

## EXPORTING SYSTEM INTERCONNECTION AGREEMENT

This Exporting System Interconnection Agreement ("Agreement") is dated [DATE] ("Execution Date"), and is between Tucson Electric Power Company, an Arizona corporation ("TEP"), and [ENTITY NAME] ("Customer"). TEP and Customer are referred to individually as "Party" and collectively as the "Parties."

### RECITALS

- A. TEP is an electric utility engaged in the generation, transmission, and distribution of electric power and energy in the State of Arizona.
- B. Customer desires to construct a Generating Facility, as described in Appendix B, and interconnect such Generating Facility to TEP's Distribution System.
- C. Customer submitted an Application to interconnect its Generating Facility to the TEP Distribution System on [DATE].
- D. TEP approved the Customer's Application on [DATE] and hereby provides this Agreement for Customer's review and signature.
- E. Subject to the terms and conditions of this Agreement, the Parties desire for Customer to interconnect its Generating Facility for Parallel Operation with the Distribution System.

The Parties therefore agree as follows:

### AGREEMENT

#### ARTICLE ONE: DEFINITIONS AND APPENDICES

1.1 Definitions. Unless the context clearly requires otherwise, capitalized terms used in this Agreement shall have the meanings set forth in Appendix A.

1.2 Appendices. This Agreement consists of the Articles and attached Appendices, all of which comprise part of one and the same agreement with equal force and effect.

#### ARTICLE TWO: BINDING NATURE AND TERM

2.1 Binding Nature. This Agreement shall be effective and binding on the Parties as of the Execution Date only to the extent required to give full effect to, and enforce, the rights and obligations of the Parties under Articles 1, 6, 8, 9, 10, 11, 12, and Sections 2.1, 2.2, 2.3 and 4.8. This Agreement shall be in full force and effect, enforceable and binding in all respects, upon the occurrence of the Effective Date.

2.2 Effective Date. The Effective Date is the date that TEP notifies the Customer in writing that the Generating Facility is approved for Parallel Operation with the Distribution System per this Agreement (such written notification is the "Permission to Operate").

2.3 Conditions to Approval. TEP shall approve the Customer's Generating Facility for Parallel Operation with the Distribution System within three (3) Calendar Days upon satisfaction of the last to occur of the following conditions: (a) if required by TEP to accommodate the Interconnection, the Customer has provided to TEP an easement or right-of-way, in TEP's name, at the Customer's expense; (b) if required, TEP has received notification from the government authority having jurisdiction of the final electrical clearance for the Generating Facility; (c) the Customer has submitted to TEP all necessary supplemental documents as specified by TEP; (d) if TEP deems necessary in its reasonable discretion or if requested by the Customer, TEP has (i) performed a site inspection of the Customer's Generating Facility, and (ii) verified, at a minimum, the requirements described in Arizona Administrative Code R14-2-2621.B.1 – 7, as may be amended from time-to-time; (e) TEP has confirmed that Customer has satisfied all applicable requirements in TEP's Interconnection Manual; (f) Customer has paid to TEP all outstanding amounts owed, as specified in Appendix C; (g) TEP has installed appropriate meter equipment; and (h) this Agreement is fully executed by the Parties.

2.4 Term. Unless this Agreement is terminated earlier in accordance with its terms, the Customer's approval for Parallel Operation with the Distribution System pursuant to this Agreement shall commence on the Effective Date and shall continue for 20 years after the Effective Date (the "Term"). This Agreement will automatically extend without amendment on a year-to-year basis after the initial 20-year expiration date, or any future expiration date, unless at least thirty (30) days prior to any expiration date either Party provides the other Party written notice that it elects not to extend this Agreement.

### **ARTICLE THREE: GENERATING FACILITY AND INTERCONNECTION**

3.1 Customer Interconnection Facilities and Generating Facility. The Customer shall design, install, and operate all Interconnection Facilities located on the Customer's side of the Point of Interconnection and the Generating Facility in strict compliance with the specifications set forth in Appendix B, Appendix D, as provided in Customer's Application and approved by TEP, and Appendix E. Modifications to the Interconnection Facilities and the Generating Facilities are not allowed under this Agreement without Customer's submittal of such modifications to TEP, TEP's approval of such modifications, and an amendment to this Agreement, including, but not limited to an amendment to Appendix B, and/or Appendix D, executed by both Parties. Customer's modification of the Interconnection Facilities and/or Generating Facilities without TEP's approval is an Event of Default subject to disconnection of the Interconnection Facilities (see Section 9.1(b) and Section 7.1(a)(v)).

3.2 Engineering Studies. The Customer shall pay for all costs related to any studies performed or commissioned by TEP, including, but not limited to, any Feasibility Study, System Impact Study, or Facilities Study, and any re-studies of the same.

3.3 Distribution System Modifications. If applicable, Customer shall pay for, and TEP shall design, procure, install, own, maintain, and operate any required Distribution System modifications. Good faith estimates for any required Distribution System modifications are set forth in Appendix C. Customer shall pay for all actual costs.

## ARTICLE FOUR: CUSTOMER'S RESPONSIBILITIES

4.1 Interconnection, Safety, and Protection Requirements. The Customer shall ensure that the Generating Facility meets or exceeds all minimum Interconnection, safety, and protection requirements in accordance with Industry Standards, DGIRs, Applicable Law and TEP's Interconnection Manual.

4.2 Code Compliance. The Customer shall ensure that the Generating Facility meets all applicable construction codes, safety codes, electric codes, Applicable Laws, and requirements of government agencies having jurisdiction.

4.3 Easements and Rights of Way. Customer shall be responsible for securing all required Easements and Rights of Way, land rights and due diligence studies for the required interconnection facilities on behalf of and for TEP at Customer's sole cost. Customer will provide TEP with copies of all applications and associated documentation *for review and approval* before submittal.

4.4 Certified Equipment. The Customer shall operate the Generating Facility's Certified Equipment in a manner that protects the Generating Facility, TEP personnel, the public, and the Distribution System from harm.

4.5 Impairment of the Distribution System. The Customer shall maintain and operate the Generating Facility to minimize the likelihood of causing a malfunction in, damaging, or otherwise impairing the Distribution System, which includes, but is not limited to, maintaining the Generating Facility in accordance with applicable manufacturers' maintenance schedules.

4.6 No Adverse Affect. The Customer shall ensure that the Generating Facility does not adversely affect the quality of service to other TEP consumers.

4.7 Restoration. The Customer shall ensure that the Generating Facility does not hamper efforts to restore a feeder to service when a Clearance is required.

4.8 Notification. The Customer shall notify TEP of any emergency or hazardous condition or occurrence involving the Generating Facility that could affect safe operation of the Distribution System.

4.9 Responsibility for Customer's Interconnection Facilities. The Customer shall pay for, lease or own, and be responsible for designing, installing, and operating all Interconnection Facilities located on the Customer's side of the Point of Interconnection.

4.10 Interconnection Facilities. The Customer shall ensure that the Interconnection Facilities always include:

(a) Necessary equipment for: (1) connection; (2) transformation; (3) switching; (4) protective relaying; (5) metering; (6) communication; and (7) safety requirements.

(b) A Disconnection Switch.

(c) Any other requirements in accordance with Industry Standards, DGIRs, Applicable Law and TEP's Interconnection Manual.

## ARTICLE FIVE: TEP'S RESPONSIBILITIES

5.1 Interconnection. Subject to DGIRs, Applicable Law, TEP's Interconnection Manual, and the terms and conditions of this Agreement, from and after the Effective Date, TEP shall allow Customer to interconnect Customer's Generating Facility to the Distribution System.

5.2 Notification. Throughout the Term, TEP shall notify the Customer if there is reason to believe that operation of the Customer's Generating Facility has caused disruption or deterioration of service to other TEP consumers served from the Distribution System or that such operation has caused damage to the Distribution System.

## ARTICLE SIX: REPRESENTATIONS AND WARRANTIES

6.1 Customer's Representations and Warranties. Customer represents and warrants to TEP as follows and will be deemed to have so represented again upon the Effective Date:

(a) Organization. Customer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. Customer is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held by it or the nature of the business transacted by it, including the execution, delivery and performance of this Agreement, makes qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to materially and adversely affect its ability to perform its obligations under this Agreement.

(b) Authority. Customer has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(c) Corporate Actions. Customer has taken all corporate actions required to be taken by it to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

(d) Enforceable Agreement. This Agreement constitutes Customer's legally valid and binding obligation enforceable against Customer in accordance with its terms except as the enforcement thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(e) Acting for its Own Account. Customer is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of TEP or any of its Affiliates in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

(f) No Event of Default. No Event of Default with respect to Customer has occurred and is continuing and no Event of Default with respect to Customer would occur as a result of its entering into or performing its obligations under this Agreement.

(g) Interconnection, Safety, and Protection Requirements. The Generating Facility meets or exceeds all minimum Interconnection, safety, and protection requirements in accordance with Industry Standards, DGIRs, Applicable Law and TEP's Interconnection Manual.

(h) Code Compliance. The Generating Facility meets all applicable construction codes, safety codes, electric codes, Applicable Laws, and requirements of government agencies having jurisdiction.

(i) Certified Equipment. The Generating Facility's Certified Equipment is installed in a manner that protects the Generating Facility, TEP personnel, the public, and the Distribution System from harm.

(j) Impairment of the Distribution System. The Generating Facility design and installation minimize the likelihood of causing a malfunction in, damaging, or otherwise impairing the Distribution System.

(k) Customer Premises. The Interconnection Facilities are located on premises owned, leased, or otherwise controlled by the Customer.

(l) Interconnection Facilities. The Interconnection Facilities include:

(i) Necessary equipment for: (1) connection; (2) transformation; (3) switching; (4) protective relaying; (5) metering; (6) communication; and (7) safety requirements.

(ii) A Disconnection Switch.

(iii) Any other requirements in accordance with Industry Standards, DGIRs, Applicable Law and TEP's Interconnection Manual.

6.2 TEP's Representations and Warranties. TEP represents and warrants to Customer as follows and will be deemed to have so represented again upon the Effective Date:

(a) Organization. TEP is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. TEP is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held by it or the nature of the business transacted by it, including the execution, delivery and performance of this Agreement, makes qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to materially and adversely affect its ability to perform its obligations under this Agreement.

(b) Authority. TEP has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(c) Corporate Actions. TEP has taken all corporate actions required to be taken by it to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

(d) Enforceable Agreement. This Agreement constitutes TEP's legally valid and binding obligation enforceable against TEP in accordance with its terms except as the enforcement thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

(e) No Event of Default. No Event of Default with respect to TEP has occurred and is continuing and no Event of Default with respect to TEP would occur as a result of its entering into or performing its obligations under this Agreement.

## ARTICLE SEVEN: DISCONNECTION AND RECONNECTION

### 7.1 Disconnection.

(a) Disconnection by TEP. TEP may disconnect a Generating Facility from the Distribution System under any of the following conditions:

(i) Upon expiration or termination of this Agreement, in accordance with its terms and conditions.

(ii) Upon TEP's determination that the Generating Facility is not in compliance with TEP's Interconnection Manual.

(iii) Upon TEP's determination that continued Interconnection of the Generating Facility will endanger system operations, persons, or property, for the time needed to make immediate repairs on the Distribution System.

(iv) To perform routine maintenance, repairs, and system modifications.

(v) Upon TEP's determination that this Agreement is not in effect for the Generating Facility.

(b) TEP Notice. Except in the case of a disconnection under Section 7.1(a)(iii), TEP shall provide notice to the Customer before disconnecting the Generating Facility. TEP shall provide the Customer notice at least three (3) Calendar Days prior to the impending disconnection and shall include in the notice the date, time, and estimated duration of the disconnection.

(c) Compliance with TEP Interconnection Manual. If a Generating Facility is disconnected under Section 7.1(a)(ii), then (i) The Customer shall notify TEP when the Generating Facility is restored to compliance with technical requirements; (ii) TEP shall, within five (5) Calendar Days after receiving the Customer's notice, have an inspector verify the compliance; and (iii) upon TEP's verification that the Generating Facility is in compliance with TEP's Interconnection Manual, TEP shall, in coordination with the Customer, reconnect the Generating Facility.

(d) Disconnection by Customer. The Customer may temporarily disconnect the Generating Facility from the Distribution System at any time during the Term. Such temporary disconnection shall not constitute a termination of the Agreement unless the Customer has so specified in writing.

7.2 Reconnection. TEP and the Customer shall cooperate to restore the Generating Facility and the Distribution System to their normal operating states as soon as practicable. TEP shall reconnect a Generating Facility as quickly as practicable after determining that the reason for disconnection is remedied.

#### **ARTICLE EIGHT: INDEMNIFICATION AND LIMITATION OF LIABILITY**

8.1 Indemnification. To the fullest extent permitted by law, Customer shall indemnify, defend, and hold TEP, TEP's Consultants, and each of their present and future direct or indirect parents, subsidiaries, affiliates, divisions, and its respective directors, officers, employees, shareholders, agents, representatives, successors, and assigns (collectively, the "Indemnified Parties") harmless from any and all claims, liability, costs, loss, injuries, fines, penalties, liens, claims of lien, or damage of any kind or nature including reasonable attorneys' fees, experts' fees, litigation, or settlement costs, and the cost of enforcing any right to indemnification in this Agreement (collectively, "Losses") that the Indemnified Parties may sustain, incur, suffer, or be subjected to, including claims for damage to or destruction of property of any entity, death of or bodily injury to any person, and claims for wages or other costs due by Customer or any subcontractor of Customer as a result of any third-party claim, assessment, demand, or judgment arising out of or in any way connected with the transactions contemplated in this Agreement or Customer's intentional misconduct, negligent performance of or failure to perform under this Agreement, or Customer's material breach of the terms of this Agreement, including Customer's failure to comply with any federal, state, or local law, statute, ordinance, rule, or regulation. Customer's indemnification obligation will not apply to the extent that such Losses result from the Indemnified Parties' negligence or willful misconduct. Customer agrees that its indemnification obligations under this Agreement will not be limited in any way by any limitation on the amount or types of damages otherwise set forth in this Agreement.

8.2 Limitation of Liability. TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT WILL EITHER PARTY OR TEP'S CONSULTANTS BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS OR DAMAGES TO THE OTHER PARTY'S BUSINESS REPUTATION, LOSS OF EARNINGS OR REVENUES OR COST OF PURCHASED POWER, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN AN ACTION FOR CONTRACT, STRICT LIABILITY, OR TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, WHETHER OR NOT THE FIRST PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

#### **ARTICLE NINE: DEFAULT AND REMEDIES**

9.1 Events of Default. An event of default ("Event of Default") shall be deemed to have occurred with respect to a Party (the "Defaulting Party") upon the occurrence of one or more of the following events:

(a) Representations and Warranties. Any representation or warranty made by the Defaulting Party in Section 6.1 or Section 6.2, as applicable, fails to be true and correct in all material respects; provided that: (i) if such failure is capable of a cure, an Event of Default shall occur if such failure is not remedied within thirty (30) Calendar Days after written notice is received by the Defaulting Party of such failure; and (ii) if such failure is not capable of a cure, but the Non-Defaulting Party's damages resulting from such failure can reasonably be ascertained, an Event of Default shall occur if

payment of such damages is not made to the Non-Defaulting Party within thirty (30) Calendar Days after a written notice is received by the Defaulting Party of such failure and such Non-Defaulting Party's damages.

(b) **Material Obligations.** The Defaulting Party fails to perform any material obligation set forth in this Agreement (except to the extent constituting a separate Event of Default), if such failure is not remedied within thirty (30) Calendar Days after written notice is received by the Defaulting Party of such failure, provided that such thirty (30) Calendar Day period shall be extended for up to an additional sixty (60) Calendar Days if such failure is reasonably capable of being cured within ninety (90) Calendar Days after written notice is received by the Defaulting Party of such failure and the Defaulting Party reasonably commences and diligently pursues the cure of such failure.

(c) **Abandonment.** The Customer terminates TEP electric service, vacates, or abandons the property on which the Generating Facility is located, or terminates or abandons the Generating Facility, without TEP's agreement, and if such actions by the Customer is not remedied within thirty (30) Calendar Days after written notice is received by the Customer from TEP.

**9.2 Termination for an Event of Default.** If an Event of Default with respect to a Defaulting Party has occurred and is continuing, then the non-Defaulting Party shall be entitled to terminate this Agreement by written notice to the Defaulting Party designating the date of termination (the "Early Termination Date"), provided that the termination notice required pursuant to this Section 9.2 may be provided in the notice of Event of Default pursuant to Section 9.1 (and does not have to be a separate notice), provided further that such notice of Event of Default complies with the requirements of this Section 9.2.

**9.3 Rights and Remedies are Cumulative.** Except as otherwise provided in this Agreement, the rights and remedies of a Party pursuant to this Article 9 shall be: (a) cumulative such that the exercise of one or more rights and remedies does not constitute a waiver of any other rights or remedies; and (b) in addition to the rights and remedies of the Parties otherwise provided in this Agreement.

## **ARTICLE TEN: TERMINATION**

**10.1 Termination.** This Agreement shall become effective on the Effective Date and shall remain in effect thereafter unless and until:

- (a) The Agreement is terminated by mutual agreement of TEP and the Customer;
- (b) The Agreement is replaced by another Interconnection Agreement, with mutual consent of TEP and the Customer;
- (c) The Agreement is terminated by TEP or the Customer due to an Event of Default; or
- (d) The Customer terminates TEP electric service, vacates, or abandons the property on which the Generating Facility is located, or terminates or abandons the Generating Facility, without TEP's agreement.



10.2 Change of Ownership. The Agreement shall not terminate in the event of the sale or lease of the property owned by the Customer. If the ownership of a Generating Facility changes, the Agreement will remain in effect so long as the operation of the Generating Facility, as specified in the Agreement, remains unchanged. The Customer shall provide notice to TEP within seven (7) Calendar Days in the event of a change in the ownership of the Generating Facility.

10.3 Effect of Termination. Upon termination of the Agreement:

(a) The Customer shall ensure that the electrical conductors connecting the Generating Facility to the Distribution System are immediately lifted and permanently removed, to preclude any possibility of interconnected operation in the future; and

(b) TEP may inspect the Generating Facility to verify that it is permanently disconnected.

10.4 Survival. Except as contemplated in Section 10.1(d), this Agreement shall continue in effect after disconnection or termination of electric service to the extent and for the period necessary to allow or require TEP or the Customer to fulfill rights or obligations that arose under the Agreement, notwithstanding.

#### **ARTICLE ELEVEN: DISPUTE RESOLUTION**

11.1 Dispute. Any controversy or claim arising out of or related to this Agreement, or the breach or termination of this Agreement (each a "Dispute") will be resolved in accordance with the procedures specified in this Article 11. The provisions of this Article 11 will be the exclusive method of resolving Disputes. Nothing in this Agreement will preclude a Party from seeking temporary or preliminary injunctive relief from a court of competent jurisdiction to avoid irreparable harm or injury, or to preserve the status quo. Notwithstanding a Party's right to seek injunctive relief, the Parties shall continue to participate in good faith in the procedures specified in this Article 11 with respect to any Dispute.

11.2 Notification and Response. Any Party wishing to initiate the dispute resolution procedures set forth in this Article 11 with respect to a Dispute not resolved in the ordinary course of business must give written notice of the Dispute to the other Party (a "Dispute Notice"). The Dispute Notice will include: (a) a statement of the initiating Party's position and a summary of arguments supporting that position; (b) the name(s) and title(s) of the person(s) who will represent the initiating Party; and (c) the name and title of all other persons who will accompany the initiating Party's representatives in the negotiations under Section 11.3. Within ten (10) business days after delivery of the Dispute Notice, the receiving Party shall submit to the Party providing the Dispute Notice a written response (the "Dispute Response"). The Dispute Response will include: (i) a statement of the responding Party's position and a summary of arguments supporting that position; (ii) the name(s) and title(s) of the person(s) who will represent the responding Party; and (iii) the name and title of all other persons who will accompany the responding Party's representatives in the negotiations under Section 11.3.

11.3 Negotiation to Resolve Disputes. Within ten (10) business days following delivery of the Dispute Response, the Parties shall begin to attempt to resolve such Dispute through the following procedure:

(a) Good Faith Negotiation. First, the representatives of the Parties designated in the Dispute Notice and the Dispute Response shall meet at least weekly, for a period of not less than thirty (30) Calendar Days, at a mutually acceptable time and place, and as often as they reasonably deem necessary, to attempt to resolve the Dispute. The Parties may waive in writing the obligation to meet for a period of thirty (30) Calendar Days if they sooner resolve the Dispute to their mutual satisfaction.

(b) Arbitration. Second, if the Dispute is still unresolved after thirty (30) Calendar Days following the commencement of the meetings described in Section 11.3(a), then either Party may submit such Dispute to binding arbitration in Tucson, Arizona, which will be administered under the Commercial Arbitration Rules of the American Arbitration Association.

## ARTICLE TWELVE: MISCELLANEOUS PROVISIONS

12.1 Compliance with Law. Customer shall comply with all Applicable Laws at all times in performing under this Agreement.

12.2 Notice. All notices, requests, demands, submittals, waivers and other communications required or permitted to be given under this Agreement to a Party (each, a "Notice") shall, unless expressly specified otherwise, be in writing and addressed as follows:

(a) Designated Contact Person(s).

For TEP:

[TEP CONTACT]  
[ADDRESS]  
[PHONE]  
[FAX, IF NEEDED]  
[EMAIL] [RENEWABLES@TEP.COM](mailto:RENEWABLES@TEP.COM) FOR SYSTEMS UNDER 20KW]

For Customer:

[CUSTOMER CONTACT]  
[ADDRESS]  
[PHONE]  
[FAX, IF NEEDED]  
[EMAIL]

(b) Emergency or Service Disruption Notice per Sections 4.7 and 5.2.

For TEP:

EMERGENCY HOTLINE: (520) 623-3451

For Customer:

[CUSTOMER CONTACT]  
[ADDRESS]  
[PHONE]  
[FAX, IF NEEDED]  
[EMAIL]

Notice will be deemed given if provided in writing to the address noted above and (a) upon delivery if delivered in person, (b) on the date of receipt if sent by certified or registered United States mail, (c) upon receipt of confirmation if sent by facsimile, (d) upon delivery if delivered by commercial courier service, or (e) upon delivery if delivered by e-mail. As proof of service by a commercial courier or email it will be sufficient for the sender to produce a receipt of a reputable courier company showing the correct address of the Party on whom notice is served or an email log from the sender's corporate computer showing the correct email address of the Party on whom notice is served.

12.3 Further Assurances. Customer agrees to provide such information, to execute and deliver such instruments and documents, and to take such actions as may be reasonably requested by TEP in order to give full effect to this Agreement and to carry out the intent of the Parties.

12.4 Successors and Assigns. This Agreement will be binding on the Parties' respective successors and permitted assigns.

12.5 Governing Law. This Agreement is governed by the laws of the State of Arizona, without regard to the choice of law principles. All claims relating to or arising out of this Agreement, or the breach thereof, whether in contract, tort, or otherwise, will likewise be governed by the laws of Arizona, without regard to choice of law principles.

12.6 Venue. Except for legal proceedings over which the Arizona Corporation Commission has exclusive jurisdiction, venue for any legal proceedings brought by one Party against the other Party under this Agreement will be a court of competent jurisdiction in Pima County, Arizona.

12.7 Force Majeure. Neither Party will be liable to the other Party for damages or delays in performance of this Agreement during any period in which such performance is delayed by Acts of God, acts and/or omissions of federal, state, and local governmental authorities and regulatory agencies, or other events that are beyond the reasonable control of the Party claiming force majeure that could not have been reasonably foreseen or prevented. The delayed Party's time for performance will be suspended by the occurrence of such unforeseen event for the duration of the event; provided, however, that the Party claiming force majeure provides prompt written notice to the other Party of such condition. Nothing contained in this Agreement will be construed to require a Party to settle any strike or labor dispute in which it may be involved. In no event will the inability to make payment or the unavailability of funds be considered an event of force majeure. When such event of force majeure exists, the affected Party shall proceed with reasonable diligence to remedy the conditions causing the force majeure and proceed with the performance of its obligations under this Agreement at the earliest practicable date.

12.8 No Third Party Beneficiaries. Except as specified in this Agreement, this Agreement does not confer any rights or remedies upon any person other than the Parties and their successors and permitted assigns.

12.9 Modification. The Parties cannot modify or supplement this Agreement except by written instrument signed by the Parties.

12.10 Waiver. Any failure of either Party to waive or enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the term of this Agreement will in no way affect the validity of this Agreement or any part of this Agreement, and will not be deemed a waiver of the right of such Party thereafter to enforce any and each such provisions.

12.11 Severability. If any term, provision, covenant, or condition of this Agreement is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement will remain in full force and effect and in no way will be affected, impaired, or invalidated by reason of such holding.

12.12 Counterparts. This Agreement may be executed in counterparts, including by the exchange of pdf signature pages, each of which will be deemed an original and all of which taken together will constitute one and the same instrument.

12.13 Entire Agreement. This Agreement is the final integration of the agreement between the Parties with respect to the matters covered by it and supersedes any prior understanding or agreements, oral or written, with respect thereto.

[Signature page follows]

The Parties are signing this Agreement on the date stated in the preamble.

TUCSON ELECTRIC POWER COMPANY

[CUSTOMER]

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

SAMPLE

[Signature page to Interconnection Agreement]

## APPENDIX A DEFINED TERMS

“AC” means alternating current.

“Applicant” means a Customer or Representative who submits an Interconnection Application pursuant to Article 26 of Title 14, Chapter 2, of the Arizona Administrative Code.

“Application” means the standard form or format for an Applicant to apply to a Utility for Interconnection of a Generating Facility with the Distribution System, as set forth in the DGIRs.

“Backfeed” means to energize a section of a Utility electric system with a Generating Facility.

“Calendar Day” means any day including Saturday, Sunday, or a Federal or State Holiday.

“Certified Equipment” means a specific generating and protective equipment system or systems certified as meeting the requirements in R14-2-2611 relating to testing, operation, safety, and reliability by an NRTL.

“Clearance” means documentation from a Utility stating that a line or equipment is disconnected from all known sources of power and tagged; that for safety purposes all proper precautionary measures have been taken; and that workers may proceed to inspect, test, and install ground on the circuit.

“CFR” means Code of Federal Regulations.

“Commission” means the Arizona Corporation Commission.

“Customer” means an electric consumer applying to connect a Generating Facility on the consumer's side of the Utility meter, whether an Exporting System, a Non-Exporting System, or an Inadvertent Export System.

“DC” means direct current.

“DGIR” means the Distributed Generation Interconnection Rules approved by the Office of the Attorney General of Arizona in A.G. Rule No. AGR10-0004, the Final Rulemaking regarding the Interconnection of Distributed Generation Facilities Rules, A.A.C. R14-2-2601 through R-14-2-2628, effective February 25, 2020, and as adopted by the Arizona Corporation Commission in Docket No. RE-00000A-07-0609 on February 25, 2020. A complete copy of the Distributed Generation Interconnection Rules are located at <https://docket.images.azcc.gov/0000201047.pdf>.

“Disconnect Switch” means a device that:

- a. Is installed and maintained for a Generating Facility by the Customer;
- b. Is a visible-open, manual, gang-operated, load break disconnect device;
- c. Is capable of being locked in a visible-open position by a standard Utility padlock that will completely isolate the Generating Facility from the Distribution System; and
- d. If the voltage of the Generating Facility is over 500 volts, is capable of being grounded on the Utility side.

“Distributed Generation” means any type of Customer electrical generator, solid-state or static inverter, or Generating Facility interconnected with the Distribution System that either can be operated in electrical parallel with the Distribution System or can feed a Customer load that can also be fed by the Distribution System.

“Distribution System” means the infrastructure constructed, maintained, and operated by a Utility to deliver electric service at the distribution level (69 kV or less) to retail consumers.

“Easements and Rights of Way” means the legal right to occupy the land for any new facilities required for the interconnection.

“Electric Cooperative” means a Utility that is:

- a. Not operated for profit;
- b. Owned and controlled by its members; and
- c. Operating as a public service company in this state.

“Exporting System” means any type of Generating Facility that is designed to regularly Backfeed the Distribution System.

“Facilities Study” means a comprehensive analysis of the actual construction needed to take place based on the outcome of a System Impact Study.

“Fault Current” means the level of current that can flow if a short circuit is applied to a voltage source.

“Feasibility Study” means a preliminary review of the potential impacts on the Distribution System that will result from a proposed Interconnection.

“Generating Facility” means all or part of a Customer's electrical generator(s), energy storage system(s), or any combination of electrical generator(s) and storage system(s), together with all inverter(s) and protective, safety, and associated equipment necessary to produce electric power at the Customer's facility; this includes solid-state or static inverters, induction machines, and synchronous machines.

“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 that, 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 reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimal practice, method, or act to the exclusion of all others, but rather to include practices, methods, or acts generally accepted in the region at the relevant time.

“IEEE” means the Institute of Electrical and Electronics Engineers, Inc.

“Inadvertent Export” means the unplanned, uncompensated transfer of electrical energy from a Generating Facility to the Distribution System across the Point of Interconnection.

“Interconnection” means the physical connection of a Generating Facility to the Distribution System.

“Interconnection Agreement” means an agreement, signed between the Utility and the Customer, covering the terms and conditions governing the Interconnection and operation of the Generating Facility with the Utility, and includes any appendices to the agreement.

“Interconnection Facilities” means the electrical wires, switches, and related equipment that are required, in addition to the facilities required to provide electric distribution service to a Customer, to allow Interconnection. Interconnection Facilities may be located on either side of the Point of Interconnection as appropriate to their purpose and design, as set forth in Appendix B, and Appendix D.

“Interconnection Manual” means a separate document developed and maintained by a Utility as required under R14-2-2628.

“Interconnection Study” means a study that may be undertaken by a Utility (or a Utility-designated third party) in response to the Utility's receipt of a completed Application. An Interconnection Study may include:

- a. A Feasibility Study;
- b. A System Impact Study;
- c. A Facilities Study; and
- d. Any additional analysis required by the Utility.

“Islanding” means a condition in which a portion of the Distribution System is energized solely by one or more local electric power systems throughout the associated Point of Interconnection while that portion of the Distribution System is electrically separated from the rest of the Distribution System. Islanding can be either intentional (planned) or unintentional (unplanned).

“Jurisdictional Electric Inspection Agency” means the governmental authority having jurisdiction to inspect and approve the installation of a Generating Facility.

“kW” means kilowatt.

“Maximum Capacity” means:

- a. The nameplate AC capacity of a Generating Facility; or
- b. If the Operating Characteristics of the Generating Facility limit the power transferred across the Point of Interconnection to the Distribution System, only the power transferred across the Point of Interconnection to the Distribution System, not including Inadvertent Export.

“MW” means megawatt.

“Non-Exporting System” means a system in which there is no designed, regular export of power from the Generating Facility to the Distribution System.

“NRTL” means a Nationally Recognized Testing Laboratory recognized by the U.S. Occupational Safety and Health Administration.

“Operating Characteristics” means the mode of operation of a Generating Facility (Exporting System, Non-Exporting System, or Inadvertent Exporting System) that controls the amount of power delivered across the Point of Interconnection to the Distribution System.



“Parallel Operation” means the operation of a Generating Facility that is electrically interconnected to a bus common with the Distribution System, either on a momentary or continuous basis.

“Protective Functions” means the equipment, hardware, or software in a Generating Facility that protects against Unsafe Operating Conditions.

“Point of Interconnection” means the physical location where the Utility's service conductors are connected to the Customer's service conductors to allow Parallel Operation of the Generating Facility with the Distribution System.

“Relay” means an electric device that is designed to interpret input conditions in a prescribed manner and, after specified conditions are met, to respond and cause contact operation or similar abrupt change in associated electric control circuits.

“Representative” means an agent of the Customer who is designated by the Customer and is acting on the Customer's behalf.

“RUS” means the U.S. Department of Agriculture Rural Utilities Service.

“Scoping Meeting” means an initial review meeting between a Utility and a Customer or Representative during which a general overview of the proposed Generating Facility design is discussed, and the Utility provides general information on system conditions at the proposed Point of Interconnection.

“Secondary Spot Network System” means an AC power Distribution System meeting the criteria in R14-2-2622.

“System Impact Study” means a full engineering review of the impact on the Distribution System from a Generating Facility, including power flow, Utility system protective device coordination, generator protection schemes (if not Certified Equipment), stability, voltage fluctuations, frequency impacts, and short circuit study. A System Impact Study may consider total nameplate capacity of the Generating Facility.

“UL 1741” means the Underwriters Laboratories Inc. Standard for Inverters, Converters, Controllers and Interconnection System Equipment for Use with Distributed Energy Resources (February 15, 2018), with no future editions or amendments, which is incorporated by reference; on file with the Commission; and published by and available from Underwriters Laboratories Inc., 151 Eastern Avenue Bensenville, IL 60106-3072 and through <https://standardscatalog.ul.com>.

“UL 1741 SA” means the approved supplemental amendment of UL 1741 that defines the manufacturing (including software) and product testing requirements for advanced inverters.

“Unsafe Operating Conditions” means conditions that, if left uncorrected, could result in any of the following:

- a. Harm to personnel;
- b. Damage to equipment;
- c. An adverse effect to the safe operation of the Distribution System; or

d. Operation of the Generating Facility outside pre-established parameters required by the Interconnection Agreement.

“Utility” means an electric distribution company that constructs, operates, and maintains its Distribution System for the receipt and delivery of electricity and that is a public service corporation under Arizona Constitution, Article 15, § 2.

SAMPLE

**APPENDIX B  
CUSTOMER INTERCONNECTION FACILITIES AND GENERATING FACILITY**

**Customer Generating Facility:**

- Location: (Address)
- Generation Type: (PV (e.g, Fixed-Tilt Steel Structure Mounted Photovoltaic System), Wind, Energy Storage, Rotating Machine)
- Nameplate Rating: ###kWdc / ###kWac
- Inverter Type, Specification, & Advanced Inverter Settings:  
(#) INVERTER INFO, #kWac
- PV Module Type and Specifications:  
(##) MODULE INFO, ###W

**Interconnection Facilities:**

- **Customer Interconnection Facilities**
  - Single or three phase
  - Service Voltage
  - Service Entrance Switchgear (SES) Amp Rating
  - Type of connection (load side or line side)
  - Rating of DG Disconnect
- **TEP Interconnection Facilities**
  - TEP Revenue Meter Number
  - TEP Service Transformer Rating and ID]

**APPENDIX C**  
**[PAYMENT RESPONSIBILITY FOR INTERCONNECTION]**

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Element	Est. Cost (\$)	Responsibility for Payment	
		TEP	Customer
Protection, Communication, Automation, and Metering Equipment	XXX		x
Engineering	XXX		x
Labor	XXX		x
<b>Estimated Customer Total</b>	<b>XXX</b>		<b>x</b>

Note: Costs above do not include monthly cellular fees that may apply or Customer-provided equipment on Customer’s side of the Point of Interconnection. Costs are estimates only. Monthly cellular charges may be included as a line item on Customer’s Electric Bill Statement. All installation costs, as estimated above, will be TEP’s actual costs of construction. Upon completion of construction, TEP will compare the actual cost to the estimated cost and any difference will be either billed or refunded within 60 days to the Customer.

Project Time Estimates and Payment Schedule

Milestone	Duration*	Payment Due
Interconnection Agreement Execution	-----	100% of Customer Total
Equipment Procurement	XXX	
Site Construction (TEP Interconnection Facilities)	XXX	
Commissioning	XXX	
<b>Total Construction</b>	<b>XXX</b>	

\* The estimated durations are estimates provided for informational purposes only and are not intended to and shall not be construed to impose a deadline by which any particular milestone must be attained. Accordingly, the failure to attain a milestone by an estimated duration will not constitute a breach of the Agreement and will not subject the failing Party to any claim or liability.

**APPENDIX D**  
**ELECTRICAL ONE AND THREE-LINE DIAGRAMS, MAP OF FACILITY LOCATION AND SITE PLAN**

SAMPLE

**APPENDIX E**  
**OPERATING PROCEDURE AND TEP INTERTIE PROTECTION STANDARD**

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FOR ALL OTHER PROJECTS, AND AT THE CONTRACT ADMINISTRATOR’S DISCRETION, DELETE  
“INTENTIONALLY LEFT BLANK” AND INSERT OPERATING PROCEDURE AND TEP INTERTIE PROTECTION  
STANDARD.]

SAMPLE