

**POWER PURCHASE AGREEMENT – FORM 3
BETWEEN NORTH CAROLINA MUNICIPAL POWER AGENCY No. 1, THE CITY OF SHELBY AND
THE OWNER OF RENEWABLE ENERGY GENERATION**

1. The undersigned owner of renewable energy generation ("Seller"), hereby requests that City of Shelby ("City"): (i) facilitate the interconnection of Seller's renewable energy generation system, located at or near _____, with the distribution system of the City by installing the interconnection facilities described in Paragraph 3, below; (ii) purchase from Seller the electricity supplied to City's system by such generation system; and, (iii) that North Carolina Municipal Power Agency No. 1 ("NCMPA1") purchase from the City the electricity supplied to City's system by such generation system, all in accordance with the terms hereof, City's applicable rate or rider, NCMPA1's applicable rate or rider, and the [identify Certificate of Completion or Interconnection Agreement], a copy of each being is attach 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 for RECs or the REC Purchase Agreement, whichever is applicable, is also attached hereto and made a part of this Agreement.
2. Upon completion of the installation by City of its interconnection facilities at the point of interconnection of Seller's and City's conductors, Seller shall become responsible for and remit payment to City for any and all charges related to such installation in accordance with paragraph 9a., whether or not Seller actually delivers any electricity to City.
3. The point of interconnection for the acceptance of Seller's electricity supplied hereunder will be at _____
located _____.

The City agrees to furnish the following interconnection facilities: metering facilities. Electricity supplied by Seller 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.

4. Upon the acceptance hereof by the City and NCMPA1, evidenced by the signatures of their authorized representatives in the blocks provided below, this document, together with attachments hereto, shall constitute an agreement (i) for Seller to sell and deliver to City the electricity generated and declared by Seller from its above-described generating facility, (ii) for City to purchase and receive from Seller such electricity, and (iii) NCMPA1 to purchase from City such electricity at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.
5. Payment for energy and/or capacity received by City, or payment by Seller, if any, as set forth in the rate schedule shall be due _____. Payment for the renewable energy certificate by NCMPA1 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, whichever is earlier, and continuing thereafter until terminated by any Party by giving the other Parties thirty (30) days written notice.
7. The Seller hereby certifies that its renewable energy generation facility is a "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 is was placed in service after January 1, 2007.
8. If City 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 each Party may discharge its obligation to pay to the other party 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 respectively 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 9 - 14 attached hereto and constituting a part hereof.

_____, **Seller**

_____, **City**

By _____

By _____

Title _____

Title _____

This ____ day of _____, 20____

This ____ day of _____, 20____

ACCEPTED: _____, NCMPA1

Mail Payment/Bill to:

By _____

Title _____

This _____ day of _____, 20 _____

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, including the metering facilities, required to accept interconnection is \$(to be determined). In consideration for City providing the interconnection facilities described above, Seller will pay to City [choose one: a one-time payment of \$_____ or a Monthly Facilities Charge of \$(to be determined)].
 - b. In case of increases, decreases, or other changes required in the interconnection facilities, except the replacement of existing equipment with equipment of equal capacity and kind, an additional charge shall be assessed or a revised Monthly Facilities Charge 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 therefrom the salvage value of the facilities being removed.
 - c. In the event Seller's use of the interconnection facilities should be discontinued or terminated in whole or in part, there would be no termination charges applicable.
 - d. 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 its use of the interconnection facilities in accordance with the termination provision of Paragraph 9.c. above for such facilities or to continue to use the interconnection facilities with the addition of the additional interconnection facilities. Should the Seller elect to continue using the interconnection facilities, an additional charge shall be assessed or a revised Monthly Facilities Charge shall be computed as set forth in Paragraphs 9.a.&b. above to reflect the change in City's interconnection facilities investment due to the change in its electrical system.
10. City agrees to purchase electricity supplied by Seller's generation facility in accordance with Paragraph 1 of this Agreement under [identify rate or rider] for the term of this Agreement.
11. In accordance with Paragraph 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 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 liabilities 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 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 immediate action is necessary to protect persons, 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 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 Seller's generation facilities, and/or (2) the making by Seller of replacements, additions, betterments to, or reconstruction of City facilities. However, Seller shall not be obligated to indemnify City or another indemnified party for any loss, liability, damage, claim, cost, charge, demand, or expense resulting from City's or other indemnifies party's own 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 governing board members, officials, 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) incurred by any of them to the extent that City or another indemnified party 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 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.