# State of Florida



# FILED JUN 29, 2017 DOCUMENT NO. 05615-17 FPSC - COMMISSION CLERK Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD TALLAHASSEE, FLORIDA 32399-0850

# -M-E-M-O-R-A-N-D-U-M-

**DATE:** June 29, 2017

TO:Office of Commission Clerk (Stauffer)PoEMFROM:Division of Engineering (Matthews, Thompson)Office of the General Counsel (Murphy)M

- **RE:** Docket No. 170076-EQ Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and approval of tariff schedule REF-1, by Gulf Power Company.
- AGENDA: 07/13/17 Regular Agenda Proposed Agency Action Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Docket Nos. 170070-EQ, 170072-EQ, 170075-EQ, and 170077-EQ

### Case Background

Section 366.91(3), Florida Statutes (F.S.), requires that each investor-owned utility (IOU) continuously offers to purchase capacity and energy from renewable energy generators and small qualifying facilities. Florida Public Service Commission (Commission) Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each IOU to file with the Commission by April 1 of each year, a standard offer contract based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan. On April 3, 2017, Gulf Power Company (Gulf) filed a petition for approval of its revised standard offer contract and rate schedule REF-1 for renewable energy facilities or small qualifying facilities based on its 2017 Ten-Year Site Plan.

Docket No. 170076-EQ Date: June 29, 2017

The Commission has jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.06 and 366.91, F.S.

# **Discussion of Issues**

**Issue 1:** Should the Commission approve the revised standard offer contract and schedule REF-1 filed by Gulf Power Company?

**Recommendation:** Yes. The provisions of Gulf's revised standard offer contract and schedule REF-1 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. Gulf's revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. Staff recommends that Gulf's revised standard offer contract and schedule REF-1 be approved as filed. (Thompson)

**Staff Analysis:** Rule 25-17.250, F.A.C., requires that Gulf, an IOU, continuously makes available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities (RF) and small qualifying facilities (QF) with design capacities of 100 kilowatts (kW) or less. Pursuant to Rule 25-17.250(1) and (3), F.A.C., the standard offer contract must provide a term of at least 10 years, and the payment terms must be based on the Utility's next avoidable fossil-fueled generating unit identified in its most recent Ten-Year Site Plan or, if no avoided unit is identified, its next avoidable planned purchase. Gulf has identified a natural gas-fired facility consisting of three combustion turbine units totaling 654 megawatt (MW), as its next planned fossil-fueled generating unit in its 2017 Ten-Year Site Plan. The projected inservice date of this facility is June 1, 2023.

The RF/QF operator may elect to make no commitment as to the quantity or timing of its deliveries to Gulf, and to have a committed capacity of zero (0) MW. Under such a scenario, the energy is delivered on an as-available basis and the operator receives only an energy payment. Alternatively, the RF/QF operator may elect to commit to certain minimum performance requirements based on the identified avoided unit, such as being operational and delivering an agreed upon amount of capacity by the in-service date of the avoided unit, and thereby becomes eligible for capacity payments in addition to payments received for energy. The standard offer contract may also serve as a starting point for negotiation of contract terms by providing payment information to an RF/QF operator, in a situation where one or both parties desire particular contract terms other than those established in the standard offer.

In order to promote renewable generation, the Commission requires the IOU to offer multiple options for capacity payments, including the options to receive early or levelized payments. If the RF/QF operator elects to receive capacity payments under the normal or levelized contract options, it will receive as-available energy payments only until the in-service date of the avoided unit (in this case June 1, 2023), and thereafter begin receiving capacity payments in addition to the energy payments. If either the early or levelized option is selected, then the operator will begin receiving capacity payments earlier than the in-service date of the avoided unit. However, payments made under the early capacity payments options tend to be lower in the later years of the contract term because the net present value (NPV) of the total payments must remain equal for all contract payment options.

Table 1 below, estimates the annual payments for each payment option available under the revised standard offer contract to an operator with a 50 MW facility operating at a capacity factor of 95 percent and meeting the minimum requirement specified in the contract to qualify for full capacity payments. Normal and levelized capacity payments begin in 2023, reflecting the projected in-service date of the avoided unit (June 1, 2023).

· · · · · · · · · · · · · · · · · · ·		(95% Capa	city Factor)		
		Capacity Payment (By Type)			
	Energy Payment	Normal	Levelized	Early	Early Levelized
Year	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2018	11,342	-	-	1,556	1,798
2019	12,335	-	_	1,598	1,812
2020	12,882	-	-	1,642	1,827
2021	13,406	-	-	1,686	1,842
2022	13,765	-	-	1,732	1,858
2023	14,580	1,593	1,775	1,779	1,875
2024	15,554	2,773	3,058	1,828	1,891
2025	16,277	2,849	3,084	1,877	1,908
2026	16,865	2,926	3,111	1,928	1,926
2027	17,584	3,006	3,139	1,981	1,944
2028	17,907	3,091	3,167	2,035	1,963
2029	18,923	3,174	3,196	2,090	1,982
2030	19,015	3,262	3,225	2,147	2,001
2031	19,490	3,353	3,256	2,205	2,021
2032	20,493	3,444	3,287	2,265	2,042
2033	21,347	3,538	3,320	2,327	2,063
2034	22,337	3,634	3,353	2,390	2,085
2035	23,338	3,733	3,387	2,455	2,108
2036	24,665	3,834	3,422	2,522	2,131
2037	25,792	3,938	3,458	2,591	2,154
Total	357,898	48,147	47,238	40,635	39,232
NPV (2018\$)	184,125	21,479	21,479	21,479	21,479

# Table 1- Estimated Annual Payments to a 50 MW Renewable Facility(95% Capacity Factor)

Source: Gulf's Response to Staff's First Data Request<sup>1</sup>

<sup>&</sup>lt;sup>1</sup>Document No. 05114-17, dated May 31, 2017, in Docket No. 170076-EQ.

Docket No. 170076-EQ Date: June 29, 2017

Gulf's standard offer contract and schedule REF-1, in type-and-strike format, are included as Attachment A. All of the changes made to the tariff sheets are consistent with the updated avoided unit. Revisions include updates to dates and payment information which reflect the current economic and financial assumptions for the avoided unit costs.

## Conclusion

The provisions of Gulf's revised standard offer contract and schedule REF-1 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. Staff recommends that Gulf's revised standard offer contract and schedule REF-1 be approved as filed.

### Issue 2: Should this docket be closed?

**Recommendation:** Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised. (Murphy)

**Staff Analysis:** This docket should be closed upon the issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised.



Section No. IX Third Revised Sheet No. 9.81 Canceling Second Revised Sheet No. 9.81

## STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR SMALL QUALIFYING FACILITY (Schedule REF-1)

For purposes of this Rate Schedule the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1); Florida Administrative Code (F.A.C.). Also, the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in

### AVAILABILITY:

FPSC Rule 25-17.080, F.A.C. Both "Renewable Energy Facility" and "Small Qualifying Facility"

Gulf Power Company (Company) will purchase firm capacity and energy under this schedule from any Facility that produces electrical energy for delivery to the Company, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The offer to purchase such capacity and energy is continuously available to any Facility and will remain open until revised by the Company upon approval of the FPSC or until closed pursuant to FPSC Rule 25-17.250 (2), F.A.C. The Company may negotiate and contract with any Facility, irrespective of its location, which is either directly or indirectly interconnected with the Company for the purchase of firm capacity and energy pursuant to FPSC Rules 25-17.240 and 25-17.0832, F.A.C.

### **APPLICABILITY:**

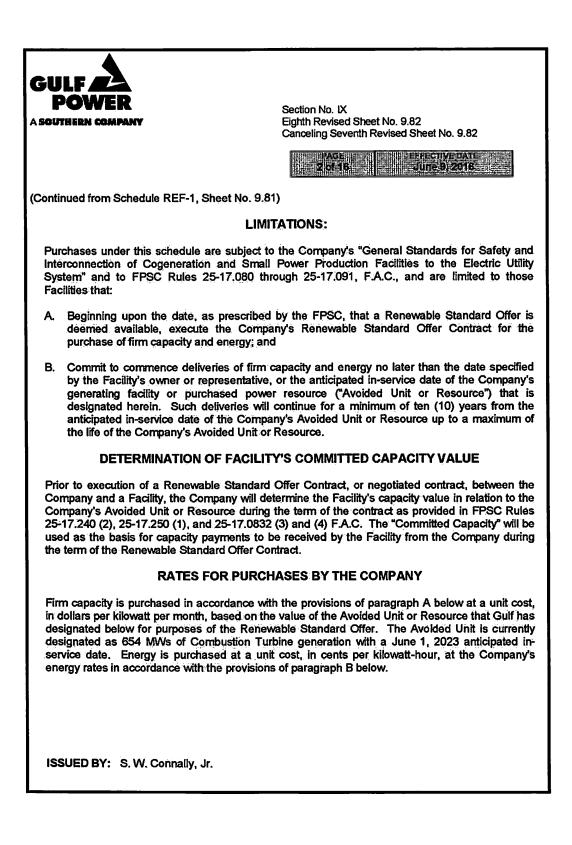
This offer is applicable to any Facility meeting the requirements of FPSC Rules 25-17.210, 25-17.220, and/or 25-17.0832, F.A.C., irrespective of its location, producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Renewable Standard Offer Contract." Firm capacity and energy are described by the FPSC in its Rule 25-17.0832, F.A.C., and are produced and sold by a Facility pursuant to a negotiated or Renewable Standard Offer Contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery.

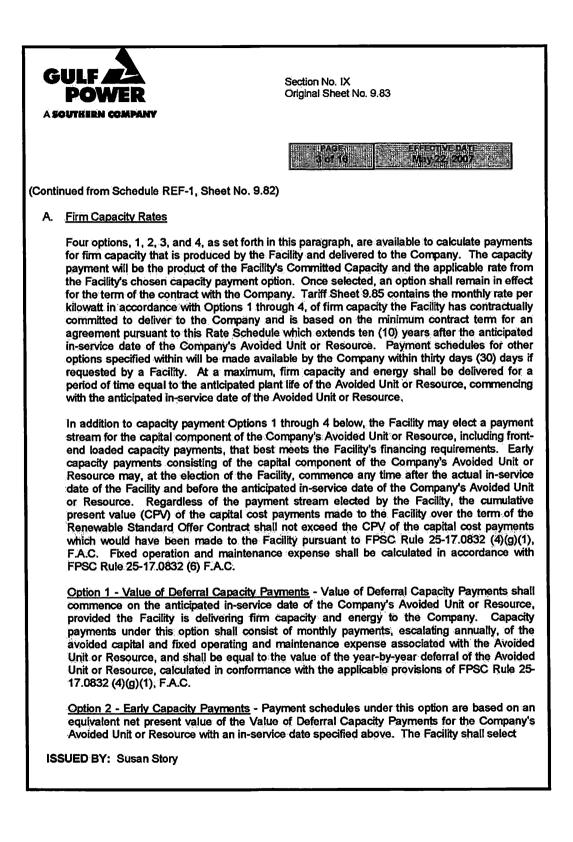
### CHARACTER OF SERVICE:

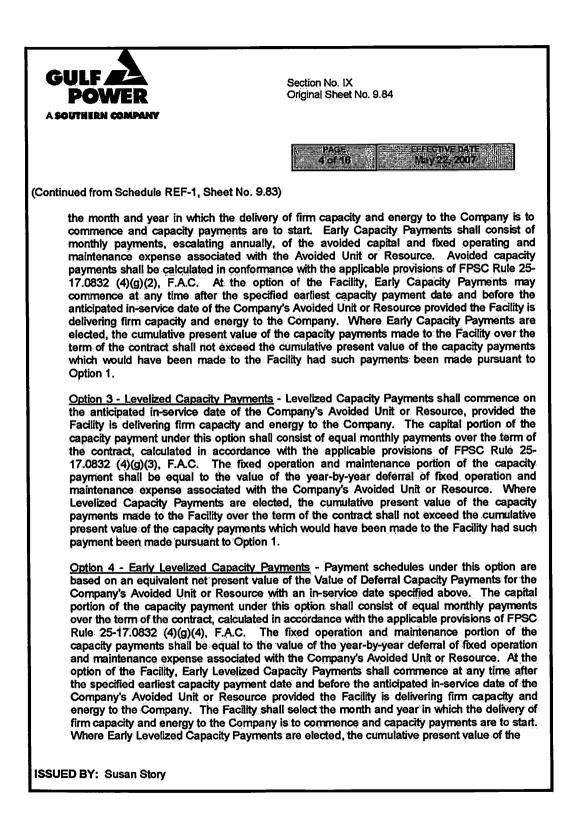
The character of service for purchases from Facilities directly interconnected with the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. The character of service for purchases from Facilities indirectly interconnected with the Company shall be three phase, 60 hertz, alternating current at the voltage level available at the interchange point between the Company and the utility delivering firm capacity and energy from the Facility.

ISSUED BY: S. W. Connally, Jr.

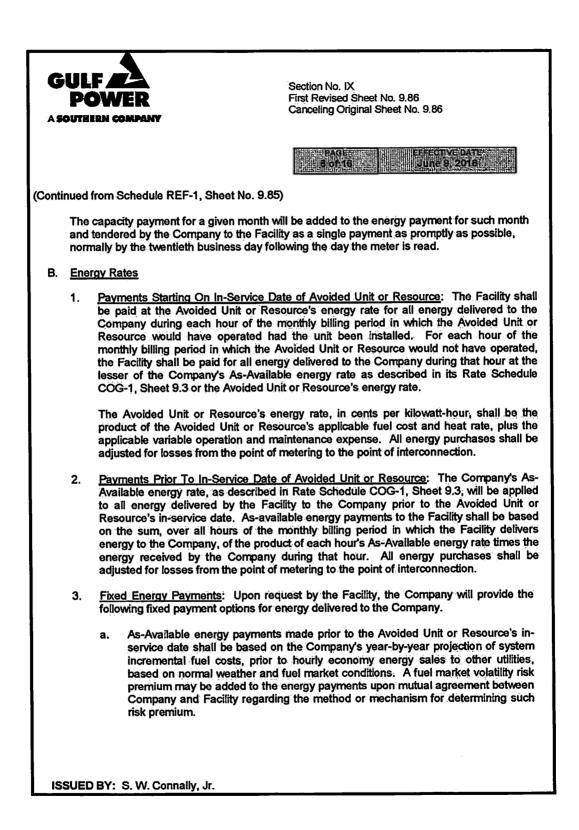
are herein referred to as "Facility".

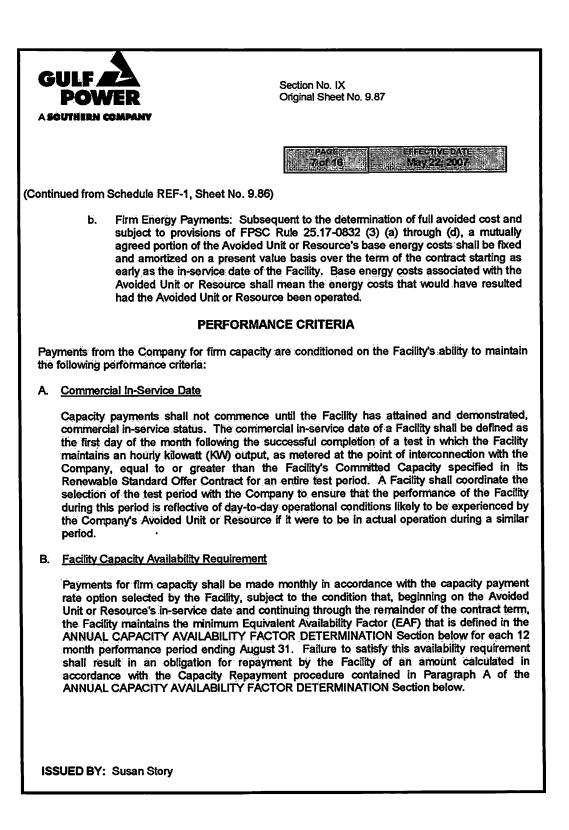


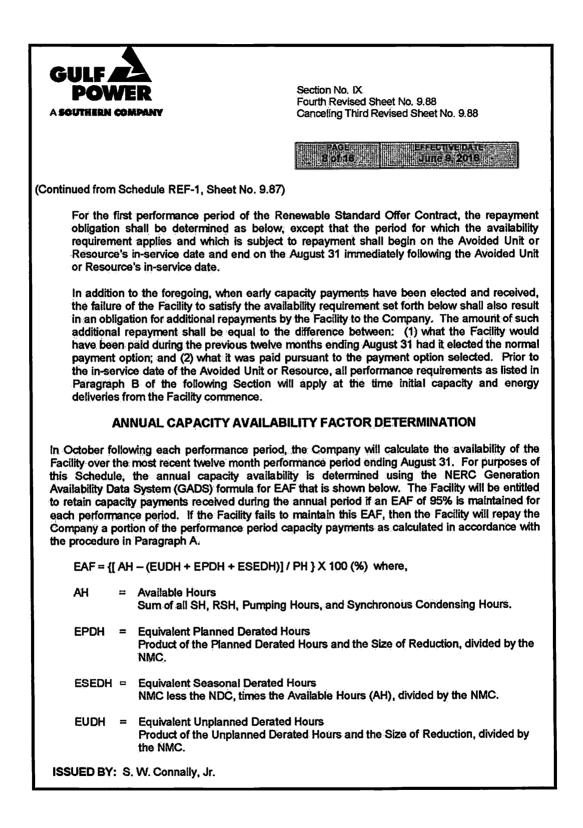




SOUTHERN COMPANY			sed Sheet No. 9.8 A <u>Ninth</u> Revised St	neet No. 9.85
		PAGE 5 of 18		
Continued from Schedule REF	-1, Sheet No. 9.84	)		
capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.				
representative, or operator of the Facility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1, or to the extent that annual firm capacity payments made to the Facility in any year exceed that year's annual value of deferring the Company's Avoided Unit or Resource in the event the Facility defaults under the terms of its Renewable Standard Offer Contract with the Company. The Company will provide to the Facility monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth in Paragraph C of the SPECIAL PROVISIONS Section below.				
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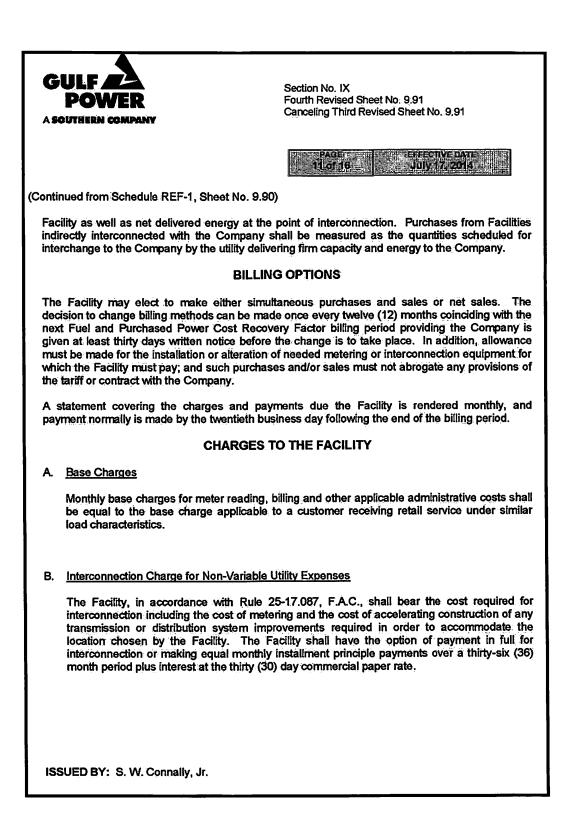


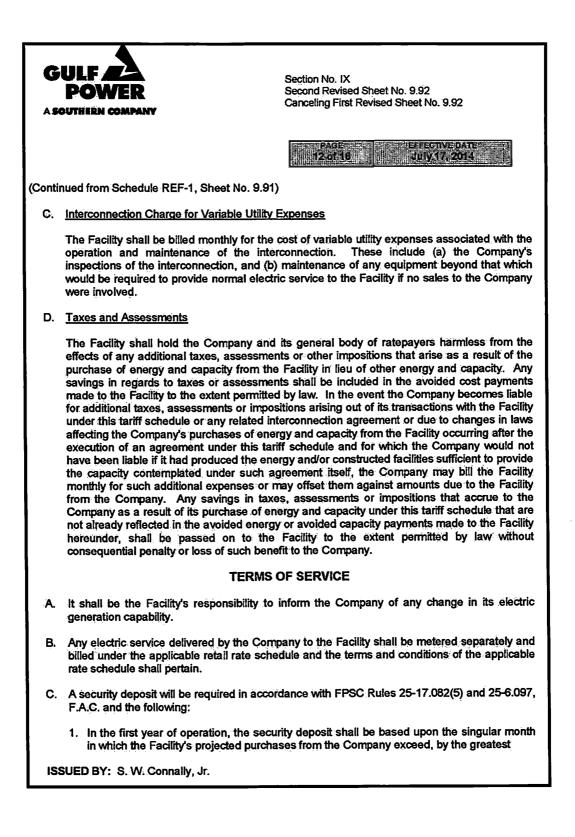




-		ME		Section No. IX Fourth Revised Sheet No. 9.89 Canceling Third Revised Sheet No. 9.89	
				B of 16	
(Contii	nued fror	n Sc	chedule REF-1, Sheet No. 9.88)		
	NDC	=	Net Dependable Capacity NMC modified for ambient limit	tations.	
	NMC	Ξ,	Capacity a unit can sustain over ambient conditions or equipment station service or auxiliary load	er a specified period when not restricted by ent deratings, minus the losses associated with ds.	
	PH	8	Period Hours Number of hours a unit was in state on its commercial date.	the active state. A unit generally enters the active	
	RSH	a		was available for service but not electrically system for economic reasons.	
	SH	=	Service Hours Total number of hours a un system.	it was electrically connected to the transmission	
A.	<u>Capacit</u>	<u>v Re</u>	epayment Calculation		
	The foll obligation	owin on:	ıg conditions will determine the	amount of the Facility's Capacity Repayment	
	1. If E	AF	is greater than or equal to 95%,	, then;	
	,	Cap	acity Repayment (CR) = 0		
	2. If EAF is less than 95% but equal to or greater than 60%, then;				
	CR = [Monthly Capacity Rate (MCR) X Committed Capacity (CC) X Months in Performance Period (MPP) X ((95-EAF)/95)				
	3. If E	EAF	is less that 60%, then;		
		CR 7	= MCR X.CC X MPP		
В.	Addition	<u>nal F</u>	Performance Criteria		
	2. T	aleno he F	dar year; and	generation estimates by October 1 for the next yearly generation schedule when any changes are	

	F COMPANY	Section No. IX First Revised Sheet No. 9.90 Canceling Original Sheet No. 9.90		
		1000f16		
(Continue	ed from Schedule REF-1, Sheet No. 9.89)			
3. 4. 5. 6.	requested by the Company for safety The Facility shall coordinate schedule The Facility shall comply with the rea or hourly communications and; The Facility must promptly notify the full Committed Capacity from the Fac	asonable requests of the Company regarding daily Company of its inability to supply any portion of its ility. Failure of the Facility to notify the Company of its Committed Capacity obligation may, at the sole		
	DELIVERY VOLT	AGE ADJUSTMENT		
accord	Energy payments to Facilities directly interconnected with the Company shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors:			
	Transmission Voltage Delivery Substation Voltage Delivery Primary Voltage Delivery Secondary Voltage Delivery	1.01801# 1.03208## 1.05862### 1.08576####		
#	Any Facility interconnected at a voltage	of 46 KV or above.		
.##	above 4 KV. This substation, where the	e on the low side of a substation below 46 KV and Facility takes electricity on the low side, shall have (115, 69, or 46 KV) and distribution voltage on the		
###	Any Facility interconnected at a distribut	ion voltage, 4 to 25 KV inclusive.		
####	Any Facility interconnected at a voltage	below 4 KV.		
METERING REQUIREMENTS				
Facilities directly interconnected with the Company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a Facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the Facility is less than 100 KW, the Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the				
ISSU	ED BY: Mark Crosswhite			





GULF POWER		OWER	Section No. IX First Revised Sheet No. 9.93 Canceling Original Sheet No. 9.93		
			PAGE EFFECTIVE PATER AND A SUB-		
(Conti	nued	from Schedule REF-1, Sheet No. 9.92)			
			ourchases from the Facility. The security deposit t of the difference estimated for that month. The nnection.		
	2.	Facility and the Company shall be con difference. The security deposit shall	of the actual sales and purchases between the nducted to determine the actual month of maximum be adjusted to equal twice the greatest amount by s by the Facility exceed the actual sales to the		
D.	The	Company shall specify the point of inte	rconnection and voltage level.		
E.					
F.	F. Facilities indirectly interconnected with the Company are required to make all arrangements needed to deliver the capacity and energy purchased from the Facility by the Company to the Company's interchange point with the delivering utility.				
G.	Service under this Schedule is subject to the rules and regulations of the Company and the FPSC as well as other applicable federal and state legislation or regulations.				
		SPECIAL	PROVISIONS		
A.		cial contracts deviating from the above y the Company and approved by the Fi	Schedule are allowable provided they are agreed SC.		
B.	A Facility directly interconnected with the Company may sell firm capacity and energy to a utility other than the Company. Where such agreements exist, the Company will provide transmission wheeling service to deliver the Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Facility indirectly interconnected with the Company, for delivery of the Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Facility capacity and energy, measured at the point of delivery to the Company.				
	The Facility shall be responsible for all costs associated with such wheeling including:				
ISS	1. 2. 3. SUED	Wheeling charges; Line losses incurred by the Compar Inadvertent energy flows resulting f BY: Mark Crosswhite			

GULF ASOUTHERN COMPANY	Section No. IX First Revised Sheet No. 9.94 Canceling Original Sheet No. 9.94
	PAGE: 14'01.16 June 19: 2011
(Continued from Schedule REF-1, Sheet No. 9.93)	)
Energy delivered to the Company shall be	adjusted before delivery to another utility.
Interstate transactions are defined as thos Energy Regulatory Commission (FERC).	e determined to be in the jurisdiction of the Federal
Capacity delivered to the Company shall following estimated adjustment factors are	be adjusted before delivery to another utility. The supplied for informational purposes only:
Renewable Facility Delivery Voltage	Adjustment Factor
Transmission Voltage Delivery Substation Voltage Delivery Primary Distribution Voltage Delivery	0.96758 0.94103 0.91001
All charges and adjustments for wheeling w	will be determined on a case-by-case basis.
will impair the Company's ability to give customers or place an undue burden on t for a waiver of this Special Provision B	cility for delivery to the Company or to another utility a adequate service to the rest of the Company's the Company, the Company may petition the FPSC , or require the Facility to pay for the necessary ccordance with the National Energy Policy Act of
In order to establish the appropriate transm contact:	nission service arrangements, the Facility must
Manager Transmission Sen Southern Company Service Post Office Box 2625 Birmingham AL 35202	
coming on line as provided for under an e order to provide the Company with additi secure replacement and reserve power complete construction and come on line Offer Contract, the Company requires that kw of the nameplate capacity of the Fac Renewable Standard Offer Contract is exe the completion security deposit may be ph	As customers from the possibility of a Facility not executed Renewable Standard Offer Contract and in ional and immediately available funds for its use to in the event that the Facility fails to successfully in accord with the executed Renewable Standard a cash completion security deposit equal to \$20 per clity's generator unit(s) at the time the Company's ecuted by the Facility. At the election of the Facility, nased in such that one half of the total deposit due is der within 12 months after contract execution.
ISSUED BY: Mark Crosswhite	

GULF ASOUTHERN COMPANY	Section No. IX Original Sheet No. 9.95
	PAGE STREET AND ATE S
(Continued from Schedule REF-1, Sheet No. 9.94	)
ability to meet the terms and condition Contract, one of the following, at the Comp	s operation, financial health and solvency, and its is of the Company's Renewable Standard Offer pany's discretion, may be used as an alternative to a completion of the Facility's project in accord with the ract:
1. an unconditional, irrevocable direct p	ay letter; ör
2. surety bond; or	
3. other means acceptable to the Comp	pany.
deposit as an acceptable means of secured accord with an executed Renewable Stan	Facility seeking an alternative to a cash security uring the completion of the Facility's installation in dard Offer Contract. The Company will endeavor in nt to a cash security deposit which is in the best any's customers.
In the case of a governmental solid waste Statutes and FPSC Rule 25-17.091, F.A.C	Facility, pursuant to Subsection 366.91 (3), Florida ., the following will be acceptable to the Company:
actual damages incurred by the Com	l, county, or state government that it will pay the pany because the governmental Facility fails to rvice date for the Avoided Unit or Resource.
election of the Fixed Energy Payments wil the completion security requirements as a of such security instruments. Given the to	r an Option other than (1) through (4) above, and/or I result in the Company's immediate re-evaluation of ddressed above in order to determine the adequacy erms and conditions ultimately set in the Renewable by requirements may be specified by the Company.
ISSUED BY: Susan Story	

GUL PC	F COMPANY	Section No. IX First Revised Sheet No. 9.96 Canceling Original Sheet No. 9.96
		1901 19
(Continu	ed from Schedule REF-1, Sheet No. 9.95)	
	The Company, in evaluating the viability of a FPSC Rule 25-17.0832(4)(c)(2)(b), F.A.C.	any particular offer may exercise its rights under
ך ר פ	lags, or other tradable environmental interest from the electric generation of the F Standard Offer Contract, the Facility shall	I any or all Renewable Energy Certificates, Green erests (collectively "Environmental Interests") that acility during the term of an executed Renewable provide notice to the Company of its intent to sell the Company a reasonable opportunity to offer to
t S	Facility shall include a provision to reopen to changes affecting the Company's full as	for the purchase of capacity and energy from a the contract, at the election of either party, limited voided costs of the unit on which the Renewable result of new environmental or other regulatory e contract.
	,	
ISSL	JED BY: Susan Story	



Section No. IX Fourth Revised Sheet No. 9.97 Canceling Third Revised Sheet No. 9.97

BUD 17 2014

## STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR SMALL QUALIFYING FACILITY ("RENEWABLE STANDARD OFFER CONTRACT")

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_ by and between \_\_\_\_\_, hereinafter referred to as the "Seller"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The Seller and the Company shall collectively be referred to herein as the "Parties".

### WITNESSETH:

WHEREAS, for purposes of this contract, the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.), and the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080, F.A.C., thus, both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility"; and

WHEREAS, the Seller desires to sell, and the Company desires to purchase, firm capacity and energy to be generated by the Facility, such sale and purchase to be consistent with FPSC Rules 25-17.080 through 25-17.091; and

WHEREAS, the Seller, in accordance with FPSC Rule 25-17.087, F.A.C., has entered into an interconnection agreement with the utility that the Facility is directly interconnected, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following standard contract for use in the acceptance of the Company's standard offer for the purchase of firm capacity and energy from Facilities.

NOW THEREFORE, for mutual consideration the Parties agree as follows:

GULF POWER		Section No. IX Second Revised Sheet No. 9.98 Canceling First Revised Sheet No. 9.98			
20118					
(Continued from Standard C 1. <u>Facility</u> The Seller either co Facility comprised in	ntemplates instal	lling and operat			
Description Unit (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel S Primäry	ource Secondary
ISSUED BY: S. W. Connally, Jr.					



Section No. IX Fifth Revised Sheet No. 9.99 Canceling Fourth Revised Sheet No. 9.99

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July 10, 2018

## (Continued from Standard Offer Contract, Sheet No. 9.98)

The entire Facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of \_\_\_\_\_\_ kilowatts (KW) of electric power at an 85% power factor.

### 2. Term of the Agreement

This Agreement shall begin immediately upon its execution and the contemporaneous payment by the Seller to the Company of a completion security deposit in the amount of \$20.00 times each KW of nameplate capacity of the Facility's generator unit(s). This Agreement shall end at 12:01 A.M., \_\_\_\_\_, 20\_\_\_\_\_ (date specified shall be no earlier than May 31, 2033).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2023, the Company's obligations to the Seller under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the Seller, the completion security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the Seller elects to phase in payment of the completion security deposit due under this paragraph, the effective date of the contract shall be the date of execution provided, however, that the Company shall have no further obligation to the Seller if either installment of the completion security deposit is not timely received by the Company.



Section No. IX Fourth Revised Sheet No. 9.100 Canceling Third Revised Sheet No. 9.100

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### (Continued from Standard Offer Contract, Sheet No. 9.99)

Depending on the nature of the Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule REF-1, may be used as an alternative to a cash deposit as a means of securing the completion of the project in accord with this Agreement:

- (a) an unconditional, irrevocable direct pay letter; or
- (b) surety bond; or
- (c) other means acceptable to the Company.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company: the unsecured promise of a municipal, county, or state government to pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to June 1, 2023.

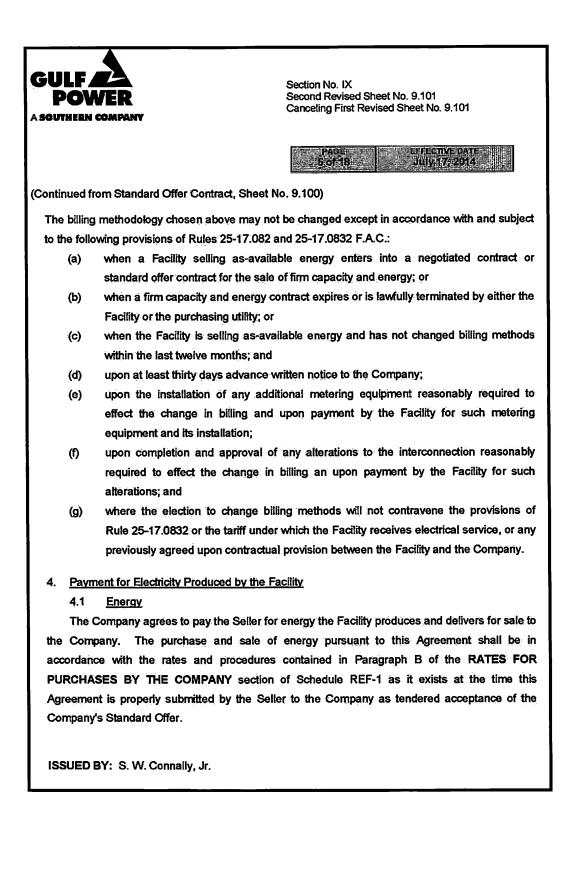
The specific completion security vehicle agreed upon by the parties is: \_\_\_\_

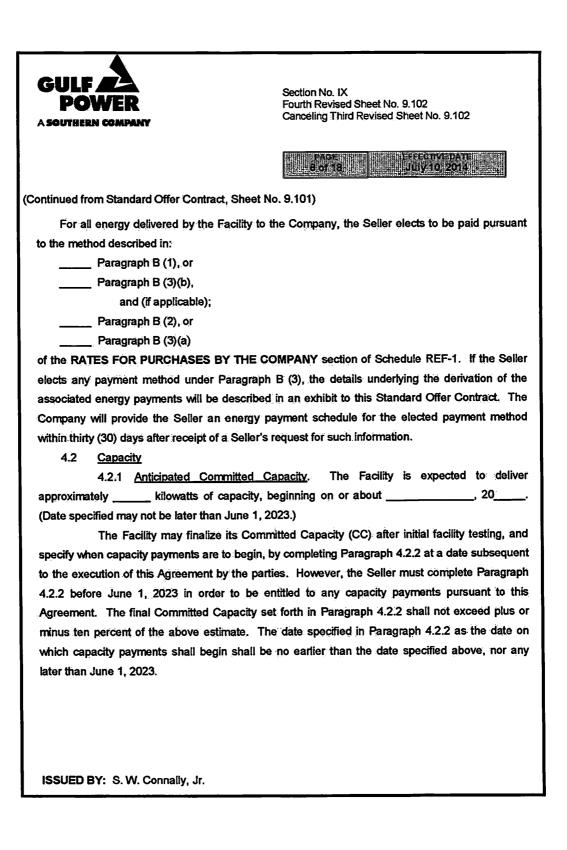
(IN ORDER FOR THIS FORM OF CONTRACT TO BE USED TO TENDER ACCEPTANCE OF THE COMPANY'S STANDARD OFFER BY A SELLER OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE SELLER HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

### 3. Sale of Electricity by the Facility

The Company agrees to purchase firm capacity and energy generated at the Facility and transmitted to the Company by the Facility. The purchase and sale of firm capacity and energy pursuant to this Agreement shall be in accordance with the following billing methodology (choose one):

- () Net Billing Arrangement; or
- () Simultaneous Purchase and Sales Arrangement.







Section No. IX <u>NinthTenth</u> Revised Sheet No. 9.103 Canceling <del>EighthNinth</del> Revised Sheet No. 9.103



(Continued from Standard Offer Contract, Sheet No. 9.102)

4.2.2 <u>Actual Committed Capacity</u>. The capacity committed by the Facility (Committed Capacity or CC) for the purposes of this Agreement is \_\_\_\_\_\_ kilowatts beginning \_\_\_\_\_\_, \_\_\_\_\_. The Seller is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of 95%. The EAF will be based on the economic operation of a combustion turbine generating facility (Avoided Unit) that Gulf has designated as the Avoided Unit for purposes of the Standard Offer. The Seller elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

4.2.3 <u>Capacity Payments</u>. The Seller chooses to receive capacity payments from the Company under Option \_\_\_\_\_\_ or \_\_\_\_\_ a customized payment stream as described in the Company's Schedule REF-1 of the Company Tariff for Retail Electric Service as it exists at the time this Agreement is properly submitted by the Seller to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Seller as the preferred capacity payment option, the details underlying the derivation of such payment stream will be described in an exhibit to this Standard Offer Contract.

The Capacity Payments to be made by the Company to the Seller are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Seller are based on an avoided gas-fired Combustion Turbine generating facility with the following economic assumptions:

Size: 654 MW total Discount Rate: 6.34% Annual Inflation: 2.72% Annual Capacity Factor: 9.7<u>12.9</u>% Equivalent Availability: 95% Installed Costs (2023): \$598<u>564</u>/kW AFUDC Rate: 7.25% K-factor: <del>1.3775<u>1.3782</u> Fixed O & M: \$14.42<u>18.57</u>/kW-yr Unit Life: 40 years</del>



Section No. IX Fourth Revised Sheet No. 9.104 Canceling Third Revised Sheet No. 9.104

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(Continued from Standard Offer Contract, Sheet No. 9.103)

The Company agrees it will pay the Seller a capacity payment. This capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Seller's chosen capacity payment option in accordance with the Company's Schedule REF-1, as it exists at the time this Agreement is properly submitted by the Seller to the Company as tendered acceptance of the Company's Standard Offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1, 2033; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the dates shown in Schedule REF-1, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The Company will provide the Seller a capacity payment schedule for the chosen payment method within thirty (30) days after receipt of a Seller's request for such information. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Seller as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the North American Electric Reliability Council Generating Availability Data System (NERC GADS) or its successor's indice. If the availability (EAF) of the Facility is not equal to or greater than 0.95 (95%), then the Seller will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure detailed in the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION section of Rate Schedule REF-1.



Section No. IX Second Revised Sheet No. 9.105 Canceling First Revised Sheet No. 9.105

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(Continued from Standard Offer Contract, Sheet No. 9.104)

Repayment under this paragraph shall not be construed as a limitation of the Company's right to pursue a claim against the Seller in any appropriate court or forum for the actual damages the Company incurs as a result of non-performance or default.

### 5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a Facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the Facility may select any one of the following options (choose one):

- () hourly demand recording meter(s);
- () dual kilowatt-hour register time-of-day meter(s); or
- () standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

### 6. Electricity Production Schedule

During the term of this Agreement, the Seller agrees to:

- (a) Adjust reactive power flow in the interconnection so as to remain within the range of 85% leading to 85% lagging power factor;
- (b) Provide the Company, prior to October 1 of each calendar year (January through December), an estimate of the amount of firm capacity and energy to be generated by the Facility and delivered to the Company for each month of the following calendar year including the time, duration and magnitude of any planned outages or reductions in capacity;
- (c) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;
- (d) Coordinate its scheduled Facility outages with the Company;



Section No. IX Fourth Revised Sheet No. 9.106 Canceling Third Revised Sheet No. 9.106

July 10, 2014

# (Continued from Standard Offer Contract, Sheet No. 9.105)

(e) Comply with reasonable requirements of the Company regarding day-to-day or hourby-hour communications between the parties relative to the performance of this Agreement; and

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(f) Promptly notify the Company of the Facility's inability to supply any portion of its Committed Capacity. (Failure of the Seller to notify the Company of a known derating or inability to supply its full Committed Capacity from the Facility may, at the sole discretion of the Company, result in a determination of non-performance.)

### 7. The Seller's Obligation if the Seller Receives Early Capacity Payments

The Seller's payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2023. The parties recognize that capacity payments received for any period through May 31, 2023, are in the nature of "early payment" for a future capacity benefit to the Company. To ensure that the Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the Seller will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be added to the Capacity Account for each month through May 2023, in the amount of the Company's capacity payments made to the Seller pursuant to the Seller's chosen payment option from Schedule REF-1 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2023, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for



Section No. IX Fourth Revised Sheet No. 9,107 Canceling Third Revised Sheet No. 9,107

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### (Continued from Standard Offer Contract, Sheet No. 9.106)

capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule REF-1 and the Seller had elected to begin receiving payment on June 1, 2023 minus the monthly capacity payment the Company makes to the Seller pursuant to the capacity payment option chosen by the Seller in paragraph 4.2.3.

The Seller shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the Seller monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the Seller shall execute a promise to repay any outstanding balance in the Capacity Account in the event of a default pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Schedule REF-1.

The specific repayment assurance selected for purposes of this Agreement is:

Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default or at the conclusion of the term of this Agreement. The Seller's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

#### 8. Non-Performance Provisions

The Seller shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon the Facility's achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of firm capacity and energy to the Company) provided that this occurs prior to June 1, 2023 and that said



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commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2023. The Seller shall not be entitled to any of its security deposit if the Facility fails to achieve commercial in-service status prior to June 1, 2023 and maintain that status to, through and including said date. Additionally, once construction of the Facility or any additions necessary for the Facility to have the capability to deliver the anticipated Committed Capacity and energy to the Company from the Facility has commenced, the Seller will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the Facility will be capable of delivering the anticipated Committed Capacity from the Facility on or before June 1, 2023.

Additionally, failure of the Seller to notify the Company of a known derating or inability to supply its full Committed Capacity from the Facility may, at the sole discretion of the Company, result in a determination of non-performance. Upon such determination by the Company, capacity payments to the Seller shall be suspended for a period of time equal to the time of the known derating or inability to supply the full Committed Capacity from the Facility or six months, whichever shall be longer.

#### 9. Default

9.1 <u>Mandatory Default</u>. The Seller shall be in default under this Agreement if: (1) Seller either voluntarily declares bankruptcy or becomes subject to involuntary bankruptcy proceedings; or (2) the Facility ceases all electric generation for either of the Company's peak generation planning periods (summer or winter) occurring in a consecutive 12 month period. For purposes of this Agreement, the Company's summer peak generation planning period shall be May through September and the Company's winter peak generation planning period shall be December through February. The months included in the Company's peak generation planning periods may be changed, at the sole discretion of the Company, upon 12 months prior notice to the Seller.



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### (Continued from Standard Offer Contract, Sheet No. 9.108)

9.2 <u>Optional Default</u>. The Company may declare the Seller to be in default if: (1) at any time prior to June 1, 2023 and after capacity payments have begun, the Company has sufficient reason to believe that the Facility is unable to deliver its Committed Capacity; (2) because of a Seller's refusal, inability or anticipatory breach of its obligation to deliver its Committed Capacity after June 1, 2023; or (3) the Company has made three or more determinations of non-performance due to the failure of the Seller to notify the Company of a known derating or inability to supply Committed Capacity during any eighteen month period.

### 10. General Provisions

10.1 <u>Permits</u>. The Seller hereby agrees to obtain any and all governmental permits, certifications, or other authority the Seller and/or Facility are required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees to obtain any and all governmental permits certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

10.2 Indemnification. The Seller agrees to indemnify and save harmless the Company, its subsidiaries or affiliates, and their respective employees, officers, and directors, against any and all liability, loss, damage, cost or expense which the Company, its subsidiaries, affiliates, and their respective employees, officers, and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Seller in performing its obligations pursuant to this Agreement or the Seller's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the Seller against any and all liability, loss, damage, cost or expense which the Seller may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Seller may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provision of this Agreement. The Seller agrees to include the Company as an additional named insured in any liability insurance policy or policies the Seller obtains to protect the Seller's interests with respect to the Seller's indemnity and hold harmless assurances to parties contained in this Section.



Section No. IX Second Revised Sheet No. 9.110 Canceling First Revised Sheet No. 9.110

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(Continued from Standard Offer Contract, Sheet No. 9.109)

The Seller shall deliver to the Company at least fifteen days prior to the delivery of any capacity and energy under this Agreement, a certificate of insurance certifying the Seller's and Facility's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida, protecting and indemnifying the Seller and the Company as an additional named insured, their officers, employees, and representatives, against all liability and expense on account of claims and suits for injuries or damages to persons or property arising out of the Seller's and the Facility's performance under or failure to abide by the terms of this Agreement, including without limitation any claims, damages or injuries caused by operation of any of the Facility's equipment or by the Seller's failure to maintain the Facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the Seller of the duties and obligations arising under the terms and conditions of this Agreement.

The policy providing such coverage shall provide comprehensive general liability insurance, including property damage, with limits in an amount not less than \$1,000,000 for each occurrence. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the Company within thirty days prior to the effective date of cancellation or a material change in the policy. The Seller shall pay all premiums and other charges required or due in order to maintain such coverage as required under this section in force during the entire period of this Agreement beginning with the initial delivery of capacity and energy to the Company.

10.3 <u>Taxes or Assessments</u>. It is the intent of the parties under this provision that the Seller hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the Facility in lieu of other energy or capacity and that any savings in regards to taxes or assessments be included in the avoided cost payments made to the Seller to the extent



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#### (Continued from Standard Offer Contract, Sheet No. 9.110)

permitted by law. In the event the Company becomes liable for additional taxes, assessments or imposition arising out of its transaction with the Seller under either this agreement or any related interconnection agreement or due to changes in laws affecting the Company's purchases of energy or capacity from the Facility occurring after the execution of this agreement and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under this agreement itself, the Company may bill the Seller monthly for such additional expenses or may offset them against amounts due the Seller from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity payments made to the Seller hereunder, shall be passed on to the Seller to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

10.4 <u>Force Majeure</u>. If either party shall be unable, by reason of <u>force majeure</u>, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea provided, however, that no occurrences may be claimed to be a <u>force majeure</u> occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The Seller agrees to pay the costs necessary to reactivate the Facility and/or the interconnection with the Company's system if the same are rendered inoperable



Section No. IX Third Revised Sheet No. 9.112 Canceling Second Revised Sheet No. 9.112

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(Continued from Standard Offer Contract, Sheet No. 9.111)

due to actions of the Seller, its agents, or <u>force maleure</u> events affecting the Facility or the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

10.5 <u>Assignment</u>. The Seller shall have the right to assign its benefits under this Agreement, but the Seller shall not have the right to assign its obligations and duties without the Company's prior written approval.

10.6 <u>Disclaimer</u>. In executing this Agreement, the Company does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the Seller or any assignee of this Agreement.

10.7 <u>Notification</u>. For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For Seller:

For Gulf Power Company: Secretary and Treasurer Gulf Power Company One Energy Place Pensacola FL 32520-0780

10.8 <u>Applicable Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

10.9 <u>Severability</u>. If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a pubic authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.



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> EFFECTIVEDATE 2011/24/7-2014

### (Continued from Standard Offer Contract, Sheet No. 9.112)

10.10 <u>Complete Agreement and Amendments</u>. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement and, if required, approved by the FPSC.

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10.11 <u>Incorporation of Schedule</u>. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule REF-1 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company's standard offer.

10.12 <u>Survival of Agreement</u>. This Agreement, as may be amended from time to time, shall be binding and insure to the benefit of the Parties' respective successors-in-interest and legal representatives.

### 11. Environmental Interests

In the event that the Seller decides to sell any or all Renewable Energy Certificates, Green Tags, or other tradable environmental interests (collectively "Environmental Interests") that result from the electric generation of the Facility during the term of this Agreement, the Seller shall provide notice to the Company of its intent to sell such Environmental Interests and provide the Company a reasonable opportunity to offer to purchase such Environmental Interests.

### 12. Changes in Environmental and Governmental Regulations

This contract may be reopened at the election of either party in the event that environmental or other regulatory requirements are enacted during the term of this contract which either (a) increase or (b) decrease the full avoided costs of the Avoided Unit. The parties may negotiate a threshold amount of change below which this reopener will not apply.

GULF POWER	Section No. IX Third Revised Sheet No. 9.114 Canceling Second Revised Sheet No. 9.114
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(Continued from Standard Offer Contract, Sheet N	lo. 9.113)
IN WITNESS WHEREOF, the parties hereto h duly authorized officers.	ave caused this Agreement to be executed by their
GULF POWER COMPANY	
By: (Signature)	-
(Print or Type Name)	_
Title:	
Date:	_
SELLER	
By:(Signature)	
(Print or Type Name)	_
Title:	_
Date:	_
ISSUED BY: S. W. Connally, Jr.	