

**POWER PURCHASE AGREEMENT – FORM 1
BETWEEN NORTH CAROLINA MUNICIPAL POWER AGENCY No. 1 AND THE CITY OF SHELBY
RELATED TO RENEWABLE ENERGY GENERATING FACILITY**

1. The undersigned, City of Shelby, hereinafter called "City" or "Seller," hereby requests that North Carolina Municipal Power Agency No. 1, hereinafter called "NCMPA1" or "Buyer", purchase the electricity supplied to City's electric distribution system by the City's renewable energy generation facility located at or near _____, in accordance with the terms hereof, NCMPA1's [identify rate rider applicable to energy] and the [identify Certificate of Completion or Interconnection Agreement], a copy of each being attached hereto and made a part of this Agreement. Seller also hereby requests that NCMPA1 purchase the renewable energy certificate ("REC") associated with the output of such generation system in accordance with NCMPA1's Standard Purchase Offer for RECs or a NCMPA1 REC Purchase Agreement. A copy of the NCMPA1 Standard Purchase Offer or the NCMPA1 REC Purchase Offer, whichever is applicable, is also attached hereto and made a part of this Agreement.
2. Electricity supplied from the city's renewable energy generation facility and sold hereunder shall be in the form of ___ phase, ___ wires, alternating current of 60 cycles and at a sufficient power factor to maintain system operating parameters as specified by City, with a maximum generation capacity of ___kW and a maximum annual energy production of _____ kWh.
3. The point of interconnection for the acceptance of Seller's electricity supplied hereunder will be _____.
The City agrees to furnish all interconnection facilities, including metering facilities.
4. Upon the acceptance hereof by NCMPA1, evidenced by the signature of its authorized representative in the block provided below, this document, together with attachments hereto, shall constitute an agreement for City to sell and deliver to NCMPA1 and for NCMPA1 to purchase and receive from City the electricity generated and declared by City from its above-described renewable energy generation facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.
5. Amounts due to City for energy and RECs purchased by NCMPA1 in accordance with the terms hereof, NCMPA1's [identify rate rider] and NCMPA1's REC Offer shall be reflected on City's wholesale power billing statement as an offset to the amount due from City to NCMPA1 for the month in which the energy and RECs are purchased and shall be due in accordance with the terms of the wholesale power billing statement.
6. The term of this Agreement is from _____ through _____, or from the date NCMPA1 is first ready to accept electricity from City's renewable energy generation facility, whichever is earlier, and continuing thereafter until terminated by either Party by giving the other Party thirty (30) days written notice.
7. The City hereby certifies that its renewable energy generation facility is "new renewable energy facility," as defined by the Renewable Energy and Energy Efficiency Portfolio Standard legislation (Session Law 2007-397) enacted by the North Carolina General Assembly in 2007 and that it was placed in service after January 1, 2007.

See Paragraphs 8 - 10 attached hereto and constituting a part hereof.

_____, **Seller**

By _____

Title _____

This ____ day of _____, 20____

ACCEPTED: NCMPA1, Buyer

By _____

Title _____

This ____ day of _____, 20____

8. In accordance with Paragraph 2 of this Agreement, NCMPA1 agrees to purchase electricity supplied by City at the point of interconnection at a nominal voltage of _____volts.
9. City grants to NCMPA1 the right to utilize City's telephone line to transmit data from City's meter.

10. SPECIAL PROVISIONS RELATED TO LIABILITY AND INSURANCE

- a. City shall maintain the renewable energy generation facility and interconnection facilities in a safe and prudent manner, conforming with all applicable laws and regulations. City shall reimburse NCMPA1 for any and all losses, damages, claims, penalties or liability NCMPA1 incurs as a result of City's failure to obtain or maintain any governmental authorizations or permits required for construction and operation of City's renewable energy generation facility.
- b. City shall meet the standards and rules set forth in subparagraph (a.) of this Section 10 and have appropriate liability insurance. Insurance on the premises where City's renewable energy generation facility is located shall, by endorsement to the policy or policies, provide for thirty (30) days of written notice to NCMPA1 prior to cancellation, termination, alteration, or material change of such insurance.
- c. City shall defend, save harmless and indemnify NCMPA1 and its governing board members, officials, employees, and agents against and from any and all losses, liabilities, damages, claims, costs, charges, demands, or expenses, including attorneys' fees, incurred by any of them arising out of or in connection with (1) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection, ownership or operation of City's renewable energy generation facility, and/or (2) the making by City of replacements, additions, betterments to, or reconstruction of, the renewable energy generation facility. However, City shall not be obligated to indemnify NCMPA1 for any loss, liability, damage, claim, cost, charge, demand, or expense resulting from NCMPA1's own negligence or willful misconduct.