

State of Florida



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: August 22, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis) *TB*
Office of the General Counsel (Marquez, Farooqi) *ACH*

RE: Docket No. 20250093-EI – Petition for approval of a negotiated as-available energy agreement between Duke Energy Florida, LLC and Placid Solar II, LLC.

AGENDA: 09/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On July 14, 2025, Duke Energy Florida, LLC (DEF or Company) filed a petition for Commission approval of a negotiated as-available energy agreement (Contract) between DEF and Placid Solar II, LLC (Placid). While Placid has not obtained qualifying facility (QF) status from the Federal Energy Regulatory Commission (FERC), as a 74.9 MW solar generating facility it qualifies as a “renewable generating facility,” as that term is defined in Rule 25-17.210(1), Florida Administrative Code (F.A.C.). Pursuant to Rule 25-17.220, F.A.C., renewable generating facilities shall be treated as QFs by the Florida Public Service Commission (Commission) and shall be subject to Rules 25-17.082 through 25-17.091, F.A.C.

Placid obtained Market-Based Rate (MBR) Authorization and tariff approval from FERC in January 2025, which allowed Placid to legally engage in the sale of renewable wholesale electricity to DEF under a FERC-jurisdictional interconnection agreement. DEF and Placid

entered into a Large Generator Interconnection Agreement (LGIA) to satisfy the requirement for a FERC-jurisdictional interconnection agreement. On July 8, 2025, DEF and Placid finalized the Contract, which is addressed by this recommendation. The comparison document showing the changes from DEF's approved as-available tariff contract and the negotiated as-available energy agreement is included as Attachment A.

The Commission has jurisdiction in this matter pursuant to Sections 366.04, 366.051, and 366.91, Florida Statutes (F.S.).

Date: August 22, 2025

Discussion of Issues

Issue 1: Should the Commission approve DEF's proposed negotiated as-available energy agreement with Placid?

Recommendation: Yes. The Commission should approve DEF's negotiated as-available energy agreement because the terms of the Contract would not result in higher cost electric service or negatively affect the reliability of electric service to the general body of ratepayers and is consistent with the requirements of Rules 25-17.082 through 25-17.091, F.A.C. Therefore, DEF should be allowed to seek cost recovery through the Fuel and Purchased Power Cost Recovery Clause for payments made pursuant to the Contract, consistent with Commission rules. (Wooten)

Staff Analysis: DEF seeks approval of a negotiated contract, which would allow Placid to sell as-available energy to DEF. The Contract is substantively similar to DEF's currently approved as-available energy tariff with modifications made to account for Placid's status as a renewable generating facility and the terms of the LGIA. Under the Contract, Placid has elected to sell all as-available energy to DEF exclusively. Because Placid will exclusively provide as-available energy to DEF, Placid will not seek transmission services under Rule 25-17.0889(1), F.A.C., to deliver electricity to any other party during the term of the agreement. In addition, Placid has agreed to pay for all interconnection costs. The Contract also dictates that Placid must maintain its FERC MBR tariff approval status in addition to its QF status throughout the term of the agreement. Furthermore, the Contract indicates that Placid intends to begin energy deliveries by December 31, 2026. However, the term of the Contract may not commence until the Commission has issued a final, non-appealable order approving the Contract. This means the term will begin either upon the issuance date of a Consummating Order (if no protest is filed) or, in the event of a protest, after the time to appeal a Final Order has expired.

Rule 25-17.087, F.A.C., details the necessary requirements for electric utilities to interconnect with QFs, which for the Contract are defined by the terms and conditions outlined in the LGIA. Subsections (5)–(9) of the Rule define safety, operational, and cost requirements for these interconnection agreements. According to the Company, the terms of the LGIA contain operational and safety requirements that would conform with all but the cost responsibility requirements outlined in Rule 25-17.087(9), F.A.C. Specifically, the LGIA required that DEF's network upgrade costs would be initially paid for by Placid and then reimbursed by DEF. The Contract provides that Placid has agreed to pay DEF all costs associated with interconnecting, including network upgrade costs. Thus Placid will return any reimbursed network upgrade costs to DEF, which is consistent with the requirement of Rule 25-17.087(9), F.A.C., that a QF bear all such costs. Furthermore, Placid attests that it is subject to, and agrees to comply with, the Commission's relevant QF rules. Upon review, staff believes that the terms of the Contract and the applicable terms of the LGIA are not inconsistent with the requirements outlined in Rule 25-17.087, F.A.C.

Pursuant to Rule 25-17.0825(6), F.A.C., as-available energy payments made to QFs pursuant to negotiated contracts shall be recoverable through the Fuel and Purchased Power Cost Recovery Clause if the payments are not projected to result in higher cost electric service to the general body of ratepayers or negatively affect the reliability of electric service to ratepayers. In regards

Date: August 22, 2025

to the cost of electric service, the Contract sets energy payments at the Company's standard as-available energy payment rates, which the Commission has defined as the avoided cost of non-firm energy. Therefore, staff believes the energy payments under the Contract would not result in higher cost electric service to the general body of ratepayers. Regarding the reliability of electric service, the safety and operational requirements outlined by the LGIA comply with the standards set forth in Rule 25-17.087, F.A.C., and provide both economic and equipment protections for DEF. As these safety and operational requirements are referenced by the Contract, staff believes that the energy payments under the Contract would not negatively affect DEF's ability to provide reliable electric service to the general body of ratepayers. Based on the information in the docket, staff believes that the terms of the Contract satisfy the requirements of Rules 25-17.082 through 25-17.091, F.A.C., and DEF should be allowed to seek cost recovery for payments made pursuant to the Contract, consistent with Commission rules, in accordance with Rule 25-17.0825(6), F.A.C.

Conclusion

The Commission should approve DEF's negotiated as-available energy agreement because the terms of the Contract would not result in higher cost electric service or negatively affect the reliability of electric service to the general body of ratepayers, and is consistent with the requirements of Rules 25-17.082 through 25-17.091, F.A.C. Therefore, DEF should be allowed to seek cost recovery through the Fuel and Purchased Power Cost Recovery Clause for payments made pursuant to the Contract, consistent with Commission rules.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, then this docket should be closed upon the issuance of a consummating order. (Marquez, Farooqi)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, then this docket should be closed upon the issuance of a consummating order.



SECTION No. IX
FOURTH REVISED SHEET No. 9.100
CANCELS THIRD REVISED SHEET No. 9.100

**~~NEGOTIATED~~ AGREEMENT FOR ~~THE~~ PURCHASE OF AS-AVAILABLE ENERGY
AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION ~~FROM WITH~~ A
QUALIFYING FACILITY, ~~PURSUANT TO COMMISSION RULE 25.17.220, F.A.C.~~**

TABLE OF CONTENTS

	<u>Begins on</u> <u>Sheet No.</u>
<u>Agreement for the Purchase of As-Available or Parallel Operation</u> <u>with a Qualifying Facility</u>	<u>9.101</u>
<u>Appendix A - Rates</u>	<u>9.300</u>

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI
EFFECTIVE: October 2, 2014



SECTION No. IX
FIFTH REVISED SHEET No. 9.101
CANCELS FOURTH REVISED SHEET No. 9.101

AGREEMENT FOR THE PURCHASE OF
AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION FROM
A QUALIFYING FACILITY

between

~~PLACID SOLAR II, LLC~~

and

DUKE ENERGY FLORIDA, LLC

~~100~~
ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL
EFFECTIVE: April 1, 2025



SECTION No. IX
FOURTH REVISED SHEET No. 9.102
CANCELS THIRD REVISED SHEET No. 9.102

Table of Contents

TABLE OF CONTENTS

Sheet

INTRODUCTION AND PARTIES

~~AGREEMENT~~ PRECITALS ~~3~~ 9.104

ARTICLE I:
DEFINITIONS ~~5~~ 9.105

ARTICLE II:
FACILITY ~~7~~ 9.107

ARTICLE III:
TERM ~~7~~ 9.107

ARTICLE IV:
PURCHASE OF AS-AVAILABLE ENERGY ~~8~~ 9.108

ARTICLE V:
INTERCONNECTION ~~9~~ 9.108

ARTICLE VI
~~ARTICLE VI:~~ ENERGY PAYMENTS ~~9~~ 9.109

ARTICLE VII:
CHARGES TO THE QF ~~9~~ 9.109

ARTICLE VIII:
METERING ~~9~~ 9.109

ARTICLE IX
~~ARTICLE IX:~~ PAYMENT PROCEDURE ~~10~~ 9.110

ARTICLE X:
INSURANCE ~~11~~ 9.111

ARTICLE XI
~~ARTICLE XI:~~ REGULATORY CHANGES ~~12~~ 9.112

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI
EFFECTIVE: October 2, 2014



SECTION No. IX
FOURTH REVISED SHEET No. 9.103
CANCELS THIRD REVISED SHEET No. 9.103

ii

Sheet

ARTICLE XII:		
FACILITY RESPONSIBILITY AND ACCESS	12	<u>9.112</u>
ARTICLE XIII: INDEMNIFICATION	13	
<u>INDEMNIFICATION</u>		<u>9.113</u>
ARTICLE XIV:		
EXCLUSION OF INCIDENTAL, CONSEQUENTIAL, AND INDIRECT DAMAGES	14	<u>9.114</u>
ARTICLE XV:	COMMUNICATIONS	14
<u>COMMUNICATIONS</u>		<u>9.114</u>
ARTICLE XVI:		
SECTION HEADINGS FOR CONVENIENCE	15	<u>9.115</u>
<u>ARTICLE XVII</u>		
ARTICLE XVII: GOVERNING LAW	15	<u>9.115</u>
APPENDIX A		17
APPENDIX B		24
APPENDIX C		28
<u>EXECUTION</u>		<u>9.116</u>

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EFFECTIVE: October 2, 2014



SECTION No. IX
SIXTH REVISED SHEET No. 9.104
CANCELS FIFTH REVISED SHEET No. 9.104

AGREEMENT

This Agreement ("Agreement") is made and entered by and between

~~Placid Solar II, LLC, a Limited Liability Company, a~~
~~_____~~, having its principal place of business at ~~3500 South~~
~~Dupont Highway, Dover, DE 19901~~ (hereinafter referred to as the "QF"), and Florida Power
Corporation d.b.a. Duke Energy Florida, LLC, a private utility corporation organized under the laws
of the State of Florida, having its principal place of business at St. Petersburg, Florida (hereinafter
referred to as the "Company"). The QF and the Company may be hereinafter referred to
individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the QF desires Parallel Operation with the Company and the Company
desires to purchase any as available energy to be generated by the Facility and made available for
sale to the Company, consistent with FPSC Rules ~~25-17.220~~, 25-17.080, 25-17.082, 25-17.0825,
25-17.084, 26-17.086, 25-17.087, 25-17.0883, and 25-17.0889, as such rules may be amended
from time to time; and

~~WHEREAS, pursuant to Rule 25-17.220, the QF has provided an attestation~~
~~to the Company, (attached hereto in Appendix B) that it is a Renewable Generating~~
~~Facility, as that term is defined in Chapter 25-17, and is therefore afforded all the rights,~~
~~privileges, and responsibilities provided in Rules 25-17.082 through 25-17.091;~~

~~WHEREAS, on November 22, 2024, the QF made an application for~~
~~Market-Based Rate Authorization ("MBR") with the Federal Energy Regulatory~~
~~Commission ("FERC") under Docket No. ER25-538-000, and FERC approved the FERC~~
~~Electric Tariff No.1, (attached hereto in Appendix C) on January 22, 2025 so the QF can~~
~~legally engage in the sale of renewable electricity contemplated by this agreement with the~~
~~Company;~~

~~WHEREAS, the QF has agreed to comply with all interconnection~~

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SECTION No. IX
SIXTH REVISED SHEET No. 9.104
CANCELS FIFTH REVISED SHEET No. 9.104

~~requirements set forth in Rule 25-17.087; and~~

WHEREAS, the QF has acquired or will acquire ~~an~~ interconnection and transmission service agreements with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the QF and the Transmission Provider for delivery of the Facility's energy to the Company. The Parties recognize that the Transmission Provider may be the Company and, in such event, that the transmission service will be provided under a separate agreement ~~and as set forth in Rule 25-17.0889;~~

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

~~101~~

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- 12 -



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SECTION No. IX
FIFTH REVISED SHEET No. 9.105
CANCELS FOURTH REVISED SHEET No. 9.105

this Agreement.

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SECTION No. IX
SIXTH REVISED SHEET No. 9.106
CANCELS FIFTH REVISED SHEET No. 9.106

~~1.6~~ 1.6 **Facility** means all equipment, as described in this Agreement, used to produce electric energy and, for a cogeneration facility, used to produce useful thermal energy through the sequential use of energy.

1.7 **FERC** means the Federal Energy Regulatory Commission and any successor.

1.8 **FPSC** means the Florida Public Service Commission and any successor.

1.9 **Force Majeure Event** means an event or occurrence that is not reasonably foreseeable by a Party, is beyond its reasonable control, and is not caused by its negligence or lack of due diligence, including, but not limited to, natural disasters, fire, lightning, wind, perils of the sea, flood, explosions, acts of God or the public enemy, strikes, lockouts, vandalism, blockages, insurrections, riots, war, sabotage, action of a court or public authority, or accidents to or failure of equipment or machinery, including, if applicable, equipment of the Transmission Provider.

1.10 **KW** means one (1) kilowatt of electric capacity.

1.11 **KWH** means one (1) kilowatt-hour of electric energy.

1.12 **Parallel Operation** means the QF will engage in interconnected operation of the QF's generating facility with the Company.

1.13 **Point of Delivery** means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.

1.14 **Point of Metering** means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.

1.15 **Point of Interconnection** means the interconnection point(s) between the Facility and the interconnected utility.

~~1.16~~ 1.16 **Qualifying [Small Power Production or Cogeneration] Facility ("QF")** ~~for the purposes of this agreement means a Renewable Generating Facility~~ means a facility that meets the requirements defined in FPSC Rule 25-17.210(1), and where the Renewable Generating Facility and the

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SECTION No. IX

SIXTH REVISED SHEET No. 9.106

CANCELS FIFTH REVISED SHEET No. 9.106

~~Company are proceeding pursuant to the rights, privileges, and responsibilities
identified in FPSC Rule 25-17.220~~25-17.080.

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SECTION No. IX
SIXTH REVISED SHEET No. 9.107
CANCELS FIFTH REVISED SHEET No. 9.107

ARTICLE II: FACILITY

~~2.1~~ 2.1 The Facility shall be located in ~~Highlands County, Florida, Sections 4 and~~
~~5 of~~ of Section _____

Township ~~37 South~~ _____, Range ~~29 East~~ _____

_____. The Facility shall meet all other specifications identified in the Appendices hereto in all material respects and no change in the designated location of the Facility shall be made by the QF. The Facility shall be designed and constructed by the QF or its agents at the QF's sole expense.

2.2 Throughout the Term of this Agreement, the Facility shall be a Qualifying [Cogeneration or Small Power Production] Facility. In the event the Facility does not maintain its status as a Qualifying Facility, ~~or if the Facility does not maintain its MBR tariff approval from FERC,~~ this Agreement shall be immediately deemed null and void as of said date and of no further effect.

2.3 Unless the QF is already interconnected to a transmission or distribution system, no later than sixty (60) days after the Execution Date, the QF shall apply to its Transmission Provider for interconnection and transmission service including a system impact study, if required. The QF shall continue the interconnection process in a timely manner so as to maintain its position in the interconnection queue.

~~2.4~~ 2.4 The QF intends to begin deliveries to the Company by ~~December 31, 2026~~ _____.

ARTICLE III: TERM

The Term of this Agreement shall begin ~~once the FPSC has issued a final, non-appealable order approving the Agreement~~ on the Execution Date and shall

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SECTION No. IX
SIXTH REVISED SHEET No. 9.107
CANCELS FIFTH REVISED SHEET No. 9.107

continue until terminated by the Company for good cause or by the QF. Upon termination or expiration of this Agreement, the Parties shall be relieved of their obligations under this Agreement except for the obligation to pay each other all monies under this Agreement, which obligation shall survive termination or expiration.

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SECTION No. IX
SEVENTH REVISED SHEET No. 9.108
CANCELS SIXTH REVISED SHEET No. 9.108

ARTICLE IV: PURCHASE OF AS-AVAILABLE ENERGY

- 4.1 The QF shall sell and arrange for delivery of the As-Available Energy to the Company and the Company agrees to purchase, accept and pay for the As-Available Energy made available to the Company and which the Company is able to receive at the Point of Delivery in accordance with the terms and conditions of this Agreement, or a separately negotiated contract.
- 4.2 The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not unreasonably be withheld.
- 4.3 The RE/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility.
- 4.4 During minimum load conditions on the Company's system the QF shall comply with the Company's Minimum Load Emergency Curtailment Procedures as approved by the FPSC and as updated from time to time.
- 4.5 In the event that the Company has not received any deliveries of energy from the QF by the date in Section 2.4 or for a period of two years or more then the Company will contact the QF in writing using the information in Section 15 requesting the QFs future plans. The Company shall have the right to terminate this Agreement unless the QF replies in writing within a reasonable timeframe that it would like this Agreement to continue.
- 4.6 Deliveries of As-Available Energy to the Company shall be made in accordance to the following one-time-only option.

(~~X~~) All deliveries of As-Available Energy from this Facility will be made to the Company.

() As-Available Energy deliveries from this Facility will be made to the Company and to other parties.

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SECTION No. IX
SEVENTH REVISED SHEET No. 9.109
CANCELS SIXTH REVISED SHEET No. 9.109

ARTICLE V: INTERCONNECTION

~~5.1~~ 5.1 The Distributed Resource or QF's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in a separate interconnection agreement, ~~specifically the FERC Large Generator Interconnection Agreement (LGIA), executed between Company and QF on November 25, 2024], as set forth in Rule 25-17.087.~~

~~5.2~~ 5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the ~~LGIA~~ interconnection and transmission service agreements.

~~5.3 As required by Rule 25-17.087(9), QF shall pay Company all costs associated with interconnecting the QF Facility.~~

ARTICLE VI: ENERGY PAYMENTS

~~6.1~~ 6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix A.

~~6.2~~ 6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix A.

6.3 Upon agreement by the Company and the QF and subject to approval by the FPSC, an alternative rate for the purchase of As-Available Energy may be negotiated in a separate agreement.

ARTICLE VII: CHARGES TO THE QF

The Company shall bill and the QF shall pay all charges applicable under Appendix A.

ARTICLE VIII: METERING

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SECTION No. IX
SEVENTH REVISED SHEET No. 9.109
CANCELS SIXTH REVISED SHEET No. 9.109

- 8.1 All electric energy shall be capable of being measured as described in Appendix A, Determination of Payment, at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Any additional required metering equipment to measure electric energy and the telemetering equipment necessary to transmit such measurements to a location

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SECTION No. IX
SEVENTH REVISED SHEET No. 9.110
CANCELS SIXTH REVISED SHEET No. 9.110

~~8.1~~ specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

- 8.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.

ARTICLE IX: PAYMENT PROCEDURE

- 9.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:

~~9.1.1~~ 9.1.1 The electric energy payment calculated for a given month shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the end of the billing period.

~~9.1.2~~ 9.1.2 When any amount is owing from the QF, the Company shall issue a monthly bill to the QF with cost tabulations showing the basis for the charges. All amounts owing to the Company from the QF shall be due and payable twenty (20) business days after the date of the Company's billing statement. Amounts owing to the Company for retail electric service shall be payable in accordance with the provisions of the applicable rate schedule.

~~9.1.3~~ 9.1.3 At the option of the QF, the Company will provide a net payment or net bill, whichever is applicable, that consolidates amounts owing to the QF with amounts owing to the Company.

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~~9.1.4~~2.1.4 Except for charges for retail electric service, any amount due and payable from either Party to the other pursuant to this Agreement that is not received by the due date shall accrue interest from the due date at the rate equal to the thirty (30) day highest grade commercial paper as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

9.1.5 ~~9.1.5~~ The QF may elect net sale or simultaneous purchase and sale in accordance with the provisions of FPSC Rule 25-17.082, such election not to be changed more often than every twelve (12) months.

9.1.6 Payments to be made under this Agreement shall, for a period of not longer than two (2) years, remain subject to adjustment based on billing adjustments due to error or omission by either Party.

ARTICLE X: INSURANCE

The provisions of this Article do not apply to a QF whose Facility is not directly interconnected with the Company's system.

10.1 The QF shall deliver to the Company, at least fifteen (15) days prior to the commencement of any work on the Company's Interconnection Facilities, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as a named insured and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering liabilities arising out of the interconnection with the Facility, or caused by the operation of the Facility or by the QF's failure to maintain the Facility in satisfactory and safe operating condition.

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EFFECTIVE: April 1, 2025



SECTION No. IX
FIFTH REVISED SHEET No. 9.112
CANCELS FOURTH REVISED SHEET No. 9.112

10.2 The insurance policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than

\$1,000,000 for each occurrence. The required insurance policy shall be endorsed with a provision requiring the insurance company to notify the Company at least thirty (30) days prior to the effective date of any cancellation or material change in the policy.

10.3 The QF shall pay all premiums and other charges due on said insurance policy and shall keep said policy in force during the entire period of interconnection with the Company.

ARTICLE XI: REGULATORY CHANGES

The Parties agree that the Company's payment obligations under this Agreement are expressly conditioned upon the mutual commitments set forth in this Agreement. Payments for as-available energy made to ~~QF~~QF's pursuant to this Agreement shall be recovered by the Company through the Commission's periodic review of fuel and purchased power.

ARTICLE XII: FACILITY RESPONSIBILITY AND ACCESS

~~12.1~~12.1 Representatives of the Company shall at all reasonable times have access to the Facility and to property owned or controlled by the QF and having relationship to the interconnection for the purpose of inspecting, testing, and obtaining other technical information deemed necessary by the Company in connection with this Agreement. Any inspections or testing by the Company shall not relieve the QF of its obligation to maintain the Facility.

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SECTION No. IX
FIFTH REVISED SHEET No. 9.113
CANCELS FOURTH REVISED SHEET No. 9.113

~~12.2~~ 12.2 In no event shall any Company statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility and its exclusive obligations, if applicable, with the Transmission Provider. Any Company inspection of property or equipment owned or controlled by the QF or the Transmission Provider, or any Company review of or consent to the QF's or the Transmission Provider's plans, shall not be construed as endorsing the design, fitness or operation of the Facility or the Transmission Provider's equipment nor as a warranty or guarantee.

~~12.3~~ 12.3 The Company shall reactivate the Company's Interconnection Facilities at its own expense if the same are rendered inoperable due to actions of the Company or its agents, or a Force Majeure Event.

ARTICLE XIII: INDEMNIFICATION

The QF agrees to indemnify and save harmless the Company and its employees, officers, and directors against any and all liability, loss, damage, costs or expense which the Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which the QF, its employees, officers, and directors 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 provisions of this Agreement. The QF agrees to include the Company as an additional insured in any liability insurance policy or policies the QF obtains to protect the QF's

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SECTION No. IX

FIFTH REVISED SHEET No. 9.113

CANCELS FOURTH REVISED SHEET No. 9.113

interests with respect to the QF's indemnity and hold harmless assurance to the Company contained in this Article.

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SECTION No. IX
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ARTICLE XIV: EXCLUSION OF INCIDENTAL,

CONSEQUENTIAL, AND INDIRECT DAMAGES

Neither Party shall be liable to the other for incidental, consequential or indirect damages, including, but not limited to, the cost of replacement power, whether arising in contract, tort, or otherwise.

ARTICLE XV: COMMUNICATIONS

15.1 Any non-emergency or operational notice, request, consent, payment or other communication made pursuant to this Agreement to be given by one Party to the other Party shall be in writing, either personally delivered or mailed to the representative of said other Party designated in this section, and shall be deemed to be given when received. Notices and other communications by the Company to the QF shall be addressed to:

~~Placid Solar II, LLC~~
~~3500 South Dupont Highway~~
~~Dover, DE 19901~~

Notices to the Company shall be addressed to:

Manager-Cogeneration Contracts & Administration
Duke Energy Florida
P.O. Box 14042
St. Petersburg, FL 33733

15.2 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing.

To The Company: System Dispatcher on Duty
Title: System Dispatcher
Telephone: (727) 866-5888
Telecopier: (727) 384-7865

To The QF: Name: Enrique Guillen _____

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SECTION No. IX
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Title: ~~Site Manager~~ _____
Telephone: (~~561~~) ~~445-6606~~ _____
Telecopier: () _____

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CANCELS FOURTH REVISED SHEET No. 9.115

15.3 Either Party may change its representatives' names in this section by prior written notice to the other Party.

15.4 The Parties' representatives designated above shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. However, they shall not have the authority to amend, modify, or waive any provision of this Agreement.

ARTICLE XVI: SECTION HEADINGS FOR CONVENIENCE

Article or section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

ARTICLE XVII: GOVERNING LAW

The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

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SECTION No. IX
ORIGINAL SHEET No. 9.116

IN WITNESS WHEREOF, the QF has caused this Agreement to be executed by its duly authorized representatives on the day and year below.

The Qualifying Facility:

By: _____

Title: _____

Date: _____

ATTEST:

IN WITNESS WHEREOF, the Company has acknowledged receipt of this executed Agreement.

The Company:

By: _____

Title: _____

Date: _____

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FOURTH REVISED SHEET No. 9.200
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FIFTH REVISED SHEET No. 9.203
CANCELS FOURTH REVISED SHEET No. 9.203

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SECTION No. IX
FOURTH REVISED SHEET No. 9.204
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FOURTH REVISED SHEET No. 9.251
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FOURTH REVISED SHEET No. 9.252
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SECTION No. IX
FOURTH REVISED SHEET No. 9.253
CANCELS THIRD REVISED SHEET No. 9.253

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SECTION No. IX
FOURTH REVISED SHEET No. 9.254
CANCELS THIRD REVISED SHEET No. 9.254

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SECTION No. IX
FOURTH REVISED SHEET No. 9.255
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SECTION No. IX
FOURTH REVISED SHEET No. 9.257
CANCELS THIRD REVISED SHEET No. 9.257

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[SECTION No. IX](#)
[FOURTH REVISED SHEET No. 9.300](#)
[CANCELS THIRD REVISED SHEET No. 9.300](#)

**APPENDIX A
RATES**

TABLE OF CONTENTS

	<u>Begins on Sheet No.</u>
SCHEDULE 1 Payments for As-Available Energy	<u>9.310</u>
SCHEDULE 2 Methodology for Calculating Avoided Energy Costs	<u>9.320</u>
SCHEDULE 3 Charges to Qualifying Facility	<u>9.330</u>

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SECTION No. IX
FIFTH REVISED SHEET No. 9.310
CANCELS FOURTH REVISED SHEET No. 9.310

Page 1 of 1

**APPENDIX A
RATES**

SCHEDULE 1

PAYMENTS FOR AS-AVAILABLE ENERGY

Payments:

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with the methodology described in Schedule 2 of this Appendix. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment. Avoided energy costs include incremental fuel and identifiable variable operation and maintenance expenses, and identifiable variable utility power purchases. An adjustment for line losses reflecting delivery voltage shall also be included. When interchange transactions take place, the incremental costs are calculated after the purchase or before the sale of the interchange energy. All sales shall be adjusted for losses from the point of metering to the Point of Interconnection.

Estimated As-Available Energy Cost:

Upon request by a qualifying facility or any interested person, each utility shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

~~310~~

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SECTION No. IX
FOURTH REVISED SHEET No. 9.320
CANCELS THIRD REVISED SHEET No. 9.320

Page 1 of 2

**APPENDIX A
RATES**

SCHEDULE 2

METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

Introduction:

A unit commitment computer program is utilized to determine the hourly avoided energy cost as the basis for purchase of ~~as-~~
~~available~~ as-available energy from qualifying facilities. All economic, unit constraint, and system requirements data necessary for program execution is based on real time data accumulated during the hour that energy was received.

Determination of Energy Block Size:

The energy received from all as-available QFs is determined by the Company's Meter Department for metered energy and the Company's Energy Control Department for telemetered energy. The Energy Control Department combines these inputs to determine the total energy received by the Company from QFs for the period. The energy block size will be the equivalent of this total divided by the number of hours in the period, rounded to the nearest five MW. The energy price payable to the QFs will be based on this energy block size. A time aligned matrix of energy received from each QF excluding non-time-of-day QFs (less than 100 KW) is produced from this data (Energy Received Matrix).

Unit Commitment Program Execution:

The Unit Commitment Program is executed with the following hourly input data for the desired period:

- ~~1-~~ 1. Unit constraint data to simulate actual unit operating conditions and availability.
- ~~2-~~ 2. Resource economic data consistent with the data used in the actual dispatch of energy resources. This includes a replacement cost of fuel based on an average forecast price from the Company's suppliers for oil, the price for interruptible gas, and the spot market price of coal.
- ~~3-~~ 3. System load and operating/spinning reserve requirements actually experienced.
- ~~4-~~ 4. Interchange purchases in the magnitude and at the average variable cost actually incurred. The cost of emergency purchases shall be assumed equal to that of the average unit cost of emergency purchases made during the prior twelve months' period for which emergency purchase information is available.

The unit commitment program is executed a second time for the same period with an increase in the hourly system load equal to the energy block size. All other data remain the same.

Determination of Energy Price:

A comparison of the unit commitment program executions described above produces the energy prices. The hourly cost of the second execution minus the corresponding hourly cost of the first execution equals the hourly energy cost avoided by the Company as a result of the energy supplied by the QFs. These hourly avoided energy costs will be arranged into a time aligned matrix of energy prices (Energy Price Matrix).

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APPENDIX A RATES

SCHEDULE 2 METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

[Page 2 of 2](#)

Determination of Identifiable Variable Operation & Maintenance Cost:

The Company's Fossil Plant Performance Department examines for a five year historic period all the Company's production operation and maintenance expenses excluding fuel costs and identifies the variable component. A ratio of variable costs to total O&M costs excluding fuel is derived for various fossil generating types. The appropriate ratio is applied to each fossil generating type's unit cost (on a KWH basis) for the most current twelve months' period to establish the current variable O&M unit cost for each generating type. These unit costs are then weighted according to the current twelve months' generation output of each generating type to determine the average current variable O&M unit cost.

Determination of Line Loss (Delivery Voltage) Adjustment:

The Company's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the Company's fuel cost recovery filing with the FPSC and/or the Company's filing of its Open Access Transmission Tariff with FERC. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined avoided costs to reflect the delivery voltage level at which QF energy is received by the Company.

Determination of Payment:

The actual payment to each QF for the period is determined by one of the following methods:

~~1-~~ 1. For QFs (less than 100 KW) Time-of-Day Metered

Average On-Peak and Off-Peak energy prices derived from the "Energy Price Matrix" are applied to the QF's corresponding On-Peak and Off-Peak energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

~~2-~~ 2. For QFs (less than 100 KW) Non-Time-of-Day Metered

The average Off-Peak energy price derived from the "Energy Price Matrix" is applied to the QF's energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

~~3-~~ 3. For QFs (100 KW or Greater) Hourly Metered

The "Energy Price Matrix" is applied to corresponding elements of the QF's "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.



SECTION No. IX
SIXTH REVISED SHEET No. 9.330
CANCELS FIFTH REVISED SHEET No. 9.330

Page 1 of 1

**APPENDIX A
RATES**

**SCHEDULE 3
CHARGES TO QUALIFYING FACILITY**

Customer Charges:

The Qualifying Facility shall be responsible for all FPSC approved charges for any retail service that may be provided by the Company. The Qualifying Facility shall be billed at the customer charge rate stated in DEF's applicable standby tariff monthly for the costs of meter reading, billing, and other appropriate administrative costs.

Operation, Maintenance, and Repair Charges:

The Qualifying Facility shall pay for operation, maintenance and repair charges in accordance with its interconnection and transmission service agreements.

Taxes and Assessments:

The Qualifying Facility shall be billed or credited monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its installation of facilities in connection with this Agreement, its purchase of As-Available Energy produced by the Qualifying Facility, or any other activity undertaken pursuant to this Agreement. Such amount billed shall not include any amounts (i) for which the Company would have been liable had it generated or purchased from other sources an equivalent amount of electric energy; or (ii) which are recovered by the Company.

~~330~~

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SECTION No. IX
SIXTH REVISED SHEET No. 9.330
CANCELS FIFTH REVISED SHEET No. 9.330

APPENDIX B
QF's
ATTESTA
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~~331~~

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SECTION No. IX
SIXTH REVISED SHEET No. 9.330
CANCELS FIFTH REVISED SHEET No. 9.330

~~332~~

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SECTION No. IX
SIXTH REVISED SHEET No. 9.330
CANCELS FIFTH REVISED SHEET No. 9.330

~~333~~

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SECTION No. IX
SIXTH REVISED SHEET No. 9.330
CANCELS FIFTH REVISED SHEET No. 9.330

~~334~~

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SECTION No. IX
SIXTH REVISED SHEET No. 9.330
CANCELS FIFTH REVISED SHEET No. 9.330

~~APPENDIX C~~
~~OF'S MBR ELECTRIC TARIFF NO. 1~~

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Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 6.13.25 Negotiated DEF-Placid Solar II PPA - Highlands North-vr (003).docx	
Modified filename: As Available Tariff 2025 .docx	
Changes:	
Add	280
Delete	176
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	105
Embedded Excel	0
Format changes	0
Total Changes:	561