

**AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION
OF DISTRIBUTED GENERATION**

This Interconnection Agreement (“Agreement”) is made and entered into this _____ day of _____, _____, by _____ New Braunfels Utilities, (“NBU”), and _____ (“Customer”), a _____ [specify whether an individual or a corporation, and if a corporation, name state, municipal corporation, cooperative corporation, or other], each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties.”

Place a check mark in the applicable space or spaces below to indicate the type of entity entering into this Agreement:

Option 1: For purposes of this Agreement, the end-use customer will act as a Party to this Agreement.

Option 2: For purposes of this Agreement, the entity other than the end-use customer that owns the distributed generation facility (also referred to as “Generator”) will act as a Party to this Agreement.

Option 3: For purposes of this Agreement, the entity other than the end-use customer that owns the premises upon which the distributed generation facility will be located (also referred to as “Premises Owner”) will act as a Party to this Agreement.

Option 4: For purposes of this Agreement, an entity who by contract is assigned ownership rights to energy produced from distributed renewable generation located at the

premises of the end-use customer on the end-use customer's side of the meter, will act as a Party to this Agreement.

Notwithstanding any other provision herein, the entity referred to as "Customer" herein shall refer to the entity defined in the option selected above by the end-use customer.

If any option other than Option 1 as outlined above is selected, the end-use customer must sign, print his or her name, and date the affirmation in the End-Use Customer Affirmation Schedule attached to this Agreement.

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. **Scope of Agreement** -- This Agreement is applicable to conditions under which NBU and Customer agree that one or more generating facility or facilities of ten megawatts or less and related interconnecting facilities to be interconnected at less than 60 kilovolts ("Facilities") may be interconnected to NBU's facilities, as described in Exhibit A. If Customer is not the end-use customer, Customer affirms that the end-use customer has approved of the design and location of the Facilities.

2. **Establishment of Point(s) of Interconnection** -- NBU and Customer agree to interconnect Facilities at the locations specified in this Agreement, in accordance with the Code of Ordinances of the City of New Braunfels, NBU Electrical Connection Policy, NBU Service Conditions Policy, or any new or successor rule or policy adopted by NBU addressing the interconnection or operation of generation facilities (the "Rules") and as described in the attached Exhibit A (the "Point(s) of Interconnection").

3. **Responsibilities of NBU and Customer**

a. Customer shall, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for, Facilities specified on Exhibit A. Customer shall conduct operations of Facilities in compliance with all aspects of the Rules, and NBU shall conduct

operations on its facilities in compliance with all aspects of the Rules, and as further described and mutually agreed to in the applicable Facility Schedule. Maintenance of Facilities shall be performed in accordance with the applicable manufacturer's recommended maintenance schedule. Customer agrees to cause Facilities to be constructed in accordance with specifications equal to or greater than those provided by the National Electrical Safety Code, approved by the American National Standards Institute, in effect at the time of construction.

- b. Each Party covenants and agrees to design, install, maintain, and operate, or cause the design, installation, maintenance, and operation of, facilities on its side of the point of common coupling so as to reasonably minimize the likelihood of a disturbance, originating in the facilities of one Party, affecting or impairing the facilities of the other Party, or other facilities with which NBU is interconnected.
- c. NBU shall notify Customer if there is evidence that operation of Facilities causes disruption or deterioration of service to other utility customers or if the operation of Facilities causes damage to NBU's facilities or other facilities with which NBU is interconnected. NBU and Customer shall work cooperatively and promptly to resolve the problem.
- d. Customer shall notify NBU of any emergency or hazardous condition or occurrence with Facilities which could affect safe operation of NBU's facilities or other facilities with which NBU is interconnected.
- e. Customer shall provide NBU at least 30 days' written notice of a change in ownership; any circumstances necessitating a change in the person who is the Customer to this Agreement; or cessation of operations of one or more Facilities. Upon notice by Customer of circumstances necessitating a change in the person who is the Customer to this Agreement, NBU shall undertake in a reasonably expeditious manner entry of a new Agreement with the change in person who is the Customer.

4. Limitation of Liability and Indemnification

- a. Notwithstanding any other provision in this Agreement, with respect to NBU's provision of electric service to the end-use customer other than the interconnections service addressed by this Agreement, NBU's liability to the end-use customer shall be limited as set forth in NBU's Service Conditions Policy, which is incorporated herein by reference.
- b. Neither NBU nor Customer shall be liable to the other for damages for anything that is beyond such Party's control, including an act of God, labor disturbance, act of a public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, a curtailment, order, or regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, or the making of necessary repairs upon the property or equipment of either party.
- c. Notwithstanding anything to the contrary in this Agreement, **CUSTOMER SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS NBU AND EACH BOARD MEMBER, OFFICER, EMPLOYEE OR AGENT THEREOF (NBU AND ANY SUCH PERSON BEING HEREIN CALLED AN "INDEMNIFIED PARTY"), FOR, FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES AND COURT COSTS) TO WHICH ANY SUCH INDEMNIFIED PARTY MAY BECOME SUBJECT, UNDER ANY THEORY OF LIABILITY WHATSOEVER ("CLAIMS"), INsofar AS SUCH CLAIMS (OR ACTIONS IN RESPECT THEREOF) RELATE TO, ARISE OUT OF, OR ARE CAUSED BY THE CUSTOMER'S FACILITIES. THE AMOUNT AND TYPE OF INSURANCE COVERAGE REQUIREMENTS SET FORTH BELOW SHALL IN NO WAY BE CONSTRUED AS LIMITING THE SCOPE OF THE INDEMNITY IN THIS SECTION.**

- d. NBU and Customer shall each be responsible for the safe installation, maintenance, repair, and condition of their respective facilities on their respective sides of the Points of Interconnection. NBU does not assume any duty of inspecting Customer's Facilities.
- e. For the mutual protection of Customer and NBU, only with NBU prior authorization are the connections between NBU's service wires and Customer's service entrance conductors to be energized.

5. Right of Access, Equipment Installation, Removal & Inspection -- Upon reasonable notice, NBU may send a qualified person to the premises where the Facilities are located at or immediately before the time Facilities first produce energy to inspect the interconnection, and observe Facilities' commissioning (including any testing), startup, and operation for a period of up to three days after initial startup of Facilities.

Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, NBU shall have access to the premises where the Facilities are located for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its obligation to provide service to its customers.

Customer warrants it has, or has obtained from other entities, all necessary rights to provide NBU with access to the premises and Facilities, as necessary or appropriate for NBU to exercise its rights under this Agreement and the Rules.

6. Disconnection of Facilities -- Customer retains the option to disconnect from NBU's facilities. Customer shall notify NBU of its intent to disconnect by giving NBU at least

thirty days' written notice. Such disconnection shall not be a termination of this Agreement unless Customer exercises rights under Section 7.

Customer shall disconnect Facilities from NBU's facilities upon the effective date of any termination under Section 7.

NBU shall have the right to suspend service in cases where continuance of service to Customer will endanger persons or property. During the forced outage of NBU's facilities serving Customer, NBU shall have the right to suspend service to effect immediate repairs of NBU's facilities, but NBU shall use its best efforts to provide Customer with reasonable prior notice.

7. Effective Term and Termination Rights -- This Agreement becomes effective when executed by both Parties and shall continue in effect until terminated. The Agreement may be terminated for the following reasons: (a) Customer may terminate this Agreement at any time, by giving NBU sixty days' written notice; (b) NBU may terminate upon failure by Customer to generate energy from Facilities in parallel with NBU's facilities within twelve months after the final interconnection date; (c) either Party may terminate by giving the other Party at least sixty days' written notice that the other Party is in default of any of the material terms and conditions of the Agreement, so long as the notice specifies the basis for termination and there is reasonable opportunity to cure the default; or (d) NBU may terminate by giving Customer at least sixty days' written notice if possible in the event that (i) there is a material change in an applicable rule, ordinance, policy, or statute that necessitates termination of this Agreement, or (ii) the Public Utilities Commission of Texas' substantive rules are amended to adopt a new or revised form of interconnection agreement for use by parties interconnecting distributed generation projects similar to the Facilities.

8. Governing Law and Regulatory Authority -- This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Comal County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Comal County, Texas.

9. Amendment -- This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

10. Entirety of Agreement and Prior Agreements Superseded -- This Agreement, including the attached Exhibit A and Facility Schedules, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein. This Agreement replaces all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter hereof. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

11. Written Notices -- Written 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:

a. If to NBU:

New Braunfels Utilities
Attn: Director of Electric Services
355 FM 306
New Braunfels, TX 78130

With copy to:

New Braunfels Utilities
Attn: General Counsel

263 Main Plaza
New Braunfels, TX 78130

b. If to Customer:

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 10.

12. Invoicing and Payment -- Invoicing and payment terms for services associated with this agreement shall be consistent with applicable rate, tariff, and fee schedules established by NBU or the City of New Braunfels.

13. Disclosure of Information to End-Use Customer -- If Customer is not the end-use customer, NBU is hereby authorized to provide any information requested by the end-use customer concerning the Facility.

14. 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, their successors in interest and, where permitted, their assigns.

15. No Waiver -- The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

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

17. Multiple Counterparts -- This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

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

NEW BRAUNFELS UTILITIES

CUSTOMER

BY: _____

BY: _____

PRINTED NAME

PRINTED NAME

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

**AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION
OF DISTRIBUTED GENERATION**

EXHIBIT A

LIST OF FACILITY SCHEDULES AND POINTS OF INTERCONNECTION

Facility Schedule No.

Name of Point of Interconnection

[Insert Facility Schedule number and name for each Point of Interconnection]

FACILITY SCHEDULE NO.

[The following information is to be specified for each Point of Interconnection, if applicable.]

1. Customer Name:

2. Premises Owner Name:

3. Facility location:

4. Delivery voltage:

5. Metering (voltage, location, losses adjustment due to metering location, and other):

6. Normal Operation of Interconnection:

7. One line diagram attached (check one): _____ Yes / _____ No

If Yes, then the one-line drawing should show the most current drawing(s) available as of the signing of this Schedule. NBU and Customer agree drawing(s) may be updated to meet as-built or design changes that occur during construction. Customer understands and agrees that any changes that substantially affect the protective or functional requirements required by the NBU will need to be reviewed and accepted by NBU.

8. Equipment to be furnished by NBU:

(This section is intended to generally describe equipment to be furnished by NBU to effectuate the interconnection and may not be a complete list of necessary equipment.)

9. Equipment to be furnished by Customer:

(This section is intended to describe equipment to be furnished by Customer to effectuate the interconnection and may not be a complete list of necessary equipment.)

10. Cost Responsibility and Ownership and Control of NBU Facilities:

Unless otherwise agreed or prescribed by applicable regulatory requirements or other law, any payments received by NBU from Customer will remain the property of NBU. NBU shall at all times have title and complete ownership and control over facilities installed by NBU.

11. Modifications to Customer Facilities.

Customer understands and agrees that, before making any modifications to its Facilities that substantially affect the protective or interconnection parameters or requirements used in the interconnection process (including in a Pre-interconnection Study performed by NBU), Customer will both notify NBU of, and receive approval by NBU for, such modifications. Customer further understands and agrees that, if required pursuant to the Rules, it will submit a new Application for Interconnection and Parallel Operation request for the desired modifications.

12. Supplemental terms and conditions attached (check one): Yes / _____ No

a. **Insurance Requirements.**

- a. The amount of such insurance coverage per occurrence shall be not less than defined in the table below and name NBU as an additional insured. The amount may be increased at the sole discretion of NBU if the nature of the projects so requires.

System Size	Insurance Requirement
Greater than 250 kW and less than or equal to 500 kW	\$1,000,000
Greater than 500 kW	\$2,000,000

- b. The certificate of insurance shall provide that the insurance policy will not be changed or canceled during its term without thirty days' written notice to NBU. The term of the insurance shall be concurrent with the term of this Agreement.
- c. Customer shall provide proof of such insurance to NBU prior to execution of this Agreement

and subsequently on request by NBU.

END-USE CUSTOMER AFFIRMATION SCHEDULE

The end-use customer selecting the entity who owns the DG facility (the DG owner or Option 2 entity), the owner of the premises at which the DG facility is located (premises owner or Option 3 entity), or the person who by contract is assigned ownership rights to energy produced by the DG facility (Option 4 entity) to act as Customer and Party to the Interconnection Agreement must sign and date the consent below.

“I affirm that I am the end-use customer for the distributed generation facility addressed in Facility Schedule No. __[insert applicable number] in the Interconnection Agreement between New Braunfels Utilities and _____[insert name of Customer], and that I have selected _____ [insert name of Customer] or successor in interest to act as Customer and a Party to this Interconnection Agreement rather than me.

[END-USE CUSTOMER NAME]

SIGNATURE: _____

DATE: _____