

**POWER PURCHASE AGREEMENT – FORM 2
BETWEEN THE CITY OF SHELBY AND _____
THE OWNER OF A RENEWABLE ENERGY GENERATION FACILITY**

1. The undersigned, hereinafter called "Seller," hereby requests that City of Shelby, hereinafter called "City," purchase the electricity supplied to City's system by Seller's [identify if renewable energy generation facility located at or near _____, in accordance with the terms hereof, City's [identify rate or rider applicable to type of generation] and the [identify Certificate of Completion or Interconnection Agreement], a copy of each being attached hereto and made a part of this Agreement.
2. Electricity supplied from Seller's renewable energy generation facility and sold hereunder shall be in the form of ___ phase, ___ wires, alternating current of 60 cycles and 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 _____. City shall install the interconnection facilities described below at the point of interconnection of Seller's and City's conductors and upon the completion of such installation, Seller shall be responsible for the payment to City of any and all charges associated with the installation of such interconnection facilities, whether or not Seller actually delivers any electricity from its renewable energy generation facility to City in accordance with the provisions of Paragraph No. 9a.

The City agrees to furnish the following interconnection facilities: metering facilities.

4. Upon the acceptance hereof by the City, evidenced by the signature of its authorized representative in the block provided below, this document, together with attachments hereto, shall constitute an agreement for Seller to sell and deliver to City and for City to purchase and receive from Seller the electricity generated and declared by Seller from its renewable energy generation facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.
5. Payment for energy purchased and received by City hereunder, or payment by Seller, if any, as set forth in the [identify rate or rider applicable to type of generation] shall be due _____.
6. The term of this Agreement is from _____ through _____, or from the date City is first ready to accept electricity from Seller'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 Seller 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.
8. If Buyer and Seller are each required to pay any amounts to each other in the same month, whether pursuant to this Agreement or otherwise, such amounts may be aggregated and the Parties may discharge their respective obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or and other agreement(s) may be offset against each other, set off or recouped therefrom.

See Paragraphs No. 9 - 14 attached hereto and constituting a part hereof.

Witness as to Seller:

_____ _____	_____, Seller By _____ Title _____ This ____ day of _____, 20____
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ACCEPTED: City of Shelby, Buyer

By _____
 Title _____
 This _____ day of _____, 20____

Mail Payment/Bill to:

9. **SPECIAL PROVISIONS PERTAINING TO CITY-OWNED FACILITIES REQUIRED FOR THE PURCHASE OF ELECTRICITY FROM SELLER.**

- a. At Seller's request, City has installed the interconnection facilities listed in Paragraph No. 3 above. The estimated original installed cost of the interconnection facilities required to accept interconnection is \$(to be determined). In consideration of City providing the interconnection facilities described in Paragraph No. 3 above, Seller will pay [choose one: a one-time charge of \$_____/a Monthly Facilities Charge of \$(to be determined)].
- b. The provisions for providing the interconnection facilities described herein and the related Monthly Facilities Charge, if applicable, have been approved by the City.
- c. In case of increases, decreases, or other changes required in connection with the interconnection facilities necessary to supply Seller's special electrical needs under this Agreement, except the replacement of existing equipment with equipment of equal capacity and kind, the revised interconnection facilities investment shall be computed by adding to City's investment in existing facilities, the installed costs of new interconnection facilities and the costs of removing any unused facilities, and subtracting there from the salvage value of the facilities being removed. Additional charges in connection with the foregoing will be paid in accordance with the provisions of Paragraph No. 9a above.
- d. In the event Seller's special electrical needs for interconnection facilities should be discontinued or terminated in whole or in part, no termination charge will be applicable.
- e. City reserves the right to make changes, including voltage conversions, in its electrical system used to supply service to Seller. Should City make any changes in its electrical system which necessitate a change in City's investment in additional interconnection facilities, Seller may elect to terminate the interconnection facilities in accordance with the termination provision of Paragraph 9.d. above for such facilities or to continue with the additional interconnection facilities. Should the Seller elect to continue with the additional interconnection facilities, an additional charge will be assessed on the next monthly bill or the Monthly Facilities Charge will be recomputed as in Paragraphs No. 9a & 9c to reflect the change in City's interconnection facilities investment due to the change in its electrical system.

11. In accordance with Paragraph No. 2 of this Agreement, City agrees to purchase electricity supplied by Seller at the point of interconnection at a nominal voltage of _____volts.

12. Seller grants City the right to utilize Seller's telephone line to transmit data from City's meter.

13. **SPECIAL PROVISIONS RELATED TO LIABILITY AND INSURANCE**

- a. Seller shall maintain the renewable energy generation facility and interconnection facilities in a safe and prudent manner, conforming with all applicable laws and regulations. Seller shall reimburse City for any and all losses, damages, claims, penalties or liability City incurs as a result of Seller's failure to obtain or maintain any governmental authorizations or permits required for construction and operation of Seller's renewable energy generation facility.
- b. City may enter Seller's premises: (1) to inspect, at reasonable hours, Seller's protective devices and read or test meters; and (2) to disconnect, without notice, the interconnection facilities, if, in City's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or City's facilities, or property of others from damage or interference caused by Seller's facilities, or lack of properly operating protective devices.
- c. Seller shall defend, save harmless and indemnify City and its directors, officers, employees, and agents against and from any and all losses, liabilities, damages, claims, costs, charges, demands, or expenses, including attorneys' fees, for injury or death to persons, including employees of City, and damage to property, including property of City, arising out of or in connection with (1) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection or ownership of Seller's generation system, and/or (2) the making of replacements, additions, betterments to, or reconstruction of City facilities. However, Seller shall not be obligated to indemnify City for any loss, liability, damage, claim, cost, charge, demand, or expense resulting, from City's own sole negligence or willful misconduct.
- d. The provisions of subparagraph (b.) and (c.) shall not be construed to relieve any insurer of its obligations to pay any claims in accordance with the provision of any valid insurance policy.

- e. If Seller at any time fails to comply with the insurance provisions of this Agreement, Seller shall, at its own cost, defend, save harmless and indemnify City, its directors, officers, employees, agents, assignees, and successors in interest from and against any and all loss, liability, damage, claim, cost, charge, demand, or expense of any kind or nature (including attorney's fees and other costs of litigation) resulting from the death or injury to any person or damage to any property, including the personnel and property of City, to the extent that City would have been protected had Seller complied with all such insurance provisions. The inclusion of this subparagraph (e.) is not intended to create any express or implied right in Seller to elect not to provide any such required insurance.

- f. To the extent that Seller has currently in force comprehensive personal and/or general liability insurance in a minimum amount of \$_____ per occurrence, Seller agrees that it will retain such insurance in force for the duration of this Agreement in no less amounts than those currently in effect. If Seller has no such insurance in effect, prior to operating its renewable energy generation facility, Seller shall obtain and retain such comprehensive personal and/or general liability insurance in a minimum amount of \$_____ per occurrence that protects it from claims for personal injury, bodily injury and property damage. Prior to interconnection of Seller's generation system with City's system, Seller shall furnish a properly executed certificate of insurance to City clearly evidencing the required coverage and any exclusions applicable to such coverage. The certificate shall provide that the insurance coverage shall not be canceled or modified unless and until City receives at least thirty (30) days prior written notice. City has the right to refuse to establish or continue the interconnection of Seller's generation system to City's system if such insurance is not in effect.

- g. Seller shall meet the standards and rules set forth in subparagraph (a.) and have the appropriate liability insurance required in subparagraph (f.). Insurance on the premises where the Customer's generation system is located shall, by endorsement to the policy or policies, provide for thirty (30) days of written notice to City prior to cancellation, termination, alteration, or material change of such insurance.