



Control Number: 35077



Item Number: 457

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May 22, 2014

Naomi Hudgins, Filing Clerk  
Public Utility Commission of Texas  
1701 Congress Avenue  
P.O. Box 13326  
Austin, TX 78711-3326

Re: Project No. 35077 - Sharyland Utilities, L.P. Generation Interconnection  
Agreement Filing Pursuant to P.U.C. SUBST. R. 25.195(e)

Dear Ms. Hudgins:

Please find enclosed the Generation Interconnection Agreement (Agreement) between Sharyland Utilities, L.P. (Sharyland) and EC&R Development, LLC (Generator) related to the Grandview Phase II Wind Farm, for filing with the Public Utility Commission of Texas pursuant to P.U.C. SUBST. R. 25.195(e). Because the Agreement contains slight deviations from the Commission's Standard Generation Interconnection Agreement, Sharyland has prepared this letter explaining the changes and requests that it be filed with the Agreement.

**Agreement**

- Several paragraphs have been added to Page 3 of the Agreement.

**Exhibit "A"**

- Article 1 - The following definitions have been added to Article 1:
  - Section 1.4 - Co-Tenant Generators
  - Section 1.5 - Co-Tenant Facilities
  - Section 1.15 - Phase I
  - Section 1.16 - Phase I Agreement
  - Section 1.17 - Phase I Generator

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- Article 2
  - Section 2.2 - The first sentence of Section 2.2 has been modified.
  - Section 2.3 has been modified.
- Article 10
  - Section 10.4 has been modified.
  - Section 10.6 – Subsection A of Section 10.6 has been modified, and Subsection C has been added.
  - Section 10.12 has been modified.
  - Section 10.17 has been modified.

**Exhibit "B"**

- Several paragraphs have been added and modified in Exhibit "B" (Time Schedule).

Sincerely,

A handwritten signature in black ink, appearing to read 'Alicia Rigler', with a stylized flourish extending to the right.

Alicia Rigler  
*Counsel for Sharyland Utilities, L.P.*

Enclosure

**ERCOT STANDARD GENERATION  
INTERCONNECTION AGREEMENT**

Between

*EC&R Development, LLC,*  
a Delaware limited liability company

and

*Sharyland Utilities, L.P.*

for

Grandview Phase II Wind Farm (13INR0005b)

Dated April 23, 2014, to be effective October 24, 2012

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## ERCOT STANDARD GENERATION INTERCONNECTION AGREEMENT

This Standard Generation Interconnection Agreement is made and entered into this April 23, 2014, to be effective October 24, 2012 ("Effective Date"), between **Sharyland Utilities, L.P., a Texas limited partnership** ("Transmission Service Provider") and **EC&R Development, LLC, a Delaware limited liability company** ("Generator"), hereinafter individually referred to as "Party," and collectively referred to as "Parties." In consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

Transmission Service Provider and Generator are parties to that certain Standard Generation Interconnection Agreement effective October 24, 2012 (GR No. 13INR0005) (the "Interconnection Agreement"). The Interconnection Agreement provides terms and conditions that allow for the amendment to and partial assignment of the Interconnection Agreement as mutually agreed by the Parties; and

The Generator and the Phase I Generator (as defined herein) have requested to change the Interconnection Agreement to, among other things, (i) amend the number, size and type of Generating Units identified in Exhibit "C" of the Interconnection Agreement to be utilized for Phase I and the Phase I Generator, and (ii) remove and assign the balance of the interconnection commitment from the Interconnection Agreement to this Agreement to be utilized for the benefit of the Plant and Generator.

Simultaneously with the execution and delivery of this Agreement, the Phase I Generator will execute the Amendment No. 1 of the Interconnection Agreement related solely to the Phase I interconnection commitment.

Transmission Service Provider represents that it is a public utility that owns and operates facilities for the transmission and distribution of electricity. Generator represents that it will own and operate the Plant. Pursuant to the terms and conditions of this Agreement, Transmission Service Provider shall interconnect Generator's Plant with Transmission Service Provider's System consistent with the Facilities Study Agreement executed between the Parties on August 17, 2009.

This Agreement applies only to the Plant and the Parties' interconnection facilities as identified in Exhibit "C".

This Agreement shall become effective on the Effective Date, subject to Governmental Authority approval, if required, and shall continue in full force and effect until terminated in accordance with Exhibit "A".

This Agreement will be subject to the following, all of which are incorporated herein:

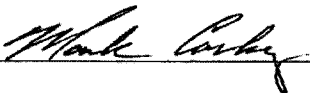
- A. The "Terms and Conditions of the ERCOT Standard Generation Interconnection Agreement" attached hereto as Exhibit "A";

- B. The ERCOT Requirements (unless expressly stated herein, where the ERCOT Requirements are in conflict with this Agreement, the ERCOT Requirements shall prevail);
- C. The PUCT Rules (where the PUCT Rules are in conflict with this Agreement, the PUCT Rules shall prevail);
- D. The Time Schedule attached hereto as Exhibit "B";
- E. The Interconnection Details attached hereto as Exhibit "C";
- F. The notice requirements attached hereto as Exhibit "D";
- G. The Security Arrangement Details attached hereto as Exhibit "E";

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

**TRANSMISSION SERVICE PROVIDER:**  
**SHARYLAND UTILITIES, L.P.,**  
a Texas limited partnership

**GENERATOR:**  
**EC&R DEVELOPMENT, LLC,**  
a Delaware limited liability company

By: 

Title: President

Date: April 23, 2014

By: 

Title: Sr Vice President - Paul Baum

Date: April 30, 2014

**Exhibit "A"**  
**Terms and Conditions of the ERCOT Standard Generation Interconnection Agreement**

**ARTICLE 1. DEFINITIONS**

Capitalized terms shall have the meanings as set forth below, except as otherwise specified in the Agreement:

- 1.1 "CCN" shall mean a Certificate of Convenience and Necessity issued by the PUCT.
- 1.2 "Commercial Operation" shall mean the date on which Generator declares that the construction of the Plant has been substantially completed, Trial Operation of the Plant has been completed, and the Plant is ready for dispatch.
- 1.3 "Control Area" shall have the meaning ascribed thereto in PUCT Rule 25.5(19) or its successor.
- 1.4 "Co-Tenant Generators" shall mean the Generator and the Phase I Generator, collectively.
- 1.5 "Co-Tenant Facilities" shall mean the GIF interconnection facilities owned jointly by the Generator and the Phase I Generator as described in Exhibit "C".
- 1.6 "ERCOT" shall mean the Electric Reliability Council of Texas, Inc.
- 1.7 "ERCOT Requirements" means the ERCOT Operating Guides, ISO Generation Interconnection Procedures as well as any other documents adopted by the ISO or ERCOT relating to the interconnection and operation of generators and transmission systems in ERCOT as amended from time to time, and any successors thereto. Any requirement in the foregoing documents imposed upon generation entities or generation facilities shall



become the responsibility of the Generator, and any requirements imposed on transmission providers or transmission facilities shall become the responsibility of the TSP.

1.8 “Facilities Study” shall have the meaning as described in PUCT Rule 25.198(d) or its successor.

1.9 “Facilities Study Agreement” shall mean an agreement executed by the Parties relating to the performance of the Facilities Study.

1.10 “GIF” shall mean Generator’s interconnection facilities as described in Exhibit “C.”

1.11 “Good Utility Practice” shall have the meaning described in PUCT Rule 25.5(56) or its successor.

1.12 “Governmental Authority(ies)” shall mean any federal, state, local or municipal body having jurisdiction over a Party.

1.13 “In-Service Date” shall be the date, as reflected in Exhibit “B,” that the TIF will be ready to connect to the GIF.

1.14 “ISO” shall mean the ERCOT Independent System Operator.

1.15 “Phase I” shall mean the electric generation facility owned and operated by the Phase I Generator.

1.16 “Phase I Agreement” shall mean that certain ERCOT Standard Generation Interconnection Agreement dated October 24, 2012 (GR No. 13INR0005) between the Generator (as predecessor in interest to its affiliated company, the Phase I Generator, Grandview Wind Farm, LLC, a Delaware limited liability company) and Sharyland

Utilities, L.P., as thereafter amended by that certain Amendment No. 1 dated same date as this Agreement to be effective as of the Effective Date (as amended from time to time).

1.17 “Phase I Generator” shall mean Grandview Wind Farm, LLC, a Delaware limited liability company, and its authorized successors and assigns.

1.18 “Plant” shall mean the electric generation facility owned and operated by the Generator, as specified in Exhibit “C.”

1.19 “Point of Interconnection” shall mean the location(s) where the GIF connects to the TIF as negotiated and defined by the Parties and as shown on Exhibit “C” of this Agreement.

1.20 “PUCT” shall mean the Public Utility Commission of Texas.

1.21 “PUCT Rules” shall mean the Substantive Rules of the PUCT.

1.22 “Reasonable Efforts” shall mean the use of Good Utility Practice and the exercise of due diligence (pursuant to PUCT Rule 25.196(b)).

1.23 “System Protection Equipment” shall mean those facilities located within the TIF and the GIF as described in Section 5.6 and Exhibit “C.”

1.24 “System Security Study” shall have the meaning as described in PUCT Rule 25.198(c) or its successor.

1.25 “TCOS” shall mean the TSP’s transmission cost of service as allowed by the applicable Governmental Authority.

1.26 “TIF” shall mean the TSP’s interconnection facilities as described in Exhibit “C” to this Agreement.

1.27 “Trial Operation” shall mean the process by which the Generator is engaged in on-site test operations and commissioning of the Plant prior to Commercial Operation.

1.28 “TSP” shall mean the Transmission Service Provider.

1.29 “TSP System” shall mean the electric transmission facilities, including the TIF, and all associated equipment and facilities owned and/or operated by the TSP.

## **ARTICLE 2. TERMINATION**

2.1 Termination Procedures. This Agreement may be terminated as follows:

A. the Generator may terminate this Agreement after giving the TSP thirty (30) days advance written notice; or

B. the TSP may terminate this Agreement (subject to Governmental Authority approval, if required) on written notice to the Generator if the Generator’s Plant has not achieved Commercial Operation within one year after the scheduled Commercial Operation date reflected in Exhibit “B”; or

C. either Party may terminate this Agreement in accordance with Section 10.6.

2.2 Termination Costs. If a Party elects to terminate the Agreement pursuant to Section 2.1 above, then, except in the event of a termination by Generator under Section 10.6(B), Generator shall pay all costs incurred (or committed to be incurred) by TSP, as of the date of the other Party’s receipt of such notice of termination, that are the responsibility of the Generator under this Agreement. In the event of termination by either Party, both Parties

shall use commercially reasonable efforts to mitigate the damages and charges that they may incur as a consequence of termination. The provisions of the Sections 2.2 and 2.3 shall survive termination of the Agreement.

2.3 Disconnection.

A. Upon termination of this Agreement, Generator will open its connection with the Co-Tenant Facilities and cause to permanently remain open such connection. TSP shall maintain the right to verify such open connection as deemed necessary. If Generator fails, within five (5) calendar days after TSP's provision of written notice to Generator (with a copy of such notice simultaneously delivered to the Phase I Generator), to open its connection with the Co-Tenant Facilities or maintain such open connection, TSP shall have the right to disconnect the TIF from the GIF, regardless of the status of the Phase I Agreement, and shall have the right to maintain its disconnection of the TIF from the GIF until Generator opens its connection with Co-Tenant Facilities and maintains such open connection.

B. As a result of Generator's co-ownership of portions of the GIF with Phase I Generator, it is expressly recognized and agreed to by Generator that if the Phase I Agreement is terminated and Phase I Generator fails, within five (5) calendar days after TSP's provision of written notice to both Co-Tenant Generators, to open its connection with Co-Tenant Facilities or maintain such open connection, TSP shall have the right to disconnect the TIF from the GIF, regardless of the status of this Agreement, and shall have the right to maintain its disconnection of the TIF from the GIF until Phase I Generator opens its connection with Co-Tenant Facilities and maintains such open connection.

C. If both this Agreement and the Phase I Agreement are terminated, the Parties will disconnect the GIF from the TIF. TSP shall maintain the right to verify such disconnection as deemed necessary.

D. If ERCOT or another Governmental Authority mandates the disconnection of the GIF, irrespective of notice & amount of time provided for notice, TSP shall have the right to disconnect as directed in accordance with such instructions from ERCOT or such other Governmental Authority. TSP will make reasonable efforts to notify Co-Tenant Generators of the disconnection, if time permits.

### **ARTICLE 3. REGULATORY FILINGS**

3.1 Filing. The TSP shall file this executed Agreement with the appropriate Governmental Authority, if required. Any portions of this Agreement asserted by Generator to contain competitively sensitive commercial or financial information shall be filed by the TSP identified as "confidential" under seal stating, for the TSP's showing of good cause, that Generator asserts such information is confidential information and has requested such filing under seal. If requested by the TSP, Generator shall provide the TSP, in writing, with the Generator's basis for asserting that the information referred to in this Section 3.1 is competitively sensitive information, and the TSP may disclose such writing to the appropriate Governmental Authority.

3.2 Regulatory Approvals. Unless exempt, the TSP shall timely request ISO and all regulatory approvals necessary for it to carry out its responsibilities under this Agreement. Such approvals shall include any CCN required for the construction of the TIF.

**ARTICLE 4. INTERCONNECTION FACILITIES ENGINEERING,  
PROCUREMENT, AND CONSTRUCTION**

4.1 Options. The Generator shall select one of the following options (subsection A or subsection B) and include the selected option in Exhibit "B" for completion of the TIF:

A. The TSP shall design, procure, and construct the TIF, using Reasonable Efforts to complete the TIF by the In-Service Date reflected in Exhibit "B." The TSP will utilize its own resources and will contract for additional resources, as reasonably necessary, to meet the In-Service Date. Such resources shall include, as the TSP believes is reasonable, use of other contractors, other equipment suppliers, other material suppliers, additional contract personnel, additional payments to contractors for expedited work, and premiums paid to equipment and material suppliers for expedited delivery. The TSP shall not be required to undertake any initiative which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, applicable laws and regulations, and ERCOT Requirements. In the event the TSP reasonably expects that it will not be able to complete the TIF by the In-Service Date, the TSP will promptly provide written notice to the Generator and will undertake Reasonable Efforts to meet the earliest date thereafter.

B. (i) The TSP shall design, procure, and construct the TIF by the In-Service Date reflected in Exhibit "B." The Parties acknowledge that the In-Service Date was either agreed upon through good faith negotiations or designated by the Generator upon failure of the Parties to agree. In the process of negotiating the In-Service Date, Generator will request a date upon which it reasonably expects it will be ready to begin use of the TIF and

upon which it reasonably expects to begin doing so. Any date designated by the Generator shall in no event be less than fifteen months from the date that all conditions of Sections 4.2 and 4.3 have been satisfied. The designated In-Service Date will be extended day for day for each day that the ISO refuses to grant clearances to install equipment. If the TSP fails to complete the TIF by the In-Service Date reflected in Exhibit "B," the TSP shall pay the Generator liquidated damages in accordance with this Section 4.1.B.

(ii) The Parties agree that actual damages to the Generator, in the event the TIF are not completed by the In-Service Date, may include Generator's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. The Parties agree that, because of such uncertainty, any liquidated damages paid by the TSP to the Generator shall be an amount equal to  $\frac{1}{2}$  of 1% of the actual cost of the TIF, per day. However, in no event shall the total liquidated damages exceed 20% of the actual cost of the TIF. The Parties agree that such liquidated damages are less than the Generator's actual damages. The Parties agree that the foregoing payments will be made by the TSP to the Generator as just compensation for the damages caused to the Generator, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this Agreement.

(iii) The TSP shall apply to have the full costs of the TIF included in TCOS. If the PUCT issues a final, appealable order excluding from TCOS any portion of the TIF costs, including higher contractor and vendor costs due to liquidated damage provisions in those contracts and insurance costs to cover liquidated damages, which costs may have been reasonably incurred but which the PUCT finds should not be recovered through

TCOS, the Generator shall reimburse the TSP for such costs in an amount not to exceed the difference between the TSP's estimate of the cost of the TIF under section 4.1.A and the TSP's estimate of the cost of the TIF under Section 4.1.B as reflected in Exhibit "C." Such costs shall be estimated using Good Utility Practice.

(iv) No liquidated damages shall be paid to Generator if the Generator is not ready to commence use of the TIF for the delivery of power to the Plant for Trial Operation or export of power from the Plant on the In-Service Date, unless the Generator would have been able to commence use of the TIF for the delivery of power to the Plant for Trial Operation or export of power from the Plant but for TSP's delay.

(v) If the In-Service Date has been designated by the Generator upon a failure of the Parties to agree on the In-Service Date, the TSP may, at its option, require the Generator to subcontract with the TSP for all or part of the design, procurement and construction of the TIF in accordance with the TSP's standard subcontractor agreements. In such event, the TSP shall be subject to the payment of liquidated damages to the Generator only if the In-Service Date is not met solely due to the TSP's failure to complete the portion of the TIF for which the TSP has retained responsibility. It is the intent of this subsection to give the TSP full control of the contents and quality of the TIF. To the extent the Generator acts as a subcontractor to the TSP, the following will apply: 1) The Generator shall engineer, procure equipment, and construct the TIF (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by the TSP; 2) In its engineering, procurement and construction of the TIF, the Generator shall comply with all requirements of law to which the TSP would be subject in the engineering, procurement or construction of the TIF; 3) The TSP shall review and approve the



engineering design, acceptance tests of equipment, and the construction of the TIF; 4) The TSP shall have the right to approve and accept for operation the TIF in accordance with the standards and specifications provided in advance by the TSP, such approval and acceptance shall not be unreasonably withheld, conditioned, or delayed; 5) Should any phase of the engineering, equipment procurement, or construction of the TIF, including selection of subcontractors, not meet the standards and specifications provided by the TSP, and therefore be deemed unacceptable, then the Generator shall be obligated to remedy that portion of the TIF or selection of subcontractors that is deemed unacceptable, the TSP's approval of the Generator's selection of subcontractors will not be unreasonably withheld, conditioned or delayed; and 6) Once the TIF is accepted for operation by the TSP, then the TSP shall reimburse the Generator for the reasonable and necessary costs incurred by the Generator to complete the TIF, not to exceed the amount specified in the subcontract. Such reimbursement shall be made within thirty days after receipt of the invoice, unless otherwise agreed to by the Parties.

4.2 Equipment Procurement. If responsibility for construction of the TIF is borne by the TSP, then the TSP shall commence design of the TIF and procure necessary equipment within a reasonable time after all of the following conditions are satisfied:

A. The TSP has completed the Facilities Study pursuant to the Facilities Study Agreement;

B. The TSP has received written authorization to proceed with design and procurement from the Generator by the date specified in Exhibit "B"; and

C. The Generator has provided security to the TSP in accordance with Section 8.3 by the dates specified in Exhibit "B."

4.3 Construction Commencement. The TSP shall commence construction of the TIF as soon as practicable after the following additional conditions are satisfied:

A. Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

B. Necessary real property rights, if any, have been obtained;

C. The TSP has received written authorization to proceed with construction from the Generator by the date specified in Exhibit "B"; and

D. The Generator has provided security to the TSP in accordance with Section 8.3 by the dates specified in Exhibit "B."

4.4 Work Progress. The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. If, at any time, the Generator becomes aware that the completion of the TIF will not be required until after the specified In-Service Date, the Generator will promptly provide written notice to the TSP of a new, later In-Service Date.

4.5 Conditions Precedent Delay. To the extent this Agreement incorporates a specified In-Service Date and the Generator fails to satisfy conditions precedent under Sections 4.2 and 4.3 so that the TSP may meet the In-Service Date, the Parties will negotiate in good faith to establish a new schedule for completion of the TIF.

## **ARTICLE 5. FACILITIES AND EQUIPMENT**

5.1 Information Exchange. The Parties shall exchange information and mutually agree upon the design and compatibility of the Parties' interconnection facilities. The Parties shall work diligently and in good faith to make any necessary design changes to ensure compatibility of the GIF to the TSP System.

5.2 GIF Construction. Generator agrees to cause the GIF to be designed and constructed in accordance with Good Utility Practice, ERCOT Requirements and the National Electrical Safety Code in effect at the time of construction. Within one-hundred and twenty (120) days after Commercial Operation, unless the Parties agree on another mutually acceptable deadline, the Generator shall deliver to the TSP the following "as-built" drawings, information and documents for the GIF: a one-line diagram, a site plan showing the Plant and the GIF, plan and elevation drawings showing the layout of the GIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Generator's main-power transformers, the facilities connecting the Generator to the main power transformers and the GIF, and the impedances (determined by factory tests) for the associated main power transformers and the generators.

5.3 TIF Construction. The TSP agrees to cause the TIF to be designed and constructed in accordance with Good Utility Practice, ERCOT Requirements and the National Electrical Safety Code in effect at the time of construction.

5.4 Equipment Changes. For facilities not described in Exhibit "C," if either Party makes equipment changes to the Plant, the GIF, the TIF or the TSP System which it knows

will affect the operation or performance of the other Party's interconnection facilities, the Parties agree to notify the other Party, in writing, of such changes. Such changes shall be made in accordance with ERCOT Requirements and coordinated between the Parties.

5.5 Metering, Telemetry and Communications Requirements.

A. Metering and telemetry of data will be accomplished in accordance with ERCOT Requirements. The specific metering, telemetry and communications equipment to be installed and data to be telemetered are described in Exhibit "C."

B. At the Point of Interconnection, the metering and telemetry equipment shall be owned by the TSP. However, the TSP shall provide the Generator with metering and telemetry values in accordance with ERCOT Requirements.

C. A minimum set of inputs to the telemetry equipment are specified in Exhibit "C." Additional sets of inputs may be subsequently mutually agreed upon.

D. The TSP will notify the Generator at least five (5) working days in advance of any planned maintenance, inspection, testing, or calibration of the metering equipment, unless otherwise agreed to in writing. The Generator, or its designated representative, shall have the right to be present for these activities and to receive copies of any documents related to the procedures and results.

E. Prior to the connection of the GIF to the TIF, acceptance tests will be performed by the owning Party to ensure the proper functioning of all metering, telemetry and communications equipment associated with the Point of Interconnection and both Parties' interconnection facilities, and to verify the accuracy of data being received by the

TSP, the Control Area(s) in which the Plant and the TSP are located and the Generator. All acceptance tests will be performed consistent with ERCOT Requirements.

F. The TSP shall, in accordance with Good Utility Practice and ERCOT Requirements, specify communications facilities, including those necessary to transmit data from the metering equipment to the TSP, that are necessary for the effective operation of the Plant and the GIF with the TSP System. Such communication facilities shall be included in Exhibit "C." The Generator shall make arrangements to procure and bear the cost of such facilities.

G. Any changes to the meters, telemetry equipment, voltage transformers, current transformers, and associated panels, hardware, conduit and cable, which will affect the data being received by the other Party must be mutually agreed to by the Parties.

H. Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible in accordance with ERCOT Requirements.

#### 5.6 System Protection and Other Controls Requirements.

A. Each Party's facilities shall be designed to isolate any fault, or to correct or isolate any abnormality, that would negatively affect the other Party's system or other entities connected to the TSP System.

B. The Generator shall be responsible for protection of its facilities consistent with ERCOT Requirements.

C. Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Section 5.6.F. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and tripping the Generator's units.

D. Recording equipment shall be installed to analyze all system disturbances in accordance with ERCOT Requirements.

E. Each Party will test, operate and maintain System Protection Equipment in accordance with ERCOT Requirements. Each Party will provide reasonable notice to the other Party of any testing of its System Protection Equipment allowing such other Party the opportunity to have representatives present during testing of its System Protection Equipment.

F. Prior to the In-Service Date, and again prior to Commercial Operation, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Equipment. At intervals suggested by Good Utility Practice or at intervals described in the ERCOT Requirements if so defined therein, and following any apparent malfunction of the System Protection Equipment, each Party shall perform both calibration and functional trip tests of its System Protection Equipment. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

5.7 No Annexation. Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and

manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

## **ARTICLE 6. OPERATION AND MAINTENANCE**

6.1 Operation and Maintenance of Interconnection Facilities. The Parties agree to operate and maintain their systems in accordance with Good Utility Practice, National Electrical Safety Code, the ERCOT Requirements, PUCT Rules and all applicable laws and regulations. Subject to any necessary ISO approval, each Party shall provide necessary equipment outages to allow the other Party to perform periodic maintenance, repair or replacement of its facilities. Such outages shall be scheduled at mutually agreeable times, unless conditions exist which a Party believes, in accordance with Good Utility Practice, may endanger persons or property. No changes will be made in the normal operation of the Point of Interconnection without the mutual agreement of the Parties except as otherwise provided herein. All testing of the Plant that affects the operation of the Point of Interconnection shall be coordinated between the TSP, the Control Area(s) in which the Plant and the TSP are located, and the Generator and will be conducted in accordance with ERCOT Requirements.

6.2 Control Area Notification. At least six months before Trial Operation, the Generator shall notify the TSP in writing of the Control Area in which it will be located. If the Generator elects to be located in a Control Area other than the Control Area in which the TSP is located, all necessary agreements, including but not limited to remote control area generator interchange agreements, if applicable, and appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Plant in the other Control Area. The Parties will diligently cooperate with one another to enable such

agreements to be executed and implemented on a schedule necessary to meet the Trial Operation date specified in Exhibit "B."

6.3 Land Rights and Easements. Terms and conditions addressing the rights of the TSP and the Generator regarding any facilities located on the other Party's property shall be addressed in a separate, duly executed and recorded easement agreement between the Parties. Prior to Commercial Operation, the Parties will mutually agree upon procedures to govern access to each other's property as necessary for the Parties to fulfill their obligations hereunder.

6.4 Service Interruption. The Parties recognize that the interruption of service provisions of the PUCT Rules give TSP the right to disconnect the TSP System from the Plant under the conditions specified therein. The Generator will promptly disconnect the Plant from the TSP System when required by and in accordance with the PUCT Rules and ERCOT Requirements.

6.5 Switching and Clearance.

A. Any switching or clearances needed on the TIF or the GIF will be done in accordance with ERCOT Requirements.

B. Any switching and clearance procedure necessary to comply with Good Utility Practice or ERCOT Requirements that may have specific application to the Plant shall be addressed in Exhibit "C."

6.6 Start-Up and Synchronization. Consistent with ERCOT Requirements and the Parties' mutually acceptable procedure, the Generator is responsible for the proper synchronization of the Plant to the TSP System.



6.7 Routine Operational Communications. On a timely basis, the Parties shall exchange all information necessary to comply with ERCOT Requirements.

6.8 Blackstart Operations. If the Plant is capable of blackstart operations, Generator will coordinate individual Plant start-up procedures consistent with ERCOT Requirements. Any blackstart operations shall be conducted in accordance with the blackstart criteria included in the ERCOT Requirements and the TSP Blackstart Plan on file with the ISO. Notwithstanding this section, the Generator is not required to have blackstart capability by virtue of this Agreement. If the Generator will have blackstart capability, then Generator shall provide and maintain an emergency communication system that will interface with the TSP during a blackstart condition.

6.9 Power System Stabilizers. The Generator shall procure, install, maintain and operate power system stabilizers if required to meet ERCOT Requirements and as described in Exhibit "C."

## **ARTICLE 7. DATA REQUIREMENTS**

7.1 Data Acquisition. The acquisition of data to realistically simulate the electrical behavior of system components is a fundamental requirement for the development of a reliable interconnected transmission system. Therefore, the TSP and the Generator shall be required to submit specific information regarding the electrical characteristics of their respective facilities to each other as described below in accordance with ERCOT Requirements.

7.2 Initial Data Submission by TSP. The initial data submission by the TSP shall occur no later than 120 days prior to Trial Operation and shall include transmission system data

necessary to allow the Generator to select equipment and meet any system protection and stability requirements.

7.3 Initial Data Submission by Generator. The initial data submission by the Generator, including manufacturer data, shall occur no later than 90 days prior to the Trial Operation and shall include a completed copy of the following forms contained in the ISO's Generation Interconnection Procedure: (1) Plant Description/Data and (2) Generation Stability Data. It shall also include any additional data provided to the ISO for the System Security Study. Data in the initial submissions shall be the most current Plant design or expected performance data. Data submitted for stability models shall be compatible with the ISO standard models. If there is no compatible model, the Generator will work with an ISO designated consultant to develop and supply a standard model and associated data.

7.4 Data Supplementation. Prior to Commercial Operation, the Parties shall supplement their initial data submissions with any and all "as-built" Plant data or "as-tested" performance data which differs from the initial submissions or, alternatively, written confirmation that no such differences exist. Subsequent to Commercial Operation, the Generator shall provide the TSP any data changes due to equipment replacement, repair, or adjustment. The TSP shall provide the Generator any data changes due to equipment replacement, repair, or adjustment in the directly connected substation or any adjacent TSP-owned substation that may affect the GIF equipment ratings, protection or operating requirements. The Parties shall provide such data no later than 30 days after the date of the actual change in equipment characteristics. Also, the Parties shall provide to

each other a copy of any additional data later required by the ISO concerning these facilities.

7.5 Data Exchange. Each Party shall furnish to the other Party real-time and forecasted data as required by ERCOT Requirements. The Parties will cooperate with one another in the analysis of disturbances to either the Plant or the TSP's System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records.

## **ARTICLE 8. PERFORMANCE OBLIGATION**

8.1 Generator's Cost Responsibility. The Generator will acquire, construct, operate, test, maintain and own the Plant and the GIF at its sole expense. In addition, the Generator may be required to make a contribution in aid of construction in the amount set out in and for the facilities described in Exhibit "C," if any, in accordance with PUCT Rules.

8.2 TSP's Cost Responsibility. The TSP will acquire, own, operate, test, and maintain the TIF at its sole expense, subject to the provisions of Section 4.1.B and the contribution in aid of construction provisions of Section 8.1 of this Agreement.

8.3 Financial Security Arrangements. The TSP may require the Generator to pay a reasonable deposit or provide another means of security, to cover the costs of planning, licensing, procuring equipment and materials, and constructing the TIF. The required security arrangements shall be specified in Exhibit "E." Within five business days after the Plant achieves Commercial Operation with respect to the applicable Phase, the TSP shall return the deposit or security to the Generator relating to such Phase. However, the TSP

may retain an amount to cover the incremental difference between the TSP's actual out of pocket costs associated with the choice of Section 4.1.B over Section 4.1.A, pending a final PUCT Order as contemplated in Section 4.1.B(iii). If the Plant has not achieved Commercial Operation within one year after the scheduled Commercial Operation date identified in Exhibit "B" or if the Generator terminates this Agreement in accordance with Section 2.1 and the TIF are not required, the TSP may, subject to the provisions of Section 2.2, retain as much of the deposit or security as is required to cover the costs it incurred in planning, licensing, procuring equipment and materials, and constructing the TIF. If a cash deposit is made pursuant to Exhibit "E," any repayment of such cash deposit shall include interest at a rate applicable to customer deposits as established from time to time by the PUCT or other Governmental Authority.

#### **ARTICLE 9. INSURANCE**

9.1 Each Party shall, at its own expense, maintain in force throughout the period of this Agreement and until released by the other Party the following minimum insurance coverages, with insurers authorized to do business in Texas:

A. Employers Liability and Worker's Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the State of Texas. The minimum limits for the Employer's Liability insurance shall be One Million Dollars (\$1,000,000) each accident bodily injury by accident, One Million Dollars (\$1,000,000) each employee bodily injury by disease, and One Million Dollars (\$1,000,000) policy limit bodily injury by disease.

B. Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

C. Comprehensive Automobile Liability Insurance for coverage of owned, non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

D. Excess Public Liability Insurance over and above the Employer's Liability, Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.

E. The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance, and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and affiliated companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in

accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) days advance written notice to Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.

F. The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

G. The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

H. The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.

I. Within ten (10) days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all

insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

J. Notwithstanding the foregoing, each Party may self-insure to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Sections 9.1.A through 9.1.I. In the event that a Party is permitted to self-insure pursuant to this Section 9.1.J, it shall not be required to comply with the insurance requirements applicable to it under Sections 9.1.A through 9.1.I.

K. The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

## **ARTICLE 10. MISCELLANEOUS**

### **10.1 Governing Law and Applicable Tariffs.**

A. This Agreement for all purposes shall be construed in accordance with and governed by the laws of the State of Texas, excluding conflicts of law principles that would refer to the laws of another jurisdiction. The Parties submit to the jurisdiction of the federal and state courts in the State of Texas.

B. This Agreement is subject to all valid, applicable rules, regulations and orders of, and tariffs approved by, duly constituted Governmental Authorities.

C. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

10.2 No Other Services. This Agreement is applicable only to the interconnection of the Plant to the TSP System at the Point of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary for it to receive any other service that it may desire from the other Party or any third party. This Agreement does not address the sale or purchase of any electric energy, transmission service or ancillary services by either Party, either before or after Commercial Operation.

10.3 Entire Agreement. This Agreement, including all Exhibits, Attachments and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement. Notwithstanding the other provisions of this Section, the Facilities Study Agreement, if any, is unaffected by this Agreement.

10.4 Notices. Except as otherwise provided in Exhibit "D," any formal notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made if delivered in person, or sent by either registered or certified mail, postage prepaid, overnight mail or fax to the address or number identified on Exhibit "D" attached to this Agreement. Either Party may change the notice information on Exhibit



“D” by giving five business days written notice prior to the effective date of the change. As a result of Co-Tenant Generators’ joint ownership of portions of the GIF, it is expressly agreed that Generator may not change the notice information on sections (a) and (b) of Exhibit “D”, without TSP’s express prior written consent to the change; provided, however, that Generator may change the notice information on sections (a) and (b) of Exhibit “D” without TSP’s prior written consent by giving five business days written notice prior to the effective date of the change and Phase I Generator makes the same change in notice information under the Phase I Agreement at the same time change of notice is provided by Generator. Notice to Phase I Generator does not constitute notice to Generator.

#### 10.5 Force Majeure.

A. The term “Force Majeure” as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party’s obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, national emergency, or restraint by any Governmental Authority.

B. Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation hereunder (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full

particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

#### 10.6 Default

A. The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Provided further, that in the event of a Default by Generator, TSP shall give written notice of such Default to Phase I Generator simultaneously with the notice of Default given to the Generator. Except as provided in Section 10.6.B, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 30 days, the defaulting Party shall commence such cure within 30 days after notice and continuously and diligently complete such cure within 90 days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to

exist; and further provided that either of the Co-Tenant Generators shall have the right to cure the Default of the other Co-Tenant Generator.

B. If a Default is not cured as provided in this Section, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Section will survive termination of this Agreement.

C. If a non-TSP Default occurs that is not cured as provided in this Section, but such non-TSP Default is due to the failure of Generator, TSP may terminate this Agreement, but shall not terminate the Phase I Agreement. Likewise, if a non-TSP Default occurs that is not cured as provided in this Section, but such non-TSP Default is due to the failure of Phase I Generator, TSP may terminate the Phase I Agreement, but shall not terminate this Agreement.

10.7 Intrastate Operation. The operation of the Plant by Generator shall not cause there to be a synchronous or an asynchronous interconnection between ERCOT and any other transmission facilities operated outside of ERCOT unless ordered by the Federal Energy Regulatory Commission under Section 210 of the Federal Power Act. The Parties recognize and agree that any such interconnection will constitute an adverse condition giving the TSP the right to immediately disconnect the TIF from the GIF, until such interconnection has been disconnected. The Generator will not be prohibited by this Section from interconnecting the Plant with facilities operated by the Comision Federal de

Electricidad of Mexico, unless such interconnection would cause ERCOT utilities that are not “public utilities” under the Federal Power Act to become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

10.8 No Third Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

10.9 No Waiver. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of obligations, rights, or duties imposed upon the Parties. Termination or Default of this Agreement for any reason by the Generator shall not constitute a waiver of the Generator’s legal rights to obtain an interconnection from the TSP under a new interconnection agreement.

10.10 Headings. The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

10.11 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

10.12 Amendment. This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by

the Parties. It is contemplated the Plant will be constructed in one or more phases. The Parties agree that if Generator partially assigns this Agreement as to any one or more such phases in accordance with the terms of this Section 10.17, the Parties agree to promptly amend, restate, separate, and divide the Agreement into two (2) or more separate, independent agreements for each separate and distinct phase of the Plant by entering into two or more new agreements that provide Generator and each assignee generator with separate interconnection rights for each different phase of the Plant, as designated by Generator, in accordance with the terms of this Section 10.17.

10.13 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

10.14 Further Assurances. The Parties agree to (i) furnish upon request to each other such further information, (ii) execute and deliver to each other such other documents, and (iii) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement. Without limiting the generality of the foregoing, the TSP shall, at the Generator's expense, when reasonably requested to do so by the Generator at any time after the execution of this Agreement, prepare and provide such information in connection with this Agreement (including, if available, resolutions, certificates, opinions of counsel or other documents relating to the TSP's corporate authorization to enter into this Agreement

and to undertake the obligations set out herein) as may be reasonably required by any potential lender to the Generator under a proposed loan agreement. The TSP will use commercially reasonable efforts to obtain any opinion of counsel reasonably requested by Generator, but the TSP shall not be in Default of any obligation under this Agreement if the TSP is unable to provide an opinion of counsel that will satisfy any potential lender to the Generator. Specifically, upon the written request of one Party, the other Party shall provide the requesting Party with a letter stating whether or not, up to the date of the letter, that Party is satisfied with the performance of the requesting Party under this Agreement.

10.15 Indemnification and Liability. The indemnification and liability provisions of the PUCT Rule 25.202(b)(2) or its successor shall govern this Agreement.

10.16 Consequential Damages. OTHER THAN THE LIQUIDATED DAMAGES HERETOFORE DESCRIBED, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

10.17 Assignment. This Agreement may be assigned by either Party only with the written consent of the other; provided that either Party may assign this Agreement in whole or in part (provided that the assigning Party provides prior written notice thereof to the other Party) without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that the Generator shall have the right to assign this Agreement, without the consent of the TSP, for collateral security purposes to aid in providing financing for the Plant, provided that the Generator will require any secured party, trustee or mortgagee to notify the TSP of any such assignment. Any financing arrangement entered into by the Generator pursuant to this Section shall be subject to the requirement that that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the TSP of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed. It is contemplated the Plant will be constructed in one or more phases. The Parties agree that Generator may partially assign this Agreement as to any one or more such phases otherwise in accordance with the terms of this Section 10.17. In the event of such partial assignment of one or more such phases, the Parties agree to promptly amend, restate, separate, and divide the Agreement into two (2) or more separate, independent agreements for each separate and distinct phase of the Plant by entering into

two or more new agreements that provide Generator and each assignee generator with separate interconnection rights for each different phase of the Plant, as designated by Generator. Each of such new agreements shall contain substantially the same terms and conditions as this Agreement (except for any requirements that have been fulfilled by Generator prior to the execution of such new agreements).

10.18 Severability. If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement; provided that if the Generator (or any third-party, but only if such third -party is not acting at the direction of the TSP) seeks and obtains such a final determination with respect to any provision of Section 4.1.B, then none of the provisions of Section 4.1.B. shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by Section 4.1.A.

10.19 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

10.20 Invoicing and Payment. Unless the Parties otherwise agree (in a manner permitted by applicable PUCT Rules and as specified in writing in an Exhibit "E" attached hereto), invoicing and payment rights and obligations under this Agreement shall be governed by PUCT Rules or applicable Governmental Authority. Invoices shall be rendered to the paying Party at the address specified on, and payments shall be made in accordance with the requirements of, Exhibit "D."



10.21 Confidentiality.

A. Subject to the exception in Section 10.21.B, any information that a Party claims is competitively sensitive, commercial or financial information under this Agreement (“Confidential Information”) shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to the ISO. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party’s Confidential Information under this subsection, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subsection, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

B. This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).

**Exhibit "B"**  
**Time Schedule**

Interconnection Option chosen by Generator (check one):   X   Section 4.1.A. or   \_\_\_\_\_ Section 4.1.B

Generator and/or Phase I Generator under the terms of the Phase I Agreement to provide engineering and design security within 30 days of execution of this SGIA, equivalent to 10% of the TIF estimated cost.

Date by which Generator and/or Phase I Generator under the terms of the Phase I Agreement must provide notice to proceed with procurement and provide security, equivalent to 50% of the TIF estimated cost, as specified in Section 4.2 so that TSP may maintain schedule to meet the In-Service Date:   October 1, 2013

Date by which Generator and/or Phase I Generator under the terms of the Phase I Agreement must provide notice to commence construction, and provide security, equivalent to 40% of the TIF estimated cost, as specified in Section 4.3, so that TSP may maintain schedule to meet the In-Service Date:   February 1, 2014

For purposes of TIF securitization only, for this Agreement and the Phase I Agreement, the aggregate TIF estimated cost is \$2,169,000.

In - Service Date(s):   September 15, 2015

Scheduled Trial Operation Date:   September 15, 2015

Scheduled Commercial Operation Date:   October 1, 2015

Due to the nature of the subject of this Agreement, the Parties may mutually agree to change the date and time of this Exhibit B.

**Exhibit "C"**  
**Interconnection Details**

1) Name: Grandview Phase II

2) Point of Interconnection Location:

The point of interconnection is located in Carson County, Texas, in Sharyland's Alibates Substation. More specifically, the POI shall be defined as the point at which the Generators phase conductors, associated insulators, and static wires contact the TSP's corresponding dead-end, interconnecting bay in the Alibates Substation; currently labeled 345kV TL L Incoming Generation.

3) Delivery Voltage: 345kV

4) Number and Size of Generating Units:

Phase II: 388.78MW unit, comprised of 259 units, generating 1.5MWs each

5) Type of Generating Unit:

Phase II: GE 1.5MW – 77 and/or GE 1.85 MW – 82. Turbine Generators

6) Metering and Telemetry Equipment:

- A) TSP shall, in accordance with ERCOT Requirements and Good Utility Practice, install, own, & operate, inspect, test, calibrate, and maintain 345kV metering accuracy potential and current transformers and associated metering and telemetry equipment (including remote terminal units "RTU") located in the TIF
- B) Generators interconnection with TSP facilities shall not interfere with TSP's metering and telemetry operations
- C) Metering to include 345kV rated meters, with dual secondary windings for relaying and revenue metering
- D) Facilities shall meet the following TSP requirements in addition to ERCOT Requirements. If there is a conflict between the TSP requirements below and ERCOT Requirements, the ERCOT Requirements shall prevail
- E) Generation Meter Splitting – The data measured by the EPS Meter will be allocated to both Generator and Phase I Generator in accordance with Section 10.3.2.1 of the ERCOT Protocols, or its successor. Such arrangement must be approved by ERCOT in accordance with such ERCOT Protocols.
- F) All other metering & telemetry requirements shall be finalized at a later date, upon completing design requirements and coordination efforts with Generator

7) Generator Interconnection Facilities:

Generator Interconnection Facilities shall include the Generator-owned Substation and all facilities within them (except for those facilities identified as being owned by TSP in Section 6 above and Section 8 below) as well as the Co-Tenant Facilities, including any Co-Tenant Substations, Co-Tenant Transmission Lines, and Co-Tenant O&M Buildings.

Co-Tenant Facilities shall mean all interconnection and transmission facilities constituting the Gen-Tie Line, the Co-Tenant Substations, Co-Tenant Transmission Lines,, including poles, any applicable switching station, any access or patrol roads, and all other interconnection and transmission facilities and improvements, the use of which is contemplated to be shared separately between the Generator and Phase I Generator.

The Gen-Tie Line shall be the 345 kV Co-Tenant Transmission Line from the common Co-Tenant Substation to TSP's dead-end structure within the TSP's Alibates Substation.

The above list is not intended to be a complete list of all facilities that are part of the GIF. All Generator Interconnecting Facility requirements shall be finalized at a later date, upon completing design requirements and coordination efforts with TSP.

**8) Transmission Service Provider Interconnection Facilities:**

The TSP Interconnection Facilities shall, at a minimum, include the following facilities:

- 1) Substation
  - (i) 345kV 3000A, 40kA Circuit Breaker
  - (ii) Motor Operated Air Break Switch
  - (iii) 345kV Metering Units, with dual windings for relaying & revenue metering
  - (iv) 345kV, 212kV MCOV Surge Arresters
  - (v) Station Post Insulators
  - (vi) Galvanized Steel Structures, Equipment Foundations, and Associated Bus-Work, Conductor, Connectors, Grounding, etc.
- 2) Relaying
  - (i) Circuit Breaker Control Panel
  - (ii) Motor Operated Disconnect Switch Control Panel
  - (iii) Circuit Breaker Failure Protection Panel
  - (iv) Line Current Differential & Distance Protection Panel
- 3) Dead-end structure within the Alibates Substation to which the generator will connect
- 4) All other TSP Interconnecting Facility requirements shall be finalized at a later date, upon completing design requirements and coordination efforts with Generator

**9) Communications Facilities:**

- A) The communications facilities described below will be paid for, owned, and installed by Generator.
  - 1) one (1) dedicated voice dispatch circuit between TSP's Amarillo, TX dispatch office and Generator's control center, including associated interface equipment at Generator's control center

- 2) one (1) RTU communications circuit between the Substation and TSP's master SCADA system at TSP's Amarillo, TX dispatch office
  - 3) one (1) telephone company interface box (demarcation equipment) at the Substation for demarcation of telephone company circuits
  - 4) high voltage isolation equipment for all telephone company circuits at the Substation
- B) The communications facilities described below will be paid for, owned, and installed by TSP
- 1) one (1) dial-up circuit including associated interface equipment at the location of the EPS meter facilities
  - 2) All communication facilities shall meet the TSP's requirements in addition to ERCOT Requirements. If there is a conflict between the TSP requirements below and ERCOT Requirements, the ERCOT Requirements shall prevail
- C) All other TSP Communications Facility requirements shall be finalized at a later date, upon completing design requirements and coordination efforts with Generator
- 10) System Protection Equipment:
- A) Protection of each Party's system shall meet the TSP's requirements in addition to ERCOT Requirements. If there is a conflict between the TSP requirements and ERCOT Requirements, the ERCOT Requirements shall prevail
  - B) All other TSP System Protection Equipment requirements shall be finalized at a later date, upon completing design requirements and coordination efforts with Generator
- 11) Inputs to Telemetry Equipment:
- A) A generation-specific RTU is required at the Plant or GIF for TSP's generation-specific SCADA. A specific RTU points list will be developed by TSP as a part of each generation project based upon the project's electrical configuration. For such purpose, Generator shall be responsible for providing TSP with metering and relaying one-line diagrams of the generation and Substation facilities. Generator shall provide TSP with a station communications drawing which is to include RTU point sources (IEDs and contacts supplying required data), interface devices, and connections to the RTU
  - B) All other Inputs to Telemetry Equipment requirements shall be finalized at a later date, upon completing design requirements and coordination efforts with Generator
- 12) Supplemental Terms and Conditions, if any, attached:
- A) As a result of Generator's co-ownership of portions of the GIF with Phase I Generator, it is expressly agreed that, to the extent either of the Co-Tenant Generators desire to refer an operational matter to a QSE in accordance with the ERCOT Protocols, both Co-Tenant Generators must refer such communications to a single, common QSE.
  - B) Generator Dispatch Center - Generator and Phase I Generator will have a common dispatch center which shall be staffed 24 hours per day, 7 days per week, by personnel capable of making operating decisions and possessing the ability to control the Plant, the Phase I

Generator generation facilities, and the GIF, including making voltage adjustments. TSP's dispatch center personnel will communicate with this common dispatch center via the telephone and fax numbers shown in item (a) of Exhibit "D". Prior to TSP completing the TIF and placing such facilities in service, the Parties will revise Exhibit "D" to incorporate any missing telephone numbers for the Generator in Section (a).

C) Generator and Phase I Generator will designate a single common person with whom TSP may communicate on matters not requiring dispatch center communications. Such contact person is designated in item (b) of Exhibit "D".

D) All other Supplemental Terms and Conditions shall be finalized at a later date, upon completing design requirements and coordination efforts with Generator

13) Special Operating Conditions, if any, attached:

To be defined and coordinated with the Generator at a later date

14) The difference between the estimated cost of the TIF under 4.1.A (\$\_\_\_\_\_) and the estimated cost of the TIF under 4.1.B (\$\_\_\_\_\_) is: \_\_\_\_\_, if applicable.

DATE: April 23, 2014

**Exhibit "D"**

**Notice and EFT Information of the ERCOT Standard Generation Interconnection Agreement**

<b>(a) All notices of an operational nature shall be in writing and/or may be sent between the Parties via electronic means including facsimile as follows:</b>	
Company Name: EC&R Development, LLC Attn: Vice President, Operations Address 701 Brazos Street, Suite 1400 City, State, Zip Austin, TX 78701 24 Hour Telephone (512) 482-8008 Operational/Confirmation Fax (512) 494-9581 E-mail Realtimewind@eon.com	Company Name : Sharyland Utilities, L.P. Attn: Manager of Transmission Operations Address: 4909 Canyon Dr. City, State, Zip : Amarillo, TX 79110 24 Hour Telephone (866) 354-3335 Operational/Confirmation Fax (806) 467-8401 E-mail:ktammar@sharyland.com
<b>(b) Notices of an administrative nature:</b>	
Company Name: EC&R Development, LLC Attn: Transmission Manager Address 701 Brazos Street, Suite 1400 City, State, Zip Austin, TX 78701 Phone: (512) 482-4054 Fax: (512) 494-9581 E-mail: ECRNATransmission@eon.com	Company Name Sharyland Utilities, L.P. Attn: President Address 1807 Ross Ave., Suite 460 City, State, Zip Dallas, TX 75201 Phone: (214) 978-8958 Fax: (214) 978-8810 E-mail: mcaskey@sharyland.com
<b>(c) Notice for statement and billing purposes:</b>	
Company Name: EC&R Development, LLC Attn: Accounts Payable Address 353 N. Clark, 30th Floor City, State, Zip Chicago, IL 60654 Phone: (312) 923-9463 E-mail: ECRNAAP@eon.com	Company Name : Sharyland Utilities, L.P. Attn: Accounts Payable Address : 1031 Andrews HWY, Suite 400 City, State, Zip : Midland, TX 79701 Phone: (800) 442-8688 E-mail jchilders@sharyland.com
<b>(d) Information concerning electronic funds transfers:</b>	
Bank Name City, State ABA No. _____ for credit to: _____  Account No. _____	Bank Name City, State ABA No. _____ for credit to: _____  Account No. _____

## **Exhibit "E"**

### **SECURITY ARRANGEMENT DETAILS**

As a condition to TSP's obligation to plan, license, engineer, design, procure equipment and materials, and construct the TIF described in Section 8 of Exhibit "C", Generator will provide a financial security ("Security") either as letters of credit ("LC"), corporate guaranties or other forms of collateral security reasonably acceptable to TSP in an amount totaling Two Million One Hundred Sixty-nine Thousand Dollars (\$2,169,000), as required pursuant to Section 8.3 of this Agreement. Such Security shall be provided in accordance with the schedule in Exhibit "B". Notwithstanding any provision herein contained to the contrary, the Security described above shall be in the aggregate for both this Agreement and the Phase I Agreement and the posting of such Security under either this Agreement or the Phase I Agreement shall satisfy the Security requirements under this Agreement. In the event that it is not necessary for all facilities associated with the TIF to be completed on the same date as a result of the staged completion of the phases of the Generator's Plant and Phase I, and such staged development adds to the aggregate TIF estimated cost ("Total Adjusted TIF Cost"), the Security amount under the Phase I Agreement may be modified accordingly so that the maximum amount of Security will equal Total Adjusted TIF Cost minus the Security already provided by Generator and/or Phase I Generator (the "Increased Security"); provided, however, within five business days after the Plant achieves Commercial Operation, the TSP shall return the Security to the Generator relating to such Plant as required in Section 8.3 of of Exhibit "A". Any Increased Security required as described above shall be provided by Phase I Generator under the terms of the Phase I Agreement.