

POWER PURCHASE and INTERCONNECTION AGREEMENT FOR SNAP GENERATION

This Agreement, effective the _____ day of _____, 20____
by and between

PUBLIC UTILITY DISTRICT NO. 1 OF Chelan COUNTY,
WASHINGTON, herein referred to as "District"

And

herein referred to as "Producer"

RECITALS

The District is a municipal corporation organized and existing pursuant to Washington law;

The District, pursuant to [RCW 19.29A.090](#), is required to offer the District's retail customers a voluntary option to purchase qualified alternative energy resources. These resources may be owned or purchased by the District.

"Qualified alternative energy resources" includes electricity produced from generation facilities that are fueled by wind or solar energy and other alternative energy resources. For this program, the District limits these resources to 25 kilowatts of capacity or less per system.

Washington State's net metering law ([RCW 80.60](#)) generally requires the District to allow customers with power generation systems with generating capacity of 25 kilowatts or less to connect to the District's distribution system. The generators must be a fuel cell or a solar, wind or hydropower resource.

The District desires to purchase qualified alternative energy resources from local producers. To encourage installation of these resources in Chelan County, the District has established a program that allows Chelan County residents to receive a portion of the revenue from the voluntary purchases by ratepayers. This program is called SNAP (Sustainable Natural Alternative Power). Under this program, there will be customers that purchase the resources (called Purchasers) and customers that produce the resources (called Producers). This agreement pertains to the Producers.

"SNAP Generation" is generation defined to be fueled by solar, wind or other qualified resources that do not utilize battery backup.

The Producer has notified the District of plans to become a SNAP Producer (herein referred to as Producer) in Chelan County, Washington at a location described in the completed Application for Interconnection for SNAP Generation, attached hereto.

The District and Producer have agreed upon the terms and conditions applicable to the interconnection of the Producer's generation to the District's system.

The District has adopted a policy for purchasing the power produced by SNAP generation. Producer desires to sell and the District is willing to purchase electric output of the Producer's generators on the terms and conditions contained in this Agreement.

The District will deliver the power from the Producer's generation facilities to the District's other retail customers.

NOW THEREFORE, in consideration of the mutual promises contained herein, the District and Producer agree as follows:

1. Installation of SNAP Generating Systems (Generators)

Producer shall be solely responsible for acquiring the site, completing installation of the SNAP Generators and complying with the interconnection requirements specified in the applicable engineering criteria prescribing the technical interconnection, protection, and metering requirements for any SNAP Generation as adopted by District Engineering Services. This shall include the acquisition by Producer of all easements, licenses and permits of every type required for the installation and operation of the generators. The Producer will obtain all necessary permits for the installation and operation of its generating facilities, and the generating facilities will be installed and inspected in compliance with the local building and/or electrical codes. Installation shall not be deemed complete until such time as the District verifies that all of the requirements specified by the District have been fully satisfied and all District-required testing has been completed to the District's satisfaction. District requirements are set forth in the following document of which the Producer acknowledges receipt:

[Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less](#)

and

[Policy for SNAP Generation within Chelan County PUD's Service Territory.](#)

2. Testing Requirements

The District will require interconnection safety related testing of each system prior to interconnecting the system. The District will require, at a minimum, annual testing of interconnection safety features of the system. The District may require additional testing to ensure safety of the District's distribution system is always maintained.

The District may, at its discretion, also require additional tests to determine compliance with IEEE Standard 519 or other tests to ensure proper operation of the system or to ensure the distribution system is not negatively impacted by the system.

3. Interconnection with District Facilities and Effective Date of this Agreement

Producer agrees to comply with the requirements set forth in the [Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less](#) and the District's [Utility Services Policies](#).

Interconnection of SNAP Generation to the District's system shall be available on a first-come, first-served basis as determined by the effective date of any proposed interconnection agreements.

All costs associated with the interconnection, as noted in the SNAP Policy, shall be paid by the Producer, unless otherwise noted in this or other agreements and policies. Payments shall be made as follows:

- An application fee shall be paid at the time the Application is submitted. This agreement shall not be in effect until the Producer has satisfied this payment requirement.
- Connection fees and an account service charge may apply, depending on type of installation.
- All Line Extension costs must be paid in accordance with the District's Line Extension policy. If payments are not made as set forth herein, such nonpayment shall be deemed to be a material breach and the District may immediately disconnect the generators from

the District's system without compliance with Section 17 and the Producer shall be responsible for all disconnection costs.

Upon completion of installation of the generators and receipt of the Producer's certification that all necessary federal, state and local permits have been obtained, the District shall within a reasonable time interconnect the Producer's generators to the District's facilities. Such interconnection shall be done at a time convenient to the District and which causes no or minimal disruption of service.

4. Point of Delivery

Power generated by Producer shall be delivered to the District at the meter located at the Producer's facilities. The District shall own, furnish and install the standard bi-directional metering as described in the [Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less](#).

5. Access to Producer's Generation Facilities

The District shall have the right to ingress and egress from the Producer's generating facilities at all hours for any purpose reasonably connected with this Agreement.

6. Ownership of Improvements

The District shall own any and all improvements or equipment attached to the District's distribution or transmission system on the District's side of the SNAP meter. The District shall be deemed the owner of such equipment and/or improvements upon completion of construction. In consideration of the mutual benefits and other consideration stated in this Agreement, the Producer specifically agrees that the Producer shall not be entitled to any compensation or payment for said equipment and/or improvements.

7. Operation and Maintenance of Generators

Producer shall be solely responsible for all costs and expenses of every type relating to the permitting, purchase, operation, and maintenance of the generators. Producer shall at all times during the term of this Agreement keep the generators in good repair and operating conditions so as not to cause damage to District's facilities or electric system. Producer is not relying upon the District or any representations or statements made by District employees regarding steps or actions necessary for the safe or good operation of Producer's facilities. Producer shall at all times operate the generators in compliance with the District's [Policy for SNAP Generation Within Chelan County PUD's Service Territory](#), a copy of which Producer acknowledges receipt, and the District's interconnection requirements. If additional or modified equipment or facilities are necessary to continue proper interconnection of Producer's facilities, the same shall be installed at Producer's expense. Failure to do so will be considered to be a material breach of this Agreement and will result in the immediate disconnection from District facilities.

8. Damage or Interference with District's Facilities

If Producer's generating facilities cause damage to the District's electric system and/or facilities, Producer shall be responsible for all costs associated with the repair and/or replacement of such facilities or equipment. If Producer's facilities in any way cause a loss or damage to the District's other customers, retail or wholesale, Producer shall be responsible for such damages, claims and losses.

If Producer's generating facilities cause damage to or interfere with District or customer facilities, the District will disconnect the Producer's from the District's system until the cause of the damage or interference is remedied.

9. Purchase and Sale of Energy Delivered

During the term of this Agreement, the District shall buy from Producer the electrical energy produced by the SNAP generators and delivered to the District subject to the terms and conditions of this Agreement.

A. Payment by the District.

(1) Percentage of Wholesale Power Rate. The District shall pay the Producer for the energy delivered those sums calculated pursuant to the formula set forth in the District's [Policy for SNAP Generation Within Chelan County PUD's Service Territory](#) attached hereto and incorporated herein. Payment shall only be made for actual deliveries of energy. Payments shall be made pursuant to Section 12 hereof. This payment is subject to change based on refunds the District may be required to pay to others.

- a. Producers that are net-metered do not receive the Wholesale Power Rate but instead receive a kWh credit for their production according to the District's [Net Metering Policy](#).

(2) Percentage of Customer Purchases. The District shall collect voluntary purchases from District's retail customers that desire to purchase SNAP energy produced by Producers in Chelan County, Washington. These voluntary payments shall be divided among all SNAP Producers within Chelan County in proportion to each Producer's total annual amount of SNAP energy produced within Chelan County, but not to exceed \$1.50/kWh. These Customer Contribution payments shall be made pursuant to Section 12 hereof. The District does not guarantee the amount of funds available to pay or the amount to be paid to the Producers. The amount paid to individual Producers will be based on their pro-rata contribution to the total level of SNAP generation.

B. Use of Energy by the District.

The District intends to utilize the delivered energy as part of its overall power resources for local loads. The Producer and District agree that the payments to be made by the District to the Producer do not depend upon how the District actually uses the energy delivered.

10. Interruption of Producer's Energy Deliveries by District

The District shall have the right at any time, without liability to the Producer or any other person, to interrupt, reduce, suspend or curtail generation and/or deliveries of energy: (a) when reasonably necessary in order for the District to construct, install, maintain, repair, replace, remove, investigate, or inspect any equipment or any part of its electric system; or (b) if the District reasonably determines, in its sole discretion, that interruption or reduction of deliveries or power is necessary because of a system emergency, a forced outage, Force Majeure or other operational considerations. If an outage is planned by the District in advance, the District will provide reasonable notice to Producer of such outage, if practicable.

11. No Reliance

The Producer acknowledges and understands that the energy market is not static, but is dynamic and volatile. The Producer has not relied upon any price or supply forecasts including SNAP purchase levels, made by the District, its employees or representatives in deciding to go forward with its generation project or the interconnection.

12. Billing and Payments by the District

- A. The District shall be responsible for reading the meters at least bi-monthly to determine the amount of energy actually delivered.

- B. The District shall mail to Producer within ten (10) working days after the meter is read a statement showing the total amount of kilowatt-hours (kWhs) delivered from Producer to the District during that billing period and the monthly meter fee charged by the District.
- C. The District shall send the amounts due to the Producer on or by the 21st day of April of each year, for the energy delivered to the District for the previous calendar year, less the meter fees as described in Section 13.
- D. Amounts not paid on or before the due date shall accrue interest at the rate of one and one-half percent (1 1/2%) per month.

13. Meter Fee

The District will charge a monthly meter fee for reading the meter, issuing a statement of energy received by the District and for record-keeping and related accounting associated with administration of the program. The fee will also include other fixed costs associated with connecting the Producer to the District's distribution system (e.g. a dual meter base adapter). The fee will be based on monthly costs, and will be indicated on the monthly statement sent to the Producer. The Producer, though, is not obligated to pay this fee at the time the statement is issued.

The Producer's annual meter fees will be deducted from the District's portion of the annual payment made to the Producer. The meter fee is outlined in the District's [Policy for SNAP Generation Within Chelan County PUD's Service Territory](#). This fee is subject to change by the Chelan County PUD Board of Commissioners.

If the Producer has not generated adequate revenue to cover this obligation by December 31 of each year, the Producer will be sent an invoice by January 31 of each year indicating the amount due to the District. This amount due is subject to payment terms as provided in the District's [Utility Service Regulations](#). Producers that fail to meet this payment obligation will have the SNAP meter disconnected and will not be allowed to participate as a SNAP Producer until they have paid any amount owed to the District.

14. Payments by Producer

Any payments due by Producer to the District shall be paid within thirty (30) calendar days after an invoice is sent to Producer. Amounts not paid shall accrue interest at the rate of one and one-half percent (1 1/2%) per month. Amounts not paid may be offset against sums due to the Producer by the District. Failure to pay any such sums by the due date may be considered to be a default.

15. Force Majeure

- A. If either Party because of Force Majeure is unable to perform its obligations under this Agreement, that Party shall be excused from whatever performance is affected by the Force Majeure, except for payment of money due, to the extent so affected, provided that:
 - (1) The non-performing Party, within two weeks after the commencement of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence.
 - (2) The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure.
 - (3) The non-performing Party uses reasonable efforts to remedy its inability to perform, such efforts not to include settlement of a labor dispute.
- B. When the non-performing Party is able to resume performance of its obligations under this Agreement, the Party shall give the other Party written notice to that effect.

- C. In the event a Party is unable to perform its obligations under this Agreement due to legislative, judicial, or regulatory agency actions, that Party shall not be deemed to be in breach of any obligation pursuant to this Agreement.

16. Term

This Agreement shall be effective from the date set forth above and continue in full force and effect until terminated by either party pursuant to other provisions of this Agreement. Either party may terminate this Agreement upon providing the other party with a written notice thirty (30) days prior to the effective date of such termination.

17. Default

In the event of a breach of this Agreement by either Party, the non-breaching Party may deliver a notice of default to the breaching Party. The notice of default shall specify the nature of the breach that is the basis for the notice and give the breaching Party at least ten (10) days to cure said default, stating that failure to cure said breach will entitle the non-breaching Party to terminate this Agreement. Bankruptcy, insolvency, reorganization or liquidation by either Party shall constitute a breach of this Agreement.

18. Compliance with Laws and Regulations

Producer shall comply with all environmental laws and regulations and shall maintain and operate the generators in strict accordance with all applicable laws, regulations and safety codes. Producer is solely responsible for compliance with all environmental, land use and other regulatory requirements. If the District or a regulatory agency at any time determines the facilities are being operated in an illegal, unsafe or unreliable condition, it shall have the unilateral right to interrupt and discontinue its receipt of energy and generation without any liability or obligation. Further, if any regulatory entity or entity charged with ensuring reliability of electric systems or charged with permitting the Producer's facility requests, or directs disconnection of Producer's facilities, the District may disconnect such facilities without liability to the Producer.

19. No Right to Use District's System for Direct Sales to Third Parties

The Parties recognize that this Agreement does not confer a right upon Producer to transmit or distribute power to any third party using the District's electric system.

20. Taxes

Any and all taxes due and owing as a result of the operation of Producer's facilities and payments due from District to Producer shall be the sole responsibility of the Producer.

21. Insurance

Producers with SNAP generation will not be required to carry liability insurance with the District as a named insured if their system and equipment meets the requirements provided in the District's [Interconnection Standards for Customer-Owned Generating Facilities 25 kW or Less](#).

22. Indemnity

- A. Producer shall defend, indemnify and hold harmless the District and its representatives (which shall be deemed to include the District's directors, officers, employees and agents) from and against any and all liabilities, claims, losses, damages or expenses of any type or kind, including reasonable attorneys fees, and expert witness fees, which may be incurred or sustained by the District or its agents, officers, employees or representatives by reason of any act, omission, misconduct, negligence, or default on the part of Producer or its employees, agents, or contractors arising in connection with or related to in any way Producer's ownership, installation, maintenance or operation of the generators.
- B. Producer shall defend, indemnify and hold harmless the District and its representatives (which shall be deemed to include the District's directors, officers,

employees and agents) from and against any and all liability, claims, lawsuits, losses, damages, expenses, fines, penalties, citations or infractions of any type or nature, including reasonable attorney fees and expert witness fees, which may be incurred or sustained due to the Producer's alleged violation of any permitting, land use, or environmental laws and regulations. In the event a claim is made which is subject to this subsection, the District reserves the right to select legal counsel and control the defense and settlement of any such claim. Such defense shall be at the sole expense of the Producer.

- C. Producer's indemnification obligation shall not apply to liability for damages for bodily injury to persons or damage to property caused by the sole negligence of the District and not in any way attributable to any act or omission on the part of the Producer.
- D. The indemnity obligation of the Producer includes any claim or loss suffered by an employee of Producer or any subcontractor regardless of any immunity provided by the Washington Industrial Insurance Act, RCW Title 51, or any other applicable law and the Producer expressly agrees to waive its immunity under RCW Title 51.
- E. **THE TERMS OF THIS SECTION, SPECIFICALLY INCLUDING THE PRECEDING WAIVER OF IMMUNITY, SHALL BE DEEMED MUTUALLY NEGOTIATED TO THE FULLEST EXTENT ALLOWED BY THE LAWS OF THE STATE OF WASHINGTON.**

23. Limitation of District's Liability

The District shall not be liable to the Producer for consequential, incidental, punitive or indirect damage of any kind due to any damage to or disconnection of Producer's generating facilities. The District shall have no responsibility or liability to the Producer or any other person or entity for or in connection with any service interruption, suspension, curtailment or fluctuation or disturbance of energy, whatever the cause, except the District shall be liable for repair or replacement cost (whichever is less) of Producer's generating facilities suffering physical damage as a consequence of the District's negligence in operating its electric system.

24. Removal of Interconnection Facilities

The Producer shall pay the reasonable costs of removal, relocation, modification or renovation of any facilities or equipment required for interconnection with the District's electric system upon termination of this Agreement.

25. Utility Service Regulations

Service under this agreement is subject to the District's [Utility Service Regulations](#). In cases of conflict between this agreement and the regulations, this agreement will apply.

26. Interpretation, Attorneys' Fees and Venue

This Agreement shall be interpreted under the laws of the State of Washington. In the event it is necessary for either party to utilize the services of an attorney to enforce any of the terms of this Agreement, such enforcing party shall be entitled to compensation for its reasonable attorney's fees and costs. In the event of litigation regarding any of the terms of this Agreement, the substantially prevailing party shall be entitled, in addition to other relief, to such reasonable attorney's fees and costs as determined by the court. Venue for any such actions shall be exclusively in Chelan County, Washington.

27. Amendment, Modification or Waiver

Any amendments or modifications to this Agreement shall be in writing and subject to mutual agreement by the Parties. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

28. Notices

All notices and other communications required or permitted hereunder shall be deemed given when received and, unless otherwise provided herein, shall be in writing, shall be sent by nationally recognized overnight courier services or sent by regular mail deposited in the United States mail, postage prepaid, addressed to the Parties at the address set below, and shall be deemed received upon the sooner of (i) the date actually received, or (ii) the third business day following mailing.

Public Utility District No.1 of Chelan County

Attn: Karla Hupp

327 N. Wenatchee Ave.

Wenatchee, WA 98801

Phone: (509) 661-8400 Fax: (509) 661-8148

E-mail: chelanpudcrm@chelanpud.org

To Producer:

Attn: _____

Street Address: _____

P.O. Box _____

City/State/Zip _____

Phone: _____

Fax: _____

E-mail: _____

29. Several Obligations; No Partnership or Agency Status

Except where specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Neither party shall have the right to bind or obligate the other in any way or manner unless otherwise provided for herein. Nothing contained in this Agreement shall be construed to create an association, trust, partnership, franchise, or joint venture or impose a trust or partnership duty, obligation or liability, or an agency relationship on or with regards to either Party. Each Party shall be liable individually and severally for its own obligations under this Agreement.

30. Miscellaneous

- A. Successors and Assigns. All the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and enforceable by the successors and permitted assigns of the parties hereto.
- B. Interpretation. The parties agree that such terms and conditions are not to be construed more liberally in favor of, nor more strictly against, either party. To the extent the mutual covenants of the parties under this Agreement create obligations that extend beyond the termination or expiration of this Agreement, the applicable provisions of this Agreement shall be deemed to survive such termination or expiration for the limited purpose of enforcing such covenants and obligations in accordance with the terms of this Agreement.
- C. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.
- D. Authority. Each person executing this Agreement represents that he or she has authority to execute it on behalf of the respective party. If Producer is incorporated, it shall provide the District with a duly certified copy of a corporate resolution, naming and authorizing their representative(s) to enter into and execute this Agreement.
- E. Entire Agreement. The provisions of this Agreement constitute the entire understanding and agreement between the parties regarding the subject matter hereof, supersede entirely all prior understandings, agreements or representations regarding the subject matter hereof, whether written or oral, and may not be altered or amended except by an instrument in writing signed by the parties. The parties each acknowledge and agree that no representation, warranty, or inducement has been made to it regarding the rights set forth in this Agreement which is not expressly set forth in this Agreement.
- F. Third Party Beneficiaries. This Agreement is intended to be solely for the benefit of the parties hereto and their permitted successors and permitted assignees and is not intended to and shall not confer any rights or benefits on any other third party not a signatory hereto.
- G. No Agency. Neither party shall be considered to be the agent or representative of the other party. No agency relationship is created by this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representative on the date first above written.

PUBLIC UTILITY DISTRICT NO. 1
OF CHELAN COUNTY

(Name of Producer)

By _____

By _____

Managing Director of Energy Resources

Title _____