneys' and experts' fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) for injury, bodily or otherwise, death or damage to real property and tangible personal property of any third party (collectively, "*Claims*"): (a) related to, arising from, or in any way connected with, the Indemnifying Party's performance or nonperformance of its obligations under this Agreement, except to the extent caused by the negligence or intentional misconduct of the Indemnified Parties; or (b) to the extent resulting from, arising out of, or caused by the negligence or willful misconduct of the Indemnifying Party. The Parties' obligations under this Article 12 will survive the termination of this Agreement.
- 12.2 Notice of Claims; Procedure. The Indemnified Party shall, with reasonable promptness after obtaining knowledge of a Claim as to which the indemnity provided for in Section 12.1 may apply, deliver notice thereof to the Indemnifying Party (the "*Claim Notice*"), which must include a statement of the basis of the claim for indemnification, including a summary of the facts or circumstances that form the basis for the Claim and copies of any pleadings or demands from the third party. Any failure of or delay in delivering a Claim Notice shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.
- 12.2.1 The Indemnifying Party will have thirty (30) days after its receipt of the Claim Notice to notify the Indemnified Party in writing whether or not the Indemnifying Party agrees that the Claim is subject to this Article 12 and, if so, whether the Indemnifying Party elects to undertake, conduct and control, through counsel of its choosing (but reasonably acceptable to the Indemnified Party) and at its sole risk and expense, the settlement or defense of the Claim. If

the Indemnifying Party provides such notice, (a) it shall have the right to undertake, conduct and control, through counsel of its choosing and at its sole risk and expense, the settlement or defense of the Claim, and (b) the Indemnified Party shall cooperate with the Indemnifying Party in connection therewith, including by making available to the Indemnifying Party all relevant information and the testimony of employees and agents material to the defense of the Claim. The Indemnifying Party shall reimburse the Indemnified Party for reasonable out-of-pocket costs incurred in connection with such cooperation. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume and control the defense of any Claim if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, and in such event, the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party. The Indemnified Party shall be entitled, at its expense, to participate in any action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party.

12.2.2 If Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf.

12.2.3 So long as the Indemnifying Party is contesting the Claim in good faith and with diligence, the Indemnified Party shall not pay or settle the Claim. Notwithstanding the foregoing, the Indemnified Party may pay or settle any Claim at any time without the consent of the Indemnifying Party if it waives any right to indemnification therefor. If the Indemnifying Party does not provide a responsive notice within the 30-day period set forth in Section 12.2.1, the Indemnified Party may contest, settle or compromise the Claim at its exclusive discretion, and the Indemnifying Party will be deemed to have waived any claim, defense or argument that the Indemnified Party's settlement or defense of such Claim is in any respect inadequate or unreasonable.

Article 13. Liability and Damages.

13.1 Waiver. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ITS DIRECTORS, OFFICERS, MEMBERS, PARTNERS, AGENTS, EMPLOYEES, VOLUNTEERS, CONTRACTORS, SHAREHOLDERS, OR TRUSTEES, OR THEIR RESPECTIVE PREDECESSORS, HEIRS, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE INSURERS, FOR ANY INCIDENTAL, INDIRECT, SPECULATIVE, CONSEQUENTIAL, EXEMPLARY, PUNITIVE OR SPECIAL DAMAGES WHATSOEVER, INCLUDING LOST PROFITS, LOSS OF REVENUE, PRODUCTION LOSSES, PRODUCTION DELAYS, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, OR ANY AND ALL OTHER NON-DIRECT DAMAGES OR LOSSES ARISING FROM THIS AGREEMENT OR ANY OF THE ACTIONS OR TRANSACTIONS PROVIDED FOR IN THIS AGREEMENT, EVEN IF THAT PARTY IS ADVISED OF THE POSSIBILITY THEREOF, AND IRRESPECTIVE OF WHETHER SUCH CLAIMS ARE BASED UPON BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE, WHETHER OF CUSTOMER, SRP OR OTHERS), STRICT LIABILITY, CONTRACTS, OPERATION OF LAW, OR OTHERWISE. NOTWITHSTANDING THE FOREGOING, THIS SECTION 13.1 DOES NOT APPLY TO ANY CLAIMS FOR WHICH A PARTY IS OBLIGATED TO INDEMNIFY THE OTHER UNDER ARTICLE 12. THE PARTIES AGREE THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

- 13.2 Disclaimer. SRP MAKES NO REPRESENTATIONS AND PROVIDES NO WARRANTY OR GUARANTY (EXPRESS OR IMPLIED) WITH RESPECT TO THE DESIGN, INSTALLATION, SAFETY, USE, PERFORMANCE, DURABILITY, EFFECTIVENESS, OR TECHNICAL FEASIBILITY OF THE DER FACILITY OR ANY RELATED EQUIPMENT. ALL SUCH WARRANTIES ARE EXPRESSLY DISCLAIMED. SRP'S TESTING OF THE DER FACILITY AND REVIEW OF ANY PLANS, SPECIFICATIONS, DESIGNS, AND TEST RESULTS OF OR WITH RESPECT TO THE DER FACILITY ARE FOR SRP'S PURPOSES ONLY, AND SHALL NOT BE CONSTRUED AS CONFIRMING OR ENDORSING THE DESIGN OF, OR AS ANY WARRANTY WITH RESPECT TO, THE DER FACILITY. SRP SHALL NOT BE LIABLE FOR ANY STATEMENT, REPRESENTATION, PROMISE, INDUCEMENT, OR UNDERSTANDING OF ANY KIND THAT IS NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. SRP WILL HAVE NO LIABILITY FOR OR IN CONNECTION WITH ANY EQUIPMENT INSTALLED BY, OR FOR ANY ACT OR OMISSION OF, ANY OTHER ENTITY OR INDIVIDUAL, INCLUDING ANY EQUIPMENT MANUFACTURER, ELECTRICIAN, TECHNICIAN, OR OTHER SERVICE PROVIDER.
- 13.3 Customer Acknowledgements. Customer acknowledges that the SRP Terms and Requirements (including prices) are subject to change. Changes to any of the SRP Terms and Requirements may, among other things, increase or decrease the costs or value of, and any potential savings achieved by, the DER Facility. Customer will be responsible for the payment of any increased prices and fees applicable to Customer as a result of any changes to the SRP Terms and Requirements. In choosing to install the DER Facility, Customer is relying solely on its own judgment and the representations of third parties not affiliated with SRP. SRP does not endorse, and is not bound by, any third party's representations, warranties, promises, or other statements, including any projections concerning electricity prices. Customer understands, and has taken into consideration, that many factors (including changes to the SRP Terms and Requirements) may change the financial and other benefits of the DER Facility. SRP does not make any promises concerning future changes to its prices or the economics of Customer's purchase, lease, construction, installation, or use of the DER Facility.

Article 14. Force Majeure.

A Party will not be in Default when and to the extent the failure or delay of its performance under this Agreement is due to a Force Majeure Event (but a Party will not be excused from a failure to make payments when due). If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event ("*Affected Party*") shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible. No Party shall be relieved by operation of this Article 14 of any liability for breach of any obligations that were to be performed or that accrued prior to the Force Majeure Event.

Article 15. Default.

- 15.1 Upon the occurrence of a Default, the non-defaulting Party may, in addition to exercising any rights available under this Agreement or at law or in equity: (a) terminate this Agreement by delivering written notice to the Party in Default, which termination will be effective as of the date that is thirty (30) days after delivery of the notice; (b) require immediate payment of all amounts owed but not yet paid by the Party in Default; (c) withhold any payments due to the Party in Default; (d) suspend performance upon

delivery of written notice to the Party in Default; and (e) subject to Section 13.1, recover damages incurred by the non-defaulting Party in connection with the Default. Each right or remedy of the Parties provided for in this Agreement is cumulative of and in addition to every other right or remedy provided for in this Agreement, and the exercise, or the beginning of the exercise, by a Party of any one or more of the rights or remedies provided for herein shall not preclude the simultaneous or later exercise by such Party of any or all other rights or remedies provided for herein.

- 15.2 Duty to Mitigate. Each Party has a duty to mitigate damages, and shall use Reasonable Efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of this Agreement, but in no event shall the mitigating Party be required to pay any amounts to the non-performing Party in connection with such mitigation.

Article 16. Insurance.

- 16.1 Policy Requirements. Customer shall, at its own expense, maintain in force commercial general liability insurance with a minimum combined single limit of two million dollars (\$2,000,000) each occurrence, for liabilities related to the interconnection of the DER Facility, including coverage for bodily injury liability, property damage liability, personal injury liability and contractual liability for liability assumed under this Agreement. The policy shall contain a severability of interests provision, shall be endorsed to include SRP, its officers and employees as additional insureds, and shall stipulate that the insurance afforded for SRP, members of its governing bodies, its officers, agents and employees shall be primary insurance and that any insurance carried by SRP, members of its governing board, its officers, agents or employees shall be excess and not contributory insurance. Such insurance shall be obtained from an insurance provider authorized to do business in the state where the interconnection is located. If Customer meets SRP's credit and minimum net worth requirements, it may, with SRP's prior consent (not to be unreasonably withheld) self-insure the foregoing risks.
- 16.2 Certificates. At least ten (10) Business Days prior to Customer's anticipated In-Service Date, and thereafter within ten (10) days after SRP's request, Customer will provide SRP with Certificates of Insurance evidencing that such insurance is in effect.
- 16.3 Notification. The Parties agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of the insurance required under this Article 16, whether or not such coverage is sought.
- 16.4 No Representation. SRP does not represent that the insurance coverage specified in this Article 16, whether in scope or amounts, is adequate to protect Customer. Nothing in this Article 16 will be deemed to limit Customer's liability under this Agreement.

Article 17. Confidential Information.

- 17.1 Confidential Information. "**Confidential Information**" means all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this Agreement, provided the information is clearly designated or marked in writing as confidential, or, if the information is conveyed orally or by inspection, if (a) the Party supplying the information (the "**Disclosing Party**") orally informs the Party receiving the information (the "**Receiving Party**") that the information is confidential, or (b) the information is substantially similar to the subject matter of the information contained in material marked "confidential" and produced contemporaneously by the Disclosing Party. Notwithstanding the foregoing, for purposes of this Agreement, all design-related materials, operating specifications, and metering data provided by either Party shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.

- 17.2 Use and Disclosure of Confidential Information. The Receiving Party shall keep confidential all Confidential Information provided by the Disclosing Party, and shall not, without the Disclosing Party's prior written consent, release or disclose Confidential Information to any other person, except to its directors, officers, employees, and agents (including attorneys, accountants, and consultants), or to parties who may be or are considering providing financing to or equity participation with Customer, or to potential purchasers or assignees of Customer, who, in each case, have a need to know and who are bound to protect the confidentiality of the Confidential Information. The Receiving Party will be liable for any unauthorized use or disclosure of the Disclosing Party's Confidential Information by any person or entity to whom the Receiving Party discloses the Confidential Information. The Receiving Party may use the Disclosing Party's Confidential Information solely in connection with this Agreement or to meet its regulatory requirements, and shall protect the Confidential Information from disclosure using the same degree of care used to protect its own proprietary information of like importance, but in any case using no less than a reasonable degree of care.
- 17.3 Exceptions. The restrictions of this Agreement on use and disclosure of Confidential Information shall not apply to information that the Receiving Party can demonstrate: (1) is, or becomes, publicly known, through no wrongful act or omission of the Receiving Party or breach of this Agreement; (2) was in the lawful possession of the Receiving Party on a non-confidential basis before receiving it from the Disclosing Party; (3) was supplied to the Receiving Party without restriction by a third party, who, to the knowledge of the Receiving Party after due inquiry, was under no obligation to the Disclosing Party to keep such information confidential; (4) was independently developed by the Receiving Party without reference to Confidential Information of the Disclosing Party; (5) is required to be disclosed to any Governmental Authority or is otherwise required to be disclosed by Applicable Laws and Regulations or any Applicable Reliability Standards; or (6) must be disclosed in any legal proceeding establishing rights and obligations under this Agreement. With respect to disclosures under subsection (5) above, the Receiving Party will notify the Disclosing Party, as soon as reasonably practicable, of any order or request to disclose Confidential Information, or that such an order is being sought, or request has been made, so that the Disclosing Party may have an opportunity to take appropriate action to maintain confidential handling of such information. Notwithstanding the absence of a protective order or waiver, the Receiving Party may disclose such Confidential Information which, in the opinion of its counsel, that Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished. Customer acknowledges and understands that, as a political subdivision of the State of Arizona, SRP may be subject to certain disclosure requirements under the Arizona public records law (A.R.S. Sections 39-101, *et seq.*). Provided that SRP complies with the procedural requirements of this Section 17.3, and notwithstanding any other provision of this Agreement, SRP may release Customer's Confidential Information to a third party in response to a public records request submitted by such party.
- 17.4 Ownership. Confidential Information of a Disclosing Party (including information in computer software or held in electronic storage media) shall be and remain the property of the Disclosing Party. The Disclosing Party retains all rights, title, and interest in its Confidential Information. No licenses or rights under any patent, copyright, or trademark are granted or are to be implied by this Agreement. The Disclosing Party's disclosure of Confidential Information shall not be deemed a waiver by the Disclosing Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 17.5 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 17.6 Return of Information. Upon termination of this Agreement for any reason, the Receiving Party shall, within ten (10) days of receipt of a written request from the Disclosing Party, use Reasonable Efforts

to destroy, erase, delete or return to the Disclosing Party, without retaining copies thereof, any and all written or electronic Confidential Information of the Disclosing Party. Notwithstanding the foregoing, the Receiving Party may retain copies of any Confidential Information (including Confidential Information stored on electronic, magnetic or similar media) in accordance with policies and procedures implemented in order to comply with legal and regulatory recordkeeping requirements. The Receiving Party will keep such retained copies confidential as provided herein and will use them solely for the purpose of recordkeeping compliance.

Article 18. Taxes.

Each Party shall reasonably cooperate with the other as needed for compliance with all tax-related Applicable Laws and Regulations. Nothing in this Agreement is intended to, or shall be permitted to, adversely affect SRP's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 19. Notices.

19.1 General. Unless otherwise provided in this Agreement, all notices, requests, statements, and other communications required or authorized to be given in this Agreement shall be in writing, and delivered by hand delivery, U.S Mail, recognized national courier service, or email (if an email address is provided). All notices will be deemed to have been given (a) on the date of delivery if delivered by hand or by courier, (b) five (5) days after deposit in the U.S. Mail, or (c) on the Business Day on which it is received, if transmitted by e-mail before 5:00 p.m. MST (and if received after 5:00 p.m. MST, on the next Business Day). Any Party may change its respective notice information upon giving the other Party at least five (5) days' prior notice thereof. The Parties' notice addresses are as follows:

If to Customer:

Name:
Title:
Company:
Address:
Email:
Telephone:

If to SRP:

SRP
Attn: [Department Name]
Mail Station _____
PO Box 52025
Phoenix, AZ 85072-2025
Email:
Telephone:

19.2 **Billing and Payment.** Billings and payment shall be sent to the addresses set out below:

If to Customer:

Name:
Title:
Company:
Address:
Email:
Telephone:

If to SRP:

SRP
Attn: Power Accounting Services
Mail Station ISB343
P.O. Box 52025
Phoenix, AZ 85072-2025
Telephone: (602) 236-2707

19.3 **Designated Operating Representative.** The Parties may designate operating representatives to conduct the communications that may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities. The Parties hereby designate the following operating representatives:

Customer Operating Representative:

Name:
Title:
Company:
Address:
Email:
Telephone:

SRP's Representative:

SRP Business Center (electric): (602) 236-8833
Power Emergency: (602) 236-8811

Article 20. Miscellaneous.

20.1 **Governing Law, Venue, and Waiver of Jury Trial.** This Agreement shall be interpreted, governed, and construed in accordance with the substantive and procedural laws of the State of Arizona, without regard to conflict of laws principals. Any action, suit, or proceeding arising out of or relating to this Agreement shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the Parties irrevocably submit to the jurisdiction and venue of such court. **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY, AND COVENANTS AND AGREES THAT IT WILL NOT REQUEST A TRIAL BY JURY, WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

- 20.2 Amendment. Except with respect to the modification of the Maximum Nameplate Rating under Section 5.2, this Agreement may be amended only by a written instrument duly executed by both Parties.
- 20.3 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 herein assumed are solely for the use and benefit of the Parties and their successors and permitted assigns.
- 20.4 Waiver.
- 20.4.1 A Party's failure to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, the other Party. No waiver by either Party of any one or more defaults in the performance of the provisions of this Agreement will operate or be construed as a waiver of any other existing or future default.
- 20.4.2 None of the provisions of this Agreement will be considered waived by either Party except when such waiver is given in writing.
- 20.5 Entire Agreement. This Agreement, including all Appendices, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for or any condition to, either Party's compliance with its obligations under this Agreement. All exhibits and appendices attached to this Agreement are incorporated into this Agreement by this reference.
- 20.6 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which, when taken together, constitute one and the same instrument. This Agreement may be executed using an electronic or digital signature. Electronic copies of signatures will be deemed effective as originals.
- 20.7 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.
- 20.8 Severability. If any one or more of the provisions of this Agreement or the applicability of any provision to a specific situation is held by a court of competent jurisdiction to be invalid or unenforceable, the provision will be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of such provisions will not be affected by any such invalidity or unenforceability.

[Signatures appear on the following page]

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

SRP:

**Salt River Project Agricultural Improvement
and Power District**

By: _____
Name: _____
Its: _____
Date: _____

CUSTOMER:

[Type name of Customer]

By: _____
Name: _____
Its: _____
Date: _____

SAMPLE

Appendix 1

DER Facility

[Description and General Arrangement of DER Facility]

Figure 1: example DER Facility General Arrangement

Address of the Premises:

Description of the Premises:

DER Facility specifications:

Type: Manufacturer and Model No

Fuel or Energy Source: Photovoltaic

Unit Nameplate Rating: Nameplate kW

No of Units: _____

Maximum Total Nameplate Rating of all Units: _____ Total system kW Output

Appendix 2

Interconnection Facilities, Metering Equipment, Auxiliary Power and Milestones

SRP Interconnection Facilities

Estimated Customer Costs = \$XXX,XXX

Equipment List

1. Conduit
2. Feeder Cable
3. 12.47 kV pad mount switch
4. Communications Equipment

Customer Interconnection Facilities

Equipment List

1. Primary metering cabinet meeting SRP requirements
2. Primary disconnect switch meeting SRP requirements
3. Protection relay meeting SRP requirements
4. Fiber-optic communication system
5. Control/Telemetry equipment meeting SRP requirements

Metering Equipment (if Applicable) SRP will install the following Metering Equipment at Customer's expense: [if blank, SRP will not install any Metering Equipment]

Auxiliary Power (if Applicable)

SRP will install the following auxiliary power sources at Customer's expense: [if blank, SRP will not install any auxiliary power sources]

Equipment List - SRP

1. 1000 kVA Pad Mount Transformer
2. 12.47 kV Pad Mount Feeder Switch
3. #4/0 Aluminum Primary Cable and Terminations
4. 600 V Service Conductors
5. Meter, CTs and Associated Materials

Equipment List – Customer

1. 1200A Service Entrance Section
2. Onsite Conduit

Estimated Customer Costs = \$XX,XXX

Facilities Charge (check one)

- \$XX,XXX per year (subject to change under Section 9.2.3)
- Not Applicable

Maintenance of Customer Interconnection Facilities

The following Customer Interconnection Facilities will be maintained by SRP, at Customer's expense: [if blank, SRP will not maintain any Customer Interconnection Facilities]

Milestones

Distribution System Interconnection Request Received:

Interconnection Agreement Executed:

SRP Estimated In-Service Date:

Customer Requested In-Service Date:

SAMPLE

Appendix 3

Distribution Upgrades and Cost Estimates

Distribution Upgrades

SAMPLE

Appendix 4

Network Upgrades and Cost Estimates

Network Upgrades

SAMPLE

Appendix 5

Diagrams of DER Facility, Interconnection Facilities, Auxiliary Power, and Metering Equipment

Sample Diagrams:

Site Plan,

Diagram of Interconnecting Facility

1-lines

3-lines

High level drawing of telemetry system (Not for construction)

SAMPLE

Appendix 6

Additional Operating Requirements for the SRP Distribution System and Affected Systems

SRP Distribution System

The following, as applicable:

1. Technical Requirements for Generating Facilities Interconnecting to the Distribution System Salt River Project, Effective 2012.
2. SRP Electric Service Specifications
3. SRP's Rules and Regulations

Affected System(s)

Description of Affected System(s) (if blank, there are no Affected Systems):

SAMPLE

Appendix 7

Glossary of Terms

“**Affected Party**” has the meaning given that term in Article 14.

“**Affected System**” means an electric system other than the SRP Distribution System that may be affected by the interconnection of the DER Facility. All Affected Systems, if any, are described on Appendix 6.

“**Agreement**” has the meaning set forth in the preamble.

“**Applicable Laws and Regulations**” means all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

“**Applicable Regional Reliability Organization**” means the regional reliability organization applicable to the SRP Transmission System.

“**Applicable Reliability Standards**” means the requirements and guidelines of North American Electric Reliability Corporation, the Applicable Regional Reliability Organization, and the SRP Balancing Authority.

“**ANSI**” means the American National Standards Institute.

“**Balancing Authority**” has the meaning given that term in SRP’s Rules and Regulations. SRP is the Balancing Authority for purposes of this Agreement.

“**Behind the Meter Generation (BTMG)**” means a generating unit or multiple generating units at a single location, of any nameplate size, on the Interconnection Customer’s side of the retail meter that serve(s) all or part of the Interconnection Customer’s retail load with electric energy. All electrical equipment from and including the generation set-up to the metering point is considered to be behind the meter.

“**Business Day**” means Monday through Friday, excluding federal holidays.

“**Claim**” has the meaning given that term in Section 12.1.

“**Claim Notice**” has the meaning given that term in Section 12.2.

“**Cogeneration Facility**” has the meaning given that term in SRP’s Rules and Regulations.

“**Confidential Information**” has the meaning given that term in Section 17.1.

“**Contribution in Aid of Construction**” has the meaning given that term in SRP’s Rules and Regulations.

“**Cost Recovery Amount**” has the meaning given that term in Section 9.7.

“**Customer**” has the meaning set forth in the preamble.

“**Customer Affiliate**” means an entity that controls, is controlled by, or is under common control with, Customer.

“**Customer Interconnection Facilities**” means all facilities and equipment between the DER Facility and the Point of Change of Ownership, including any modifications, additions, or upgrades to such facilities and equipment.

“Default” means, with respect to either Party: (a) the failure to make, when due, any payment required under this Agreement if such failure is not remedied within thirty (30) days after receipt of written notice of the failure from the other Party; or (2) the failure to perform any other covenant or obligation set forth in this Agreement if such failure is not remedied within sixty (60) days of receipt of notice of the failure from the other Party (or, if the failure is not capable of being cured within the initial 60-day cure period with the exercise of reasonable diligence, such longer period of time as may be reasonably necessary (not to exceed one hundred eighty (180) days), so long as the Party has commenced the cure within twenty (20) days after receipt of the notice of default, and is diligently pursuing a cure thereafter).

“DER Aggregation” means a virtual resource formed by aggregating multiple DG, BTMG, or ES Facilities at different points of interconnection on the distribution system.

“DER Facility” has the meaning set forth in the Recitals.

“Disclosing Party” has the meaning given that term in Section 17.1.

“Distributed Energy Resource Facility” means any device interconnected to the SRP Distribution System, and includes any Distributed Generation, Behind the Meter Generation, Energy Storage Facility, DER Aggregation, Micro-grid, Cogeneration Facility, or Emergency, Stand-by, or Back-Up Generation Facility.

“Distributed Generation (DG)” means any electricity generating technology installed by an Interconnection Customer or independent electricity producer that is connected at the distribution system level of the SRP Distribution System.

“Distribution System Interconnection Request” means an Interconnection Customer’s request to interconnect a new Distributed Energy Resource Facility to the SRP Distribution System, or to increase the capacity of an existing Distributed Energy Resource Facility.

“Distribution Upgrades” means any additions and modifications to the SRP Distribution System at or beyond the Point of Interconnection required to facilitate interconnection of the DER Facility. Distribution Upgrades do not include Interconnection Facilities.

“Emergency Condition” means any condition or situation that: (1) in the reasonable judgment of the Party making the claim is imminently likely to endanger life or property; (2) in the case of SRP, is imminently likely (as determined in a non-discriminatory manner, pursuant to Good Utility Practice and in accordance with Applicable Laws and Regulations) to cause a material adverse effect on the security of, or cause damage to the SRP Distribution System, the Interconnection Facilities or the SRP Transmission System or to any Affected Systems; or (3) in the case of Customer, is imminently likely (as determined in a non-discriminatory manner, pursuant to Good Utility Practice and in accordance with Applicable Laws and Regulations) to cause a material adverse effect on the security of, or cause damage to, the DER Facility.

“Emergency, Stand-by, or Back-Up Generation Facility” means a generating unit, regardless of size, that serves in times of emergency at locations and by providing the Interconnection Customer or distribution system needs.

“Energy Storage (ES) Facility” means an energy storage device or multiple devices at a single location, on either the utility side or the Interconnection Customer’s side of the retail meter.

“Facilities Charge” has the meaning given that term in Section 9.2.3.

“Force Majeure Event” means causes or events that are beyond the reasonable control of, and without the fault or negligence of, the Party claiming such Force Majeure Event, including: acts of God; flooding, lightning, landslide, earthquake, fire, drought, explosion, storm, other natural disaster or unusual or extreme adverse weather-related events; strikes, work stoppage or other labor disputes; war (declared or undeclared), riot or similar civil disturbance; acts of the public enemy (including acts of terrorism), sabotage, or insurrection; or any order, regulation or restriction imposed by a Governmental Authority. Economic hardship or financial inability is not a Force Majeure Event.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Governmental Authority” means any federal, state, local or other governmental regulatory or administrative agency or its staff, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over either or both of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power.

“Indemnified Party” has the meaning given that term in Section 12.1.

“Indemnifying Party” has the meaning given that term in Section 12.1.

“In-Service Date” means the date upon which Customer is ready to begin use of the Interconnection Facilities.

“Interconnection Customer” means a person or entity that interconnects a Distributed Energy Resource Facility for operation in parallel with the SRP Distribution System.

“Interconnection Facilities” means, collectively, the SRP Interconnection Facilities and the Customer Interconnection Facilities, and includes all facilities and equipment between the DER Facility and the Point of Interconnection, including any modifications or additions that are necessary to physically and electrically interconnect the DER Facility to the SRP Distribution System. Interconnection Facilities do not include Distribution Upgrades or Network Upgrades.

“Interconnection Service” means the service provided by SRP associated with interconnecting the DER Facility to the SRP Distribution System. Interconnection Service does not convey, include or constitute an offer to provide distribution or transmission service.

“Maximum Nameplate Rating” means the “Maximum Total Nameplate Rating of all Units” indicated on Appendix 1.

“Metering Equipment” means equipment installed at or near the Point of Interconnection at the metering points, including but not limited to instrument transformers, MWH-meters, data acquisition equipment, transducers, remote terminal unit and communications equipment.

“Micro-grid” means an aggregation of multiple Distributed Energy Resource Facilities behind the Interconnection Customer’s meter at a single Point of Interconnection that has the capability to island.

“Network Upgrades” means additions and modifications to the SRP Transmission System to accommodate the interconnection of the DER Facility to the SRP Distribution System.

“Operating Requirements” means any applicable operating and technical requirements of SRP in effect from time to time, including those applicable due to Applicable Reliability Standards and those set forth on Appendix 6.

“Party” has the meaning set forth in the preamble.

“Point of Change of Ownership” means the point where the Customer Interconnection Facilities connect to the SRP Interconnection Facilities.

“Point of Interconnection” has the meaning given that term in the Technical Requirements for Generating Facilities Interconnecting to the Distribution System Salt River Project. The Point of Interconnection for the DER Facility is shown on Appendix 5.

“Premises” means the site at which the DER Facility will be constructed and installed.

“President’s Critical Infrastructure Protection Board” means the board tasked by Executive Order 13231 with recommending policies and coordinating programs for protecting information systems for critical infrastructure, including emergency preparedness communications and the physical assets that support such systems.

“Reasonable Efforts” means, with respect to an action required to be attempted or taken by a Party under this Agreement, the level of effort in light of the facts known to such Party at the time a decision is made that (i) can reasonably be expected to accomplish the desired action at a reasonable cost and in accordance with any applicable Requirements of Law, and (ii) is, to the extent applicable, consistent with Good Utility Practice.

“Receiving Party” has the meaning given that term in Section 17.1.

“SRP” has the meaning set forth in the preamble.

“SRP Distribution System” means SRP’s facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels for facilities and equipment comprising the SRP Distribution System are less than 69kV.

“SRP Interconnection Facilities” means all facilities and equipment between the Point of Change of Ownership and the Point of Interconnection, including any modifications and additions to such facilities and equipment.

“SRP’s Rules and Regulations” means the Rules and Regulations that have been adopted by SRP pursuant to A.R.S. § 48-2301, et seq., § 30-801, et seq. and other pertinent authority, as in effect from time to time.

“SRP Terms and Requirements” means, collectively, SRP’s Rules and Regulations and any other terms of SRP service, the Operating Requirements, SRP Electric Service Specifications, and SRP’s Standard Electric Price Plan and Rider(s), as the same may be amended, supplemented or superseded from time to time.

“Upgrades” means any additions and modifications to the SRP Transmission System or the SRP Distribution System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.