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Commission Conference Agenda  
July 8, 2021

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# Item 1



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-**

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**DATE:** June 25, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Office of Industry Development and Market Analysis (Yglesias de Ayala, *CH*  
Fogleman)  
Office of the General Counsel (Weisenfeld) *TLT*

**RE:** Docket No. 20210110-TP – Petition for designation as eligible telecommunications carrier (ETC) in the State of Florida, by AB Indiana LLC.

**AGENDA:** 07/08/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Passidomo

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

On June 7, 2021, AB Indiana LLC (AB Indiana or Company) filed a petition with the Florida Public Service Commission (Commission) seeking designation as an eligible telecommunications carrier (ETC) to receive Rural Digital Opportunity Fund (RDOF) support.<sup>1</sup> AB Indiana is a fixed broadband and voice over internet protocol (VoIP) service provider. On December 7, 2020, AB Indiana LLC was selected as one of the winning bidders of the Federal Communications Commission's (FCC) RDOF auction.

The RDOF is a form of high-cost support and is funded through the federal Universal Service Fund (USF). The FCC's RDOF initiative allocates up to \$20.4 billion through a two-phase

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<sup>1</sup> AB Indiana filed an amended petition on June 21, 2021, in which the Company removed its request for a Declaratory Statement.

competitive auction to help connect millions of unserved rural homes and small businesses to high-speed broadband. Phase I of the auction will provide up to \$16 billion to be used over a period of 10 years to service providers that commit to offer voice and broadband services to fixed locations in eligible unserved high-cost census blocks.<sup>2</sup> In Florida, a total of 11 bidders were selected to receive approximately \$192 million of high-cost support in phase I.<sup>3</sup> AB Indiana will receive \$668 thousand in phase I to be used in specified census blocks in Florida.<sup>4</sup>

An ETC designation is a requirement for telecommunications carriers to receive USF support for the Lifeline and High-Cost programs. The Lifeline program enables low-income households to obtain and maintain basic telephone and broadband services and offers qualifying households a discount on their monthly bills. The High-Cost program helps carriers provide voice and broadband service in remote and underserved communities. Although the FCC did not require RDOF auction participants to be designated as an ETC to apply, the FCC did require winning bidders to obtain ETC designation within 180 days of being selected.

AB Indiana acknowledges and asserts that if approved, it will comply with Sections 364.10 and 364.105, Florida Statutes (F.S.), and Rule 25-4.0665, Florida Administrative Code (F.A.C.), which govern Lifeline service and provide for a transitional discount for those customers no longer eligible for Lifeline.

47 U.S.C. 214(e)(2) authorizes state commissions to designate common carriers as an ETC as follows:

(2) Designation of eligible telecommunications carriers

A State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the State commission. Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of paragraph (1). Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest.

47 U.S.C. 214(e)(6) provides that the FCC will make such ETC designations in cases where a state commission lacks jurisdiction over the common carrier as follows:

(6) Common carriers not subject to State commission jurisdiction

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<sup>2</sup> FCC, DA 20-1422, Public Notice, 904 Winning Bidders, <https://docs.fcc.gov/public/attachments/DA-20-1422A1.pdf>, accessed June 14, 2021

<sup>3</sup> *Id.*, Attachment B, <https://docs.fcc.gov/public/attachments/DA-20-1422A3.pdf>, accessed June 14, 2021.

<sup>4</sup> *Id.*, Attachment A, <https://docs.fcc.gov/public/attachments/DA-20-1422A2.pdf>, accessed June 14, 2021.

In the case of a common carrier providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State commission, the Commission shall upon request designate such a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the Commission consistent with applicable Federal and State law. Upon request and consistent with the public interest, convenience and necessity, the Commission may, with respect to an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated under this paragraph, so long as each additional requesting carrier meets the requirements of paragraph (1). Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the Commission shall find that the designation is in the public interest.

The Commission's authority to designate a telecommunications company as an ETC is found at 364.10, F.S. However, pursuant to Section 364.011, F.S., the Commission does not have jurisdiction over wireless/satellite, VoIP or broadband.

Date: June 25, 2021

## Discussion of Issues

**Issue 1:** Should the Commission grant AB Indiana LLC ETC status in Florida to Receive Rural Digital Opportunity Fund Auction (Auction 904) Support for Voice and Broadband Services?

**Recommendation:** No. Staff recommends that the Commission lacks jurisdiction to grant AB Indiana LLC ETC status in Florida. Staff further recommends that, as a provider of non-jurisdictional VoIP and broadband services, AB Indiana LLC should apply directly to the FCC for a Florida ETC designation. (Weisenfeld, Yglesias De Ayala, Fogleman)

**Staff Analysis:** Pursuant to 47 U.S.C. 214(e)(2), and 47 C.F.R 54.201(b), state commissions designate carriers as ETCs consistent with criteria set forth therein. Per 47 U.S.C. 214(e)(6), if a state lacks jurisdiction over a carrier, the FCC is to make such a designation. Section 364.011, F.S., identifies services that are exempt from Commission oversight. Included in these non-jurisdictional services are VoIP and broadband services. Until 2011, there was an exception in Section 364.011, F.S., which permitted Commission oversight of a service if “specifically authorized by federal law.” The legislature struck this exception by Section 3, Ch. 2011-36, Laws of Florida. Thus, the Commission no longer grants ETC designations to VoIP and broadband carriers.<sup>5</sup> Therefore, because the VoIP and broadband services provided by AB Indiana are exempt from Commission oversight, staff recommends that the Commission lacks jurisdiction to grant AB Indiana ETC designation in Florida.

Moreover, by Section 364.10(1)(a), F.S., the legislature defined an ETC as “a telecommunications company, as defined by s. 364.02, which is designated as an eligible telecommunications carrier by the commission pursuant to 47 C.F.R. s. 54.201.” Section 364.02(13), F.S., provides that a “telecommunications company” is an entity offering “two-way telecommunications service to the public for hire within [Florida] by the use of a telecommunications facility.” Thus, whether a carrier is a certificated telecommunications company offering a telecommunications service is also a threshold question for whether the Commission has jurisdiction to grant an ETC designation.<sup>6</sup> AB Indiana is not currently certificated in Florida, and therefore does not meet the Florida statutory definition of a telecommunications company under Section 364.02(13), F.S. Accordingly, staff recommends that AB Indiana’s lack of a certificate of authority to provide telecommunications service in Florida is another reason the Commission lacks jurisdiction to grant the Company ETC status.

In sum, staff recommends that the Commission lacks jurisdiction to grant AB Indiana LLC ETC status in Florida. Staff further recommends that, as a provider of non-jurisdictional VoIP and broadband services, AB Indiana LLC should apply directly to the FCC for a Florida ETC designation.

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<sup>5</sup> The Commission only has the powers, duties, and authority that have been conferred expressly or impliedly to it by the Florida Legislature through statute. *City of Cape Coral v. GAC Utilities, Inc., of Florida*, 281 So. 2d 493, 495-96 (Fla. 1973). Further, the Commission is barred from exercising a power when there is any reasonable doubt as to the lawful existence of that power. *See id.*

<sup>6</sup> In this context, 364.02(14), F.S., provides that a “telecommunications facility” includes real estate, easements, apparatus, property, and routes used and operated to provide two-way telecommunications service to the public for hire within [Florida].” “‘Service’ is to be construed in its broadest and most inclusive sense;” however, the term “does not include broadband service or voice-over-Internet protocol service for purposes of regulation.” *Id.* at (12).

**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, this docket should be closed upon the issuance of a consummating order. (Weisenfeld)

**Staff Analysis:** At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.

# Item 2

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-**

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**DATE:** June 25, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Snyder, D. Buys, Mathis, Mouring) *ALM*  
Division of Economics (Coston, Ward) *JGH*  
Office of the General Counsel (Lherisson, Crawford, Osborn) *JSC*

**RE:** Docket No. 20210097-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Eta and Isaias, by Duke Energy Florida, LLC.

**AGENDA:** 07/08/21 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**CRITICAL DATES:** 07/13/2021 (60 Days After Filing Date)

**SPECIAL INSTRUCTIONS:** None

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### Case Background

On May 14, 2021, Duke Energy Florida, LLC (DEF or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover \$16.7 million for the incremental restoration costs related to Hurricanes Eta and Isaias. In its petition, DEF asserted that as a result of Hurricanes Eta and Isaias, it incurred total retail recoverable costs of approximately \$20.1 million. DEF has proposed to reduce this amount by \$3.4 million to offset the over-recovery of storm restoration costs collected through a Commission-approved storm recovery charge related to Hurricane Dorian and Tropical Storm

Nestor.<sup>1</sup> As a result, the Company's proposed net recoverable cost is \$16.7 million. This amount includes approximately \$8,100 in interest.

DEF filed its petition pursuant to the provisions of the 2017 Second Revised and Restated Settlement Agreement (2017 Settlement) approved by the Commission in Order No. PSC-2017-0451-AS-EU.<sup>2</sup> Pursuant to the 2017 Settlement, the Company can recover storm costs, without a cap on the level of charges on customer bills, on an interim basis beginning 60 days following the filing of a petition for recovery. DEF has proposed interim storm restoration charges applicable to all rate classes over a 12-month recovery period, effective with the first billing cycle of August 2021. For residential customers, the proposed interim storm recovery charge would be \$0.55 on a 1,000 kilowatt hour (kWh) on a residential customer bill.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes.

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<sup>1</sup> Order No. PSC-2020-0058-PCO-EI, issued February 24, 2020, in Docket No. 20190222-EI, *In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Dorian and Tropical Storm Nestor*.

<sup>2</sup> Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC*.



Date: June 25, 2021

## Discussion of Issues

**Issue 1:** Should the Commission authorize DEF to implement an interim storm restoration recovery charge?

**Recommendation:** Yes, the Commission should authorize DEF to implement an interim storm restoration recovery charge. Once the total actual storm costs are known, DEF should be required to file documentation of the total storm costs for Commission review and true-up of any excess or shortfall. (Snyder)

**Staff Analysis:** As stated in the Case Background, DEF filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover \$16.7 million for the incremental restoration costs related to Hurricanes Eta and Isaias. The petition was filed pursuant to the provisions of the 2017 Settlement approved by the Commission in Order No. PSC-2017-0451-AS-EU. Pursuant to Paragraph 38 of the 2017 Settlement, DEF can begin recovery of storm costs, without a cap, 60 days following the filing of a petition for recovery. DEF has proposed an interim storm recovery charge of \$0.55 per 1,000 kWh on a residential customer bill over a 12-month recovery period effective the first billing cycle of August 2021.

In its petition, DEF asserts that it incurred total retail recoverable costs of approximately \$20.1 million as a result of Hurricanes Eta and Isaias. The Company further asserts that this amount was calculated in accordance with the Incremental Cost and Capitalization Approach (ICCA) methodology prescribed in Rule 25-6.0143, Florida Administrative Code (F.A.C.). The net retail recoverable costs of \$16.7 million were determined by reducing the \$20.1 million total recoverable costs by the over-recovery of \$3.4 million from the storm recovery charge for Hurricane Dorian and Tropical storm Nestor.

The approval of an interim storm restoration recovery charge is preliminary in nature and is subject to refund pending further review once the total actual storm restoration costs are known. After the actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over/under recovery, and associated interest, would be considered by the Commission at a later date.

Based on a review of the information provided by DEF in its petition, staff recommends that the Commission authorize the Company to implement an interim storm restoration recovery charge subject to refund. Once the total actual storm costs are known, DEF should be required to file documentation of the storm costs for Commission review and true-up of any excess or shortfall. Staff emphasizes that this recommendation is only for interim recovery charges and is not a confirmation or endorsement of the prudence of the Company's forecasted costs and plans. This recommendation only allows DEF to begin recovery on an interim basis in accordance with the 2017 Settlement. This interim recovery is subject to refund following a hearing or formal proceeding where the veracity and prudence of DEF's actual restoration costs can be fully vetted.

Date: June 25, 2021

**Issue 2:** What is the appropriate security to guarantee the amount collected subject to refund through the interim storm restoration recovery charge?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. (D. Buys)

**Staff Analysis:** Staff recommends that all funds collected subject to refund be secured by a corporate undertaking. The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. DEF requested a 12-month collection period from August 2021 to July 2022 for interim storm cost recovery charges of \$16.718 million related to Hurricanes Eta and Isaias. Staff reviewed DEF's three most recent annual reports filed with the Commission (2019, 2018, and 2017) to determine if the Company can support a corporate undertaking to guarantee the funds collected for recovery of incremental storm restoration costs related to Hurricanes Eta and Isaias. DEF's financial performance demonstrates the Company has adequate levels of liquidity, ownership equity, profitability, and interest coverage to cover a potential refund. Moreover, the Company participates in Duke Energy Corporation's (DEF's parent company) money pool and has access to additional funds if needed.

Staff believes DEF has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$16.718 million is acceptable. This brief financial analysis is only appropriate for deciding if the Company can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding.

**Issue 3:** Should the Commission approve DEF's proposed interim storm restoration recovery charge tariff as shown in Attachment A to this recommendation?

**Recommendation:** Yes. The Commission should approve DEF's proposed interim storm restoration recovery charge tariff as shown in Attachment A to this recommendation. The proposed tariff should become effective with the first billing cycle of August 2021. (Ward)

**Staff Analysis:** In its petition, DEF proposed to begin applying the interim storm restoration recovery charge to customer bills effective with the first billing cycle of August 2021, and to include the charge in the non-fuel energy charge. The Company represented that it followed the methodology for allocation of storm costs among rate classes consistent with the rate design method approved in the 2017 Settlement. Staff reviewed DEF's calculations and believes the allocation methodology to be appropriate and reasonable.

Application of the allocation methodology for the residential customer rate class results in a proposed interim storm recovery charge of 0.055 cents per kWh, which equates to \$0.55 on a 1,000 kWh residential electric bill. If approved, the Company will notice customers of the pending charge with the July billing cycle. The proposed interim charges for all rate classes are presented in Revised Sheet No. 6.105, which is included in Attachment A to this recommendation.

Based on its review of the information provided by DEF, staff recommends the Commission approve the Company's proposed interim storm restoration recovery charge tariff as shown in Attachment A to this recommendation. The proposed tariff should become effective with the first billing cycle of August 2021.

**Issue 4:** Should this docket be closed?

**Recommendation:** No. This docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted. (Lherisson)

**Staff Analysis:** This docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted.



SECTION NO. VI  
NINETY-~~SECOND-THIRD~~ REVISED SHEET NO. 6.105  
CANCELS NINETY-~~FIRST-SECOND~~ REVISED SHEET NO. 6.105

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RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS

Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS								
Rate Schedule/Metering Level	ECCR <sup>(1)</sup>		CCR <sup>(1)</sup>		ECRC <sup>(1)</sup>	ASC <sup>(1)</sup>	SPPCRC <sup>(1)</sup>	SCRS <sup>(1)</sup>
	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.)	0.338	-	1.405	-	0.099	0.245	0.031	0.055
< 1000								
> 1000								
GS-1, GST-1								
Secondary	0.326	-	1.342	-	0.098	0.234	0.026	0.045
Primary	0.323	-	1.329	-	0.097	0.232	0.026	0.045
Transmission	0.319	-	1.315	-	0.096	0.229	0.025	0.044
GS-2 (Sec.)	0.223	-	0.808	-	0.095	0.143	0.013	0.022
GSD-1, GSDT-1, SS-1*								
Secondary	-	1.08	-	4.20	0.096	0.184	0.019	0.030
Primary	-	1.07	-	4.16	0.095	0.182	0.019	0.030
Transmission	-	1.06	-	4.12	0.094	0.180	0.019	0.029
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3*								
Secondary	-	0.35	-	1.22	0.091	0.118	0.026	0.051
Primary	-	0.35	-	1.21	0.090	0.117	0.026	0.050
Transmission	-	0.34	-	1.20	0.089	0.116	0.025	0.050
IS-1, IST-1, IS-2, IST-2, SS-2*								
Secondary	-	0.94	-	3.50	0.093	0.148	0.013	0.016
Primary	-	0.93	-	3.47	0.092	0.147	0.013	0.016
Transmission	-	0.92	-	3.43	0.091	0.145	0.013	0.016
LS-1 (Sec.)	0.098	-	0.172	-	0.091	0.029	0.017	0.047
*SS-1, SS-2, SS-3								
Monthly								
Secondary	-	0.104	-	0.404	-	-	-	-
Primary	-	0.103	-	0.400	-	-	-	-
Transmission	-	0.102	-	0.396	-	-	-	-
Daily								
Secondary	-	0.050	-	0.192	-	-	-	-
Primary	-	0.050	-	0.190	-	-	-	-
Transmission	-	0.049	-	0.188	-	-	-	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule							

Fuel Cost Recovery <sup>(1)</sup>			
Rate Schedule/Metering Level	Levelized	On-Peak	Off-Peak
	¢/ kWh	¢/ kWh	¢/ kWh
RS-1 Only	< 1,000	2.811	N/A
RS-1 Only	> 1,000	3.811	N/A
LS-1 Only	Secondary	2.955	N/A
All Other Rate Schedules	Secondary	3.094	2.744
All Other Rate Schedules	Primary	3.063	2.717
All Other Rate Schedules	Transmission	3.032	2.689

(1) Fuel Cost Recovery Factor:

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are

ISSUED BY: Javier J. Portuondo Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL

EFFECTIVE: March 1, 2021



SECTION NO. VI  
~~NINETY-SECOND-THIRD~~ REVISED SHEET NO. 6.105  
CANCELS NINETY-~~FIRST-SECOND~~ REVISED SHEET NO. 6.105

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adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

~~(3) Energy Conservation Cost Recovery Factor:~~

~~The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.~~

(Continued on Page No. 2)

ISSUED BY: ~~Javier J. Portuondo~~ Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: ~~March 1, 2021~~



SECTION NO. VI  
~~TWENTY-NINTH/THIRTIETH~~ REVISED SHEET NO. 6.106  
~~CANCELS TWENTY-EIGHTH/NINTH~~ REVISED SHEET NO. 6.106

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RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS  
(Continued from Page 1)

**(1) Fuel Cost Recovery Factor:**

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

**(2) Energy Conservation Cost Recovery Factor:**

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.

**(3) Capacity Cost Recovery Factor:**

The Capacity Cost Recovery (CCR) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the base demand only.

**(4) Environmental Cost Recovery Clause Factor:**

The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

**(5) Asset Securitization Charge Factor:**

The Asset Securitization Charge (ASC) Factors applicable to the Energy Charge under the Company's various rate schedules represent a Nuclear Asset-Recovery Charge approved in a financing order issued to the Company by the Florida Public Service Commission and are adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of nuclear asset-recovery bonds from the effective date of the ASC until the nuclear asset-recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (SPE) has been created and is the owner of all rights to the Nuclear Asset-Recovery Charge. The Company shall act as the SPE's collection agent or servicer for the Nuclear Asset-Recovery Charge. The Nuclear Asset-Recovery Charge shall be paid by all existing or future customers receiving transmission or distribution service from the Company or its successors or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this state.

**(6) Storm Protection Plan Cost Recovery Clause Factor:**

The Storm Protection Plan Cost Recovery Clause (SPPCRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover storm protection plan costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

**(7) Storm Cost Recovery Surcharge Factor:**

In accordance with a Florida Public Service Commission ruling, the Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of August 2021 through July 2022. This surcharge is designed to recover storm-related costs incurred by the Company related to Hurricanes Eta and Isaias in 2020.

**Gross Receipts Tax Factor:**

In accordance with Section 203.01(1)(a)1 of the Florida Statutes, a factor of 2.5641% is applicable to electric sales charges for collection of the state Gross Receipts Tax.

**Right-of-Way Utilization Fee:**

A Right-of-Way Utilization Fee is applied to the charges for electric service (exclusive of any Municipal, County, or State Sales Tax) provided to customers within the jurisdictional limits of each municipal or county governmental body or any unit of special-purpose government or other entity with authority requiring the payment of a franchise fee, tax, charge, or other imposition whether in money, service, or other things of value for utilization of rights-of-way for location of Company distribution or transmission facilities. The Right-of-Way Utilization Fee shall be determined in a negotiated agreement (i.e., franchise and other agreements) in a manner which reflects the Company's payments to a governmental body or other entity with authority plus the appropriate Gross Receipts Taxes and Regulatory Assessment Fees resulting from such additional revenue. The Right-of-Way Utilization Fee is added to the charges for electric service prior to the application of any appropriate taxes.

**Municipal Tax:**

A Municipal Tax is applied to the charge for electric service provided to customers within the jurisdictional limits of each municipal or other governmental body imposing a utility tax on such service. The Municipal Tax shall be determined in accordance with the governmental body's

**ISSUED BY:** ~~Javier J. Portuondo~~ Thomas G. Foster, Managing Director/Vice President, Rates & Regulatory Strategy – FL  
**EFFECTIVE:** January 1, 2021



SECTION NO. VI  
~~TWENTY-NINTH~~~~THIRTIETH~~ REVISED SHEET NO. 6.106  
CANCELS ~~TWENTY-EIGHTH~~~~NINTH~~ REVISED SHEET NO. 6.106

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~~utility tax ordinance, and the amount collected by the Company from the Municipal Tax shall be remitted to the governmental body in the manner required by law. No Municipal Tax shall apply to fuel charges in excess of 0.5004811lb.~~

~~**Sales Tax:**~~

~~A State Sales Tax is applied to the charge for electric service provided to all non-residential customers and equipment rental provided to all customers (unless a qualified sales tax exemption status is on record with the Company). The State Sales Tax shall be determined in accordance with the State's sales tax law. The amount collected by the Company shall be remitted to the State in the manner required by law. In those counties that have enacted a County Discretionary Sales Surtax, such tax shall be applied and paid in a like manner. An additional tax factor is applied to the charge for electric service coincident with the applicability of State Sales Tax as described in this paragraph, in accordance with Section 207.04(4)(a)3 and (b)4 of the Florida Statutes.~~

(Continued on Page No. 3)

ISSUED BY: ~~Javier J. Portuondo~~ Thomas G. Foster, Managing Director/Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: January 1, 2021





SECTION NO. VI  
FIRST REVISED SHEET NO. 6.107  
CANCELS ORIGINAL SHEET NO. 6.107

Page 3 of 3

**RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS**  
(Continued from Page 2)

**Municipal Tax:**

A Municipal Tax is applied to the charge for electric service provided to customers within the jurisdictional limits of each municipal or other governmental body imposing a utility tax on such service. The Municipal Tax shall be determined in accordance with the governmental body's utility tax ordinance, and the amount collected by the Company from the Municipal Tax shall be remitted to the governmental body in the manner required by law. No Municipal Tax shall apply to fuel charges in excess of 0.6896¢/Wh.

**Sales Tax:**

A State Sales Tax is applied to the charge for electric service provided to all non-residential customers and equipment rental provided to all customers (unless a qualified sales tax exemption status is on record with the Company). The State Sales Tax shall be determined in accordance with the State's sales tax laws. The amount collected by the Company shall be remitted to the State in the manner required by law. In those counties that have enacted a County Discretionary Sales Surtax, such tax shall be applied and paid in a like manner. An additional tax factor is applied to the charge for electric service consistent with the applicability of State Sales Tax as described in this paragraph. In accordance with Section 203.01(1)(a)3 and (b)4 of the Florida Statutes.

**Governmental Undergrounding Fee:**

Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of a customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.

**ISSUED BY:** ~~Javier J. Portuondo~~ Thomas G. Foster, Managing Director/Vice President, Rates & Regulatory Strategy – FL  
**EFFECTIVE:** March 1, 2020

# Item 3

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-**

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**DATE:** June 25, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Kistner, Ellis) *TB*  
Office of the General Counsel (DuVal) *TLT*

**RE:** Docket No. 20210063-EQ – Petition for approval of revisions to standard offer contract and rate schedule COG-2, by Tampa Electric Company.

**AGENDA:** 07/08/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 1, 2021, Tampa Electric Company (TECO) filed a petition for approval of its amended standard offer contract based on its 2021 Ten-Year Site Plan. The Commission has jurisdiction over this amended standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

Date: June 25, 2021

## Discussion of Issues

**Issue 1:** Should the Commission approve the amended standard offer contract and rate schedule COG-2 filed by Tampa Electric Company?

**Recommendation:** Yes. The provisions of TECO's amended standard offer contract and associated rate schedule COG-2 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended 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. (Kistner)

**Staff Analysis:** Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that TECO, an IOU, continuously make 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 Rules 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.

TECO has identified an 18.5 megawatt (MW) natural gas-fueled internal combustion reciprocating engine (IC) as the next avoidable planned generating unit in its 2021 Ten-Year Site Plan. The projected in-service date of the avoided unit is December 1, 2024. This unit is one of two 18.5 MW ICs due in service December 1, 2024 for a total of 37 MW. While there are no preset subscription limits under Rule 25-17.260, F.A.C., and an RF/QF may contract for more than the amount of the avoided unit, TECO must petition the Commission if it receives a standard offer contract that is not needed for reliability or would increase costs to the general body of ratepayers. Pursuant to Rule 25-17.250, F.A.C., when this unit is no longer available to be used for the standard offer contract, such as when the utility commences construction, TECO must file a revised standard offer contract based on the next unit of the same generating type, if any. Based on TECO's 2021 Ten-Year Site Plan there are currently no further avoidable fossil-fueled generating units identified.

Under TECO's standard offer contract, the RF/QF operator commits 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 December 1, 2024), and thereafter, begin receiving capacity payments in addition to the energy payments. If either the early or early 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 payment 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 contains TECO's estimates of the annual payments for the normal and levelized capacity payment options available under the revised standard offer contract to an operator with a 50 MW facility, operating at a capacity factor of 80 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin with the projected in-service date of the avoided unit (December 1, 2024).

**Table 1 - Estimated Annual Payments to a 50 MW Renewable Facility  
(80% Capacity Factor)**

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2022	9,495	-	-	6,075	7,094
2023	7,843	-	-	6,199	7,094
2024	8,464	7,396	8,521	6,325	7,094
2025	9,107	7,546	8,521	6,453	7,094
2026	9,802	7,699	8,521	6,584	7,094
2027	10,464	7,855	8,521	6,718	7,094
2028	11,742	8,015	8,521	6,854	7,094
2029	12,679	8,177	8,521	6,993	7,094
2030	12,062	8,343	8,521	7,135	7,094
2031	12,218	8,513	8,521	7,280	7,094
2032	13,137	8,686	8,521	7,428	7,094
2033	15,036	8,862	8,521	7,579	7,094
2034	14,745	9,042	8,521	7,733	7,094
2035	14,901	9,225	8,521	7,890	7,094
2036	15,724	9,413	8,521	8,050	7,094
2037	16,318	9,604	8,521	8,213	7,094
2038	18,260	9,799	8,521	8,380	7,094
2039	18,478	9,998	8,521	8,550	7,094
2040	16,598	10,201	8,521	8,724	7,094
2041	15,081	10,408	8,521	8,901	7,094
Total	262,155	158,780	153,380	148,065	141,888
Total (NPV)	138,982	82,083	82,083	82,083	82,083

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

TECO's standard offer contract, in type-and-strike format, is included as Attachment A to this recommendation. The changes made to TECO's tariff sheets are consistent with the updated

<sup>1</sup>Document No. 03690-2021, filed April 26, 2021, in Docket No. 20210063-EQ.

Date: June 25, 2021

avoided unit. Revisions include updates to calendar dates and payment information which reflect the current economic and financial assumptions for the avoided unit.

### **Conclusion**

Staff recommends that the amended standard offer contract and rate schedule COG-2 be approved as filed. The provisions of TECO's amended standard offer contract and associated rate schedule conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended 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.

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, TECO's standard offer contract may subsequently be revised. (DuVal)

**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, TECO's standard offer contract may subsequently be revised.



ORIGINAL SHEET NO. 8.202

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
CONTRACTED CAPACITY AND ASSOCIATED ENERGY FROM  
A RENEWABLE GENERATING FACILITY OR A SMALL QUALIFYING FACILITY**

This standard offer contract ("Contract") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between \_\_\_\_\_, the owner and/or operator of a Facility, as defined below, hereinafter referred to as the "Capacity and Energy Provider" or "CEP" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida (hereinafter referred to as the "Company"). The following documents are attached to this Contract and incorporated herein by reference: Appendix I, Evaluation Procedure for Standard Offer Contracts; Appendix II, COG -2 Standard Offer Contract Rate for Purchase of Contracted Capacity and Associated Energy, including all attached appendices thereto; and Appendix III, Interconnection Agreement. The CEP and the Company are also identified hereinafter individually, as a "Party" and collectively, as the "Parties". This Contract may also be referred to herein as the "Standard Offer Contract."

**WITNESSETH:**

**WHEREAS**, the CEP is the owner and/or operator of a Facility; and

**WHEREAS**, the CEP desires to sell Contracted Capacity and Associated Energy, as those terms are defined below; and

**WHEREAS**, the Company desires to purchase Contracted Capacity and Associated Energy in accordance with Chapter 366.91 F.S. and Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.310, Florida Administrative Code (F.A.C.) and the Company's Rate Schedule COG-2; and

**WHEREAS**, the CEP has signed an Interconnection Agreement with the transmission service provider that serves the CEP's Facility, as defined below; and

**WHEREAS**, such Interconnection Agreement is attached and incorporated hereto as Appendix III; and

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007





FIRST REVISED SHEET NO. 8.204  
CANCELS ORIGINAL SHEET NO. 8.204

**WHEREAS**, the Florida Public Service Commission ("FPSC") has approved the form of this Contract for the purchase of Contracted Capacity and Associated Energy from the CEP;

**NOW, THEREFORE**, in consideration of the mutual covenants and promises set forth herein and other good and valuable considerations the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions:**

- a. **Actual Capacity:** "Actual Capacity" shall mean the amount of Anticipated Capacity, as defined below, that can be made available to the Company at the Delivery Point and which the CEP has confirmed: (1) through performance testing prior to the Commercial In-Service Date, as defined below; and (2) at any time thereafter upon the Company's request.
- b. **Anticipated Capacity:** "Anticipated Capacity" shall mean the amount of capacity that the CEP intends to make available to the Company at the Delivery Point in \_\_\_\_\_ kW or in \_\_\_\_\_ MW from the Facility beginning on or before \_\_\_\_\_, the in-service date of the Designated Avoided Unit, as defined below.
- c. **Associated Energy:** "Associated Energy" shall mean the energy generated at the Facility, as defined below, by the generating source designated to supply Contracted Capacity and which is delivered to the Company at the Delivery Point, as defined below.
- d. **Company Transmission Service:** "Company Transmission Service" shall mean the network transmission service required through the Company's transmission system to deliver Associated Energy from the Delivery Point to the Company's native load customers.
- e. **Construction Commencement Date:** "Construction Commencement Date" shall mean the date on which the CEP's: (1) on-site activity is coordinated and continuous; and (2) active construction efforts are undertaken and on-going relative to the actual construction of major project features other than site preparation work; provided, however, that such date shall occur no later than \_\_\_\_\_.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** July 29, 2008



FIRST REVISED SHEET NO. 8.206  
CANCELS ORIGINAL SHEET NO. 8.206

- f. **Contracted Capacity:** "Contracted Capacity" shall mean the amount of Actual Capacity in \_\_\_\_\_ kW or in \_\_\_\_\_ MW that the CEP commits to reserve, make available and supply to the Company from its Facility on a firm, first-call, subordinate-to-no-other-entity-or-party, on-call, as-needed basis, and for which the Company commits to pay the CEP.
- g. **Delivery Point:** "Delivery Point" shall mean: (1) the Interconnection Point, as described below, if the Facility is directly interconnected to the Company's transmission system; or (2) a point on the Company's transmission system, mutually agreed to by the Parties, at which the CEP shall deliver Contracted Capacity and Associated Energy via a third-party transmission service provider, if the Facility is not directly interconnected to the Company's transmission system.
- h. **Designated Avoided Unit:** "Designated Avoided Unit." shall mean the generating unit, from among those units identified in the Appendices C through F to the Company's COG-2 Tariff as the Company's avoided units, selected by the CEP as the unit the CEP wishes to help avoid, or defer, and upon which capacity and energy payments to the CEP will be based. The CEP selects the Designated Avoided Unit from Appendix \_\_\_\_\_ of Rate Schedule COG-2.
- i. **Eastern Prevailing Time:** "Eastern Prevailing Time" or "EPT" shall mean the time in effect in the Eastern Time Zone of the United States of America, whether Eastern Standard Time or Eastern Daylight Time.
- j. **Evaluation Procedure:** "Evaluation Procedure" shall mean the procedure used by the Company to evaluate each eligible standard offer contract received by the Company as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2. The criteria used to evaluate standard offer contracts are attached hereto as Appendix I.
- k. **Extended Facility In-Service Date:** "Extended Facility In-Service Date" shall mean an extension of the Facility In-Service Date, as defined below, for a period not to exceed five (5) months which may be granted in accordance with Section 7 below.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.208  
CANCELS ORIGINAL SHEET NO. 8.208

- l. **Facility:** "Facility" shall mean the CEP's proposed generating facility described in greater detail in Section 2, below.
- m. **Facility In-Service Date:** "Facility In-Service Date" shall mean the date on which the Facility is available to supply Contracted Capacity and deliver Associated Energy to the Company (also referred to in the electric power industry as the commercial in-service date or commercial operation date).
- n. **FERC:** "FERC" shall mean the Federal Energy Regulatory Commission or any similar or successor governmental body exercising the same or equivalent jurisdiction.
- o. **Interconnection Point:** "Interconnection Point" shall mean the plant busbar connection to the high side of the Facility's step-up transformer(s) where Contract Capacity and Associated Energy shall be delivered to the transmission service provider that serves the Facility. The Interconnection Point shall be specified in detail in the Interconnection Agreement (see Appendix III).
- p. **Non-Dispatched Capacity:** "Non-Dispatched Capacity" shall mean the amount of Contracted Capacity that the Company declines to schedule or request during any given hour, due to an emergency condition, or any other condition/reason. The Company shall adjust the Dispatch Schedule, as defined below, as soon as practical to reflect the amount of Non-Dispatched Capacity, or ignore scheduled capacity levels altogether (if conditions require immediate action to protect the integrity and/or reliability of the Company's generating system and/or transmission system); however, the Company shall make reasonable efforts to minimize departures from the Dispatch Schedule.
- q. **Non-Dispatched Energy:** "Non-Dispatched Energy" shall mean the energy associated with Non-Dispatched Capacity and which the Company declines to accept during any given hour, due to an emergency condition, or any other condition/reason.
- r. **Qualifying Facility:** "Qualifying Facility" shall mean a cogeneration facility, or small power production facility, that satisfies the definition of, and qualifies as, a Qualifying Facility in accordance with the provisions of Subpart B of Subchapter K, Part 292 of Chapter I, Title 18, Code of Federal Regulations (C.F.R.), promulgated by the FERC, as the same may be amended from time to time, and must be "new capacity" pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA), construction of which began on or after November 9, 1978.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.212  
CANCELS ORIGINAL SHEET NO. 8.212

- s. **Renewable Generating Facility:** "Renewable Generating Facility" shall mean a generating facility that satisfies the definition of, and qualifies as, a renewable generating facility in accordance with the provisions of Section 366.91, Florida Statutes and Rule 25-17.210 (1), F.A.C.
- t. **Small Qualifying Facility:** "Small Qualifying Facility" shall mean a Qualifying Facility with a design capacity of 100 kW or less, as defined by subsection 25-17.080(3), F.A. C.
- u. **Third-Party Transmission Services:** "Third-Party Transmission Services" shall mean the firm transmission service(s) and ancillary services required to deliver Contracted Capacity and Associated Energy from the Facility to the Company's transmission system if the Facility is not directly interconnected to the Company's transmission system.
2. **CEP's Proposed Facility:** The CEP contemplates installing and operating a Facility designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) to be located at \_\_\_\_\_, which shall be and remain the specific site of the Facility providing Contracted Capacity and Associated Energy under this Contract throughout the Term, as described below, of this Contract. The Facility is designed, operated and controlled to satisfy the interconnection requirements of the Company's transmission system or the third-party transmission service provider that serves the Facility, as applicable. The Facility shall: (a) satisfy the Company's Open Access Transmission Tariff ("OATT") requirements and/or all non-FERC jurisdictional interconnection and/or transmission service agreements required by the CEP to deliver Contracted Capacity and Associated Energy to the Company, as applicable, to be designated a Company network resource and receive network transmission service from the Company; (b) be fully dispatchable in the manner set forth in Appendix \_\_\_ of Rate Schedule COG-2; and (c) be an existing Renewable Generating Facility or a Small Qualifying Facility or a Renewable Generating Facility or a Small Qualifying Facility that the CEP proposes to construct and operate.
3. **Term:** The "Term" of this Contract shall commence immediately upon its execution by the Parties and shall terminate at 12:01 A.M. on the later of: (a) the last day of the tenth year following the in-service date of the avoided unit, or (b) \_\_\_\_\_ (a date selected by the CEP provided that such date is no later than the day after the last day of the life of the avoided unit identified in Section 1h above).

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.214  
CANCELS ORIGINAL SHEET NO. 8.214

4. **Company's Capacity and Energy Purchase Commitment:** The Company agrees to purchase all Contracted Capacity and Associated Energy, excluding Non-Dispatched Energy, generated at the Facility and provided to the Company at the Delivery Point by the CEP pursuant to this Contract, excluding the amount of capacity and energy consumed by the Facility's station service equipment (such as generator auxiliaries, emissions control and monitoring equipment, fuel handling equipment, etc.) and all transmission system losses incurred by the CEP to effect delivery of Contracted Capacity and Associated Energy to the Delivery Point.
5. **Non-Dispatched Capacity and Non-Dispatched Energy Restriction:** To the extent that there is Non-Dispatched Capacity and Non-Dispatched Energy during a given hour, such Non-Dispatched Capacity and Non-Dispatched Energy shall not be made available or sold by the CEP, or otherwise used in any way or disposed of, without the Company's prior written consent.
6. **Responsibilities for Interconnection Service, Third-Party Transmission Service and Company Transmission Service:** It is the responsibility of the CEP to request and secure the required interconnection service from the transmission service provider that serves the CEP's Facility, whether a third-party transmission service provider or the Company transmission service provider. If the Facility is not located within the Company's transmission system, it is the responsibility of the CEP to request and secure the required third-party transmission service(s) required to deliver Contracted Capacity and Associated Energy to the Company's transmission system. It is the responsibility of the CEP to: (i) satisfy the third-party transmission provider's, or the Company's, OATT requirements and/or all non-FERC jurisdictional interconnection and/or transmission service agreements required by the CEP to deliver Contracted Capacity and Associated Energy to the Company, as applicable; (ii) arrange and pay to interconnect the Facility to the third-party transmission service provider; (iii) become and continue to be an eligible customer under the third-party transmission provider's OATT, or the Company's OATT, as applicable, during the Term; and (iv) request and purchase all required firm Third-Party Transmission Services and interconnection service, if applicable, in a timely manner to satisfy the provisions of this Contract.

If the Facility is located within the Company's transmission system, it is the responsibility of the Company to request and secure the network transmission service required to deliver Contracted Capacity and Associated Energy from the Delivery Point to the Company's native load customers. It is the responsibility of the Company to request and secure network transmission service in a timely manner to satisfy the provisions of this Contract.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



SIXTEENTH REVISED SHEET NO. 8.215  
CANCELS FIFTEENTH REVISED SHEET NO. 8.215

Continued from Sheet No. 8.214

7. **Extension of Facility In-Service Date:** The CEP may request and the Company may grant, at its sole discretion, an Extended Facility In-Service Date provided, however, that the CEP shall be subject to the applicable provisions of the Completion Security subsection of the Security Guarantees section of this Contract. If the Facility In-Service Date is delayed and an Extended Facility In-Service Date has not been granted, or the Extended Facility In-Service Date is not satisfied, the CEP shall be subject to the applicable provisions of the Completion Security subsection of the Security Guarantees section of this Contract, which may be requested by the CEP and may be granted by the Company, at its sole discretion.
8. **Billing Methodology:** The billing methodology applicable to the Company's purchase, and the CEP's sale, of Contract Capacity and Associated Energy pursuant to this Contract shall be: (i) ( ) Net Billing Arrangement; or (ii) ( ) Simultaneous Purchase and Sale Arrangement, such purchases being arranged from the interconnecting utility and sales being made to the Company. Once made, the selection of a billing methodology may only be changed in accordance with FPSC Rule 25-17.082, F.A.C., and shall be in accordance with the following provisions:
  - a. upon at least 30 days advance written notice to the Company; and
  - b. upon installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology; and
  - c. upon payment by the CEP for such metering equipment and its installation; and
  - d. upon the Company's approval and completion of any alterations to the Interconnection Point that are reasonably required to effect the change in billing methodology and upon payment by the CEP for such alterations.

The Parties agree that the CEP's obligation to generate and sell Contracted Capacity and Associated Energy from the Facility is subject to both scheduled and unscheduled outages of the Facility and the transmission service(s) required to effect delivery of same to the Delivery Point. Neither Party shall be required to compensate the other Party for Contracted Capacity and Associated Energy which from time to time may not be generated and sold by the CEP, or received and purchased by the Company, as a result of such scheduled and unscheduled outages. The Parties agree to use best efforts to minimize the duration of any scheduled or unscheduled outages which from time to time may interrupt the purchase and sale of Contracted Capacity and Associated Energy under this Contract.

Continued to Sheet No. 8.216

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



SECOND REVISED SHEET NO. 8.216  
CANCELS FIRST REVISED SHEET NO. 8.216

Continued from Sheet No. 8.215

9. **Payment:**

a. **Associated Energy Payment:** The Company agrees to pay the CEP for Associate Energy delivered to the Company at the Delivery Point in accordance with the energy payment options, rates, and procedures contained in Rate Schedule COG-2 attached hereto as Appendix II.

i. **Standard Energy Payments:** Associated Energy payments made prior to \_\_\_\_\_, shall be based on the Company's actual avoided energy costs as defined in Appendix B of Rate Schedule COG-2.

Beginning \_\_\_\_\_, to the extent that the Designated Avoided Unit would have been operated had it been installed by the Company, the CEP's Associated Energy payments will be based on the Company's Designated Avoided Unit's energy costs as calculated in Appendix - \_\_\_ of Rate Schedule COG-2, otherwise the CEP's Associated Energy payment will be based on the Company's actual avoided energy costs. The determination of which energy cost shall be applied will be made hourly.

ii. **Fixed Energy Payments:** The CEP does \_\_\_ does not \_\_\_ request fixed Associated Energy payments as follows:

\_\_\_ Yes \_\_\_ No, as to Associated Energy payments made prior to \_\_\_\_\_, which, if requested, shall be based on the Company's year-by-year projection of system incremental fuel costs prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions, plus a fuel market volatility risk premium mutually agreed to by Tampa Electric and the CEP, which projected system incremental fuel costs will be provided by the Company within 30 days of the date of request by the CEP. The CEP and Tampa agree to the following fuel market volatility risk premium(s): \_\_\_\_\_.

\_\_\_ Yes \_\_\_ No, as to Associated Energy payments, calculated as follows: Subsequent to the determination of full avoided cost and subject to the provisions of paragraphs 25-17.0823(3)(a) through (d) F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the Company and the CEP, shall be fixed and amortized on a present value basis over this Contract commencing, at the election of the CEP, as early as the in-service date of the CEP's Facility. "Base energy costs associated with the avoided unit" means the energy costs

Continued to Sheet No. 8.218

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



ORIGINAL SHEET NO. 8.218

of the avoided unit to the extent that the Designated Avoided Unit would have been operated.

The stream of Fixed Energy Payments to the CEP, calculated as stated above, will be provided by the Company within 30 days of the date of request by the CEP.

**b. Contracted Capacity Payment:**

- i. **Dispatch Requirements:** In order to receive a Contracted Capacity Payment for each calendar month that the Facility is to be dispatched, the CEP must meet or exceed both the minimum Monthly Availability and Monthly Capacity Factor requirements.
- ii. **Commencement of Contracted Capacity Payments:** The CEP elects to receive, and the Company agrees to commence calculating, Contracted Capacity payments in accordance with this Contract starting with the first Monthly Period following \_\_\_\_\_.
- iii. **Contracted Capacity Payment Options:** The following five (5) options are available to the CEP for payment of Contracted Capacity delivered by the CEP:
  1. Value of Deferral Capacity Payments;
  2. Early Capacity Payments;
  3. Levelized Capacity Payments;
  4. Early Levelized Capacity Payments; or
  5. Other Contracted Capacity Payment Option agreed upon by the Parties that best satisfies the financing requirements of the Facility. Such Other Contracted Capacity Payment Option is described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The CEP elects to receive Contracted Capacity payments pursuant to option \_\_\_\_\_ above.

The CEP \_\_\_\_\_ does \_\_\_\_\_ does not elect to have Early Capacity Payments consisting of the capital component of the Company's Designated Avoided Unit commence on \_\_\_\_\_ (a date any time after the actual Facility In-Service date and before the anticipated in-service date of the Company's Designated Avoided Unit).

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007





FIRST REVISED SHEET NO. 8.222  
CANCELS ORIGINAL SHEET NO. 8.222

Regardless of the Contracted Capacity Payment Option elected by the CEP, the cumulative present value of payments for the Contracted Capacity made to the CEP over the Term shall not exceed the cumulative present value of payments for the Contracted Capacity which would have been made to the CEP had such payments been made pursuant to subparagraph 25-17.0832(4)(g)1., F.A.C. All fixed operation and maintenance expense shall be calculated in conformance with subsection 25-17.0832(6), F.A.C.

At the end of each Monthly Period, beginning with the Monthly Period specified in Section 9.b.ii, the Company will calculate the CEP's Monthly Availability and Capacity Factor. During the Term, if the CEP's Monthly Availability and Capacity Factor equals or exceeds the Minimum Performance Standards (MPS) as set forth for in Rate Schedule COG-2, Appendix \_\_, then the Company agrees to pay the CEP a Monthly Capacity Payment as calculated in paragraph 5 of the section entitled Basis for Monthly Capacity Payment Calculation in Appendix \_\_ of Rate Schedule COG-2.

The Contracted Capacity payment for a given month during the Term will be added to the Associated Energy payment for such month and tendered by the Company to the CEP as a single payment as promptly as possible, normally by the 20<sup>th</sup> business day following the day the meter is read or the amount of Associated Energy delivered via the third-party transmission service provider is confirmed by the Company.

10. **Other Contracted Capacity Payment Security Guarantees:** If the CEP selects Option 5 under the Contracted Capacity Payment Options, the following security guarantees will be required:  
\_\_\_\_\_.
11. **Construction and Performance Security Guarantees:** The Company requires certain security guarantees to ensure the completion of construction and performance under this Contract in order to protect its ratepayers in the event the CEP fails to deliver Contracted Capacity and Associated Energy in the amount and times specified in this Contract, which shall be in form and substance as described herein. Such security may be refunded in the manner described in Sections 11.a. and 11.b. Pursuant to FPSC Rule 25-17.091, F.A.C., a utility may not require security guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(d) and (3)(f)(1), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



SECOND REVISED SHEET NO. 8.224  
CANCELS FIRST REVISED SHEET NO. 8.224

Continued from Sheet No. 8.222

- a. **Completion Security:** If the CEP or its guarantor, if any, does not qualify for unsecured credit in Company's reasonable sole discretion, the CEP shall pay to the Company a security deposit equal to \$30.00 per kilowatt (\$30.00/kW) of Contracted Capacity as security for the CEP's completion of the Facility by the Facility In-Service Date. Such security will be required within sixty (60) days of execution of this Contract. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the CEP; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the CEP fails to complete the construction and achieve commercial in-service status by the Facility In-Service Date.

If the Facility In-Service Date is achieved, then the entire deposit and any interest therein, if applicable, shall be refunded to the CEP upon payment by the CEP of the Performance Security as required in Section 11.b.

If the Facility In-Service Date is delayed, the Company may, upon the request of the CEP, at its sole discretion, agree to an Extended Facility In-Service Date, in which case the Company shall be entitled to retain or draw down on an amount equal to twenty percent (20%) of the original deposit amount for each month (or portion thereof) that the Facility In-Service Date is delayed. If the Facility In-Service Date is delayed and an Extended Facility In-Service Date has not been granted or the Extended Facility In-Service Date is not satisfied or delayed beyond the Extended Facility In-Service Date, the Company shall retain all of the deposit and terminate this Contract.

Notwithstanding the foregoing if the CEP does not satisfy the Construction Commencement Date or the Facility In-Service Date as defined in COG-2 in accordance with the terms and conditions of this Contract, this Contract shall be rendered of no force and effect, except for those provisions of this Agreement that provide the Company rights and remedies as against CEP because of its failure to meet the Construction Commencement Date or the Facility In-Service Date.

Continued to Sheet No. 8.226

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



FIRST REVISED SHEET NO. 8.226  
CANCELS ORIGINAL SHEET NO. 8.226

b. **Performance Security:** Within 60 days after the later of the Facility In-Service Date or the in-service date of the Designated Avoided Unit, the CEP shall pay the Company a deposit in the amount of \$30.00/kW of Contracted Capacity as security for the CEP's performance under this Contract. Such security deposit shall be provided in the same manner as the Completion Security deposit as described in Section 11.a. Such Performance Security shall be retained by the Company for 12 months from the later of the Facility In-Service Date or the in-service date of the Designated Avoided Unit.

If, at the end of the 12-month period so described, the Facility's 12-month average of each month's numerical value for both the monthly Availability Factor and the Monthly Capacity Factor meet the Minimum Performance Standards (MPS) for as set forth in Rate Schedule COG-2, Appendix \_\_, then the CEP shall be entitled to a refund of such deposit. However, if at the end of the first 12-month period, the Facility's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor fail to meet the MPS, then the Company shall be entitled to retain or draw down 50% of such deposit and retain the remainder of the security for an additional 12-month period.

If, at the end of the 24<sup>th</sup> month, the Facility's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor again fail to achieve the MPS, for the most recent 12-month period, then the Company shall be entitled to retain the remainder of the security and to terminate this Contract. However, if at the end of the 24<sup>th</sup> month, the Facility's 12-month average of each month's numerical value for both the Monthly Availability Factor and the Monthly Capacity Factor meet the MPS, for the most recent 12-month period, then the CEP shall be entitled to a refund of the remaining deposit.

For the purpose of this calculation, the 12-month average of a parameter shall be defined to equal the sum of each month's average numerical value for that parameter, for the most recent 12-month period, divided by 12.

12. **Liquidated Damages:** The Parties hereto agree that the Company would be substantially damaged in amounts that would be difficult or impossible to ascertain in the event that the CEP fails to satisfy the Facility In-Service Date or to provide a Facility which meets the MPS. In the event that the Company terminates this Contract for the CEP's failure to achieve the Facility In-Service Date or achieve the MPS once in service, the Company may retain all of the Completion or Performance Security as liquidated damages, not as penalty, in lieu of actual damages and the CEP hereby waives any defenses as to the validity of any such liquidated damages. In the event the

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.228  
CANCELS ORIGINAL SHEET NO. 8.228

CEP defaults, it forfeits the aforesaid Completion or Performance Security. In addition thereto, the Company shall be entitled to pursue such equitable remedies against the CEP as may be available.

13. **Production and Maintenance Schedule:** During the Term, the CEP agrees to the following:
- a. The CEP shall provide the Company in writing prior to April 1st of each calendar year an estimate of the amount of electricity to be generated by the CEP and delivered to the Company for each month of the following calendar year, including the time, duration and magnitude of any planned outages of the Facility or reductions to the amount of Contracted Capacity that the CPE can make available at the Delivery Point.
  - b. By July 1st of each calendar year, the Company shall notify the CEP in writing whether the requested scheduled maintenance period(s) for the Facility are acceptable. If the Company cannot accept any of the requested period(s), the Company shall advise the CEP of the time period closest to the requested period(s) when the outage(s) can be scheduled. The CEP shall only schedule outages during periods approved by the Company and such approval shall not be unreasonably withheld. Once the schedule has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed.
  - c. During the Term, the CEP shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with the Company. The CEP shall ensure that operating personnel are on duty at all times, twenty-four (24) clock hours per calendar day and seven (7) calendar days per week. Additionally, during the Term, the CEP shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder.
  - d. The Company shall not be obligated to purchase and may require curtailed or reduced deliveries of Associated Energy, to the extent necessary to maintain the reliability and integrity of any part of the Company's system, or if the Company determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to the Company's Customers. The Company shall give the CEP prior notice, if practicable, of its intent to refuse, curtail or reduce the Company's acceptance of Associated Energy pursuant to this subsection and will act to minimize the frequency and duration of such occurrences.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.232  
CANCELS ORIGINAL SHEET NO. 8.232

- e. The Company shall not be required to accept or purchase Associated Energy during any period in which, due to operational circumstances, acceptance or purchase of such Associated Energy would result in the Company's incurring costs greater than those which it would incur by generating an equal additional amount of energy with its own resources. The Company shall give the CEP as much prior notice as practicable of its intent not to accept Associated Energy pursuant to this subsection.
  - f. The CEP shall promptly update the yearly generation schedule and maintenance schedule of the Facility as soon as any change to such schedules are determined to be necessary;
  - g. The CEP shall comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the Parties relative to the performance of this Contract.
14. **Dispatch Procedure:** Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 7:00 A.M. EPT, the CEP shall electronically transmit the hour-by-hour amounts of Contracted Capacity expected to be available from the Facility the next day ("Available Schedule"). Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 3:00 P.M. EPT, the Company shall electronically transmit the hour-by-hour amounts of Contracted Capacity that the Company desires the CEP to dispatch from the Facility the next day based on the Available Schedule supplied at 7:00 A.M. EPT by the CEP ("Dispatch Schedule"). The CEP's Available Schedule and the Company's Dispatch Schedule for Fridays will include Saturday, Sunday, and Monday schedules. The CEP's Available Schedule and the Company's Dispatch Schedule during holiday periods will be similarly adjusted to include the holiday period. The CEP shall control and operate the Facility in accordance with the Company's Dispatch Schedule.

From time to time, the Company may be required to adjust the Dispatch Schedule, as described in the definition of Non-Dispatched Capacity, and/or the CEP may be required to adjust the Dispatch Schedule due to an unscheduled or forced outage of all, or a portion of, the Facility; however, each Party shall make reasonable efforts to minimize departures from the Dispatch Schedule.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



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CANCELS ORIGINAL SHEET NO. 8.234

15. **Additional Criteria:** The CEP shall comply with the reasonable requests of the Company regarding daily or hourly communications. Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing during the Term:
- a. The CEP shall provide monthly generation estimates for the Facility by December 1 for the next calendar year; and
  - b. The CEP shall promptly update its yearly generation schedule for the Facility when any changes are determined necessary; and
  - c. The CEP shall agree to reduce generation from the Facility or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
  - d. The CEP shall coordinate scheduled outages of the Facility with the Company.
16. **Automatic Generation Control:** At the Company's discretion, the CEP will operate the Facility with Automatic Generation Control (AGC) equipment, speed governors, and voltage regulators in-service, except at such times when operational constraints of the equipment prevent AGC operation.
17. **CEP's Obligation if the CEP Receives Payments Pursuant to Contracted Capacity Payment Options 2, 3, 4, or 5:** The Parties recognize that Rule 25-17.0832, F. A. C., may require the repayment by the CEP of all, or a portion of any, Capacity Payments made to the CEP pursuant to Contracted Capacity Payment Options 2, 3, 4, or 5 of Section 9.b.iii if the CEP fails to perform pursuant to the terms and conditions of this Contract. To ensure that the CEP will satisfy its obligation to make any such repayments, the following provisions will apply:
- The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the CEP to the Company. Amounts shall be added to the Repayment Account each month through \_\_\_\_\_, in the amount of the Company's payments to the CEP for capacity delivered prior to \_\_\_\_\_. Beginning on \_\_\_\_\_, the difference between the

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



EIGHTH REVISED SHEET NO. 8.236  
CANCELS SEVENTH REVISED SHEET NO. 8.236

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Contracted Capacity payment made to the CEP and the "normal" Contracted Capacity payment calculated pursuant to Contracted Capacity payment option 1 (Value of Deferral Payments) in COG-2 will also be added each month to the Repayment Account, so long as the payment made to the CEP is greater than the monthly payment the CEP would have received if it had selected Contracted Capacity Payment Option 1 in Section 6.b.iii. The annual balance in the Repayment Account shall accrue interest at an annual rate of 6.703%

Also beginning on \_\_\_\_\_, at such time that the Monthly Contracted Capacity Payment made to the CEP, pursuant to the Contracted Capacity Payment Option selected, is less than the "normal" Monthly Contracted Capacity Payment in Capacity Payment Option 1 in COG-2, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if Contracted Capacity payments had been calculated pursuant to Contracted Capacity Payment Option 1 in COG-2 and the CEP had elected to begin receiving Contracted Capacity payments on \_\_\_\_\_, minus the Monthly Contracted Capacity Payment the Company makes to the CEP (assuming the MPS are met or exceeded), pursuant to the Contracted Capacity Payment Option chosen by the CEP in Section 6.b.ii.

The CEP shall owe the Company and be liable for the current balance in the Repayment Account. The Company agrees to notify the CEP monthly as to the current Repayment Account balance.

In the event of default by the CEP, the total Repayment Account balance shall become due and payable within twenty (20) business days of receipt of written notice, as reimbursement for the Early Contracted Capacity Payments made to the CEP by the Company. The CEP's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the CEP's Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the CEP.

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ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: June 9, 2020





SECOND REVISED SHEET NO. 8.238  
CANCELS FIRST REVISED SHEET NO. 8.238

Prior to receipt of Contracted Capacity Payments pursuant to Contracted Capacity Payment Options 2, 3, 4, or 5, the CEP shall secure its obligation to repay any balance in the Repayment Account in the event the CEP defaults pursuant to this Contract. Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the CEP; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the CEP. Florida Statute 377.709(4) requires the local government to refund Early Contracted Capacity Payments should a Municipal Solid Waste Facility owned, operated by or on the behalf of a local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

18. **Ownership and Offering For Sale of Renewable Energy Attributes:** A CEP that owns and/or operates a Renewable Generating Facility retains any and all rights to own and sell any and all environmental attributes associated with the electrical generation of such Renewable Generating Facility, including but not limited to any and all renewable energy certificates, "green tags", or other tradeable environmental interests (collectively "RECs"), of any description. In the event that the CEP decides to sell any such environmental attributes during the term of this Contract, the CEP shall provide notice to the Company of its intent to sell such environmental attributes and provide the Company a reasonable opportunity to offer to purchase such environmental attributes.
19. **Changes in Environmental and Governmental Regulations:** This Contract may be re-opened, at the election of either Party, as a result of new environmental and other regulatory requirements enacted during the Term that affect the Company's full avoided costs of the unit on which this Contract is based.
20. **Non-Performance Provisions:** The CEP shall not receive a Contracted Capacity payment during any month during the Term in which the CEP fails to meet the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit as defined in Rate Schedule COG-2, Appendix \_\_\_\_\_. In addition, if for any month starting \_\_\_\_\_, the CEP fails to achieve the MPS, and the Monthly Contracted Capacity Payment that would have been made to the CEP pursuant

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: August 7, 2009





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to the Contracted Capacity payment option selected is less than the "normal" Monthly Contracted Capacity Payment had the CEP selected Option 1, then the CEP shall be liable for and shall pay the Company an amount equal to the Early Payment Offset Amount for the month; provided, however, that such calculation shall assume that the CEP satisfied the MPS. Any payments thus required of the CEP shall be separately invoiced by the Company to Energy Provider after each month for which such payment is due and shall be paid by the CEP within twenty (20) business days after receipt of such invoice by the CEP. Such payment shall be debited from the Capacity Account as an Early Payment Offset Amount provided that any such payment will not exceed the current balance in the Capacity Account.

21. **Default:**

- a. **Mandatory Default:** The CEP shall be in default under this Contract if it:
- i. is dissolved (other than pursuant to a consolidation, amalgamation or merger); or
  - ii. becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; or
  - iii. makes a general assignment, arrangement or composition with or for the benefit of its creditors; or
  - iv. institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; or
  - v. seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; or

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



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Continued from Sheet No. 8.242

- vi. has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or
  - vii. fails to perform in accordance with Section 11.b.
  - viii. fails to maintain its status as a Renewable Energy Facility or small Qualifying Facility as required herein; or
  - ix. fails to achieve, on both accounts, a minimum Monthly Availability Factor of fifty percent (50%) and fails to achieve a minimum Monthly Capacity Factor of fifty percent, during the same month, for twelve (12) consecutive months starting .
- b. **Optional Default:** The Company may declare the CEP to be in default if:
- i. at any time prior to \_\_\_\_\_, and after Monthly Contracted Capacity Payments have begun, the Company has sufficient reason to believe that the CEP is unable to deliver the entire amount of Contracted Capacity; or
  - ii. after Monthly Capacity Payments have begun, the CEP fails each month, for twenty-four (24) consecutive months, to meet the MPS; or
  - iii. the CEP refuses, is unable or anticipatorily breaches its obligation to deliver the entire amount of Contracted Capacity after \_\_\_\_\_.
- c. **Default Remedy:** In the event of default by the CEP, the total Repayment Account balance shall become due and payable within 20 business days of receipt of written notice, as reimbursement for the Early Capacity Payments made to the CEP by the Company. The CEP's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of this Contract. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the CEP.

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



FIRST REVISED SHEET NO. 8.244  
CANCELS ORIGINAL SHEET NO. 8.244

22. **General Provisions:**

- a. **Permits:** The CEP hereby agrees to seek to obtain any and all governmental permits, certifications, or other authority the CEP is required to obtain as a prerequisite to engaging in the activities provided for in this Contract. The Company hereby agrees to seek to obtain, at the CEP's expense, any and all governmental permits, certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities described in this Contract
- b. **Indemnification:** The Company and the CEP shall each be responsible for its own facilities in ensuring adequate safeguards for other Company customers, the Company and Energy Provider personnel and equipment, and for the protection of its own generating system. The Company and the CEP shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:
  - i. any act or omission by a Party or that Party's contractors, agents, servants and employees in connection with the installation or operation of that Party's generation system or the operation thereof in connection with the other Party's system; and
  - ii. any defect in, failure of, or fault related to a Party's generation system; and
  - iii. the negligence of a Party or negligence of that Party's contractors, agents servants and employees; and
  - iv. any other event or act that is the result of, or proximately caused by a Party.
- c. **Insurance:** The CEP shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, a certificate of insurance certifying the CEP's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the CEP as named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this Contract arising out of the interconnection to the Facility, or caused by operation of any of the Facility's equipment or by the CEP's failure to maintain its equipment in satisfactory and safe operating condition.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



ORIGINAL SHEET NO. 8.246

- i. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the CEP's continued coverage as described herein. Renewal certification shall be sent to:  
  
Tampa Electric Company  
c/o Director of Risk Management  
Tampa Electric Company  
702 North Franklin Street (33602)  
P. O. Box 111  
Tampa, FL 33601
  - ii. The policy providing such coverage shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than \$1,000,000 for each occurrence; provided however, if the CEP has insurance with limits greater than the minimum limits required herein, the CEP shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Contract.
  - iii. The above required policy shall be endorsed with a provision whereby the insurance company to notify the Company thirty (30) days prior to the effective date of any cancellation or material change in said policy.
  - iv. The CEP shall pay all premiums and other charges due on said policy and keep said policy in force during the entire period of interconnection with the Company or the Term if the Facility is not interconnected to the Company's transmission system.
- d. **Force Majeure:** If either Party shall be unable, by reason of Force Majeure, to carry out its obligations under this Contract, 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 remedied with all possible dispatch; and the obligations, terms and conditions of this Contract 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 all acts of God, strikes, lockouts or other industrial disturbances at the manufacturing site of the major equipment components or the construction site, wars, blockades, insurrections, riots, arrests and restraints of rules

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.248

and people, explosions, fires, floods, lightning, wind, perils of the sea, accidents to equipment or machinery or similar occurrences; provided, however that no occurrence may be claimed to be a Force Majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the Party attempting to make such claim and specifically does not include interruption in fuel supply. The CEP 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 due to actions of the CEP, its agents, or Force Majeure events affecting the Facility or the interconnection with the Company.

If the Facility is interconnected to the Company's transmission system, 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.

**e. Representations, Warranties, and Covenants of the CEP**

*The CEP represents and warrants that as of the date this Contract is executed:*

- i. **Organization, Standing and Qualification:** The CEP is a (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The CEP is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on the Company.
- ii. **Due Authorization, No Approvals, No Defaults, etc.:** Each of the execution, delivery and performance by the CEP of this Contract has been duly authorized by all necessary action on the part of the CEP, does not require any approval, except as has been heretofore obtained, of the (shareholders, partners, or others, as applicable) of the CEP or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the CEP, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the (articles of incorporation, bylaws, or other as applicable) of the CEP, or any agreement,

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



**SECOND REVISED SHEET NO. 8.252  
CANCELS FIRST REVISED SHEET NO. 8.252**

Continued from Sheet No. 8.248

judgment, injunction, order, decree or other instrument binding upon the CEP, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

- iii. **Compliance with Laws:** The CEP has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The CEP is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the CEP or the Company. By entering into this Contract, the CEP represents and warrants that Facility is a renewable facility pursuant to Rule 25-17.210(1) and(2) F.A.C. or a QF with a design capacity of 100 kW, or less, pursuant to Rule 17.080 F.A.C. and confirms such representation and warranty with the signature of the CEP's authorized representative on this Contract.
- iv. **Governmental Approvals:** Except as expressly contemplated herein, neither the execution and delivery by the CEP of this Contract, nor the consummation by the CEP of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the CEP has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).
- v. **No Proceedings:** There are no actions, suits, proceedings or investigations pending or, to the knowledge of the CEP, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the CEP's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The CEP has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment. CEP is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- f. **Conditions Precedent:** Notwithstanding any other provisions of this Contract including the provisions of Section 20.b, the Company shall have the right to terminate this Contract by notice to the CEP, without cause, liability or obligation, if

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**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** June 30, 2009



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one or more of the following conditions, after reasonable effort by the CEP, shall not have been or cannot be satisfied in the Company's good faith judgment, and in the time periods described below. The Company in its sole discretion may extend the CEP's time for satisfying these conditions if one or more of the events described below is pending as of such date and it is reasonable to expect that such event will be accomplished within sixty (60) days:

- i. The CEP satisfies the Construction Commencement Date;
- ii. If the Facility is a small Qualifying Facility, on or before the Facility In-Service Date: The CEP secures certification of the Facility as a Qualifying Facility as defined herein and as certified by the FERC.
- iii. If the Facility is a small Qualifying Facility, on or before the Facility In-Service Date, and at all times throughout the remaining Term, such Facility shall maintain its status as a Qualifying Facility as defined herein and as certified by the FERC. By the end of the first quarter of each calendar year, the CEP shall furnish the Company a notarized certificate by an officer of the CEP certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the Term.
- iv. Within 9 months after the effective date of this Contract: The CEP secures any and all land use and zoning approvals reasonably necessary to obtain construction financing and authorizes the commencement of construction of the Facility on a basis not substantially adverse to the Company;
- v. Within 9 months after the effective date of this Contract: The CEP has secured all other environmental and construction permits and other governmental approvals reasonably necessary to obtain construction financing and to begin construction of the Facility on a basis not substantially adverse to the Company;
- vi. Within 9 months after the effective date of this Contract: The CEP achieves closing of financing for construction of the Facility;
- vii. On or before \_\_\_\_\_, the CEP provides to the Company written evidence of the rights to adequate fuel supply for the Facility in a form satisfactory to the Company;

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



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- viii. Within 9 months after the effective date of this Contract: The CEP provides evidence in writing in a form satisfactory to the Company indicating and substantiating the ownership of or the right to use the real property at the specific site upon which the Facility will be located; and
- ix. Within 9 months after the effective date of this Contract: The CEP provides sufficient information satisfactory to the Company describing the technical capability and experience of the Facility's technology, including the environmental performance of the Facility.
- g. **Assignment:** The Company and the CEP shall have the right to assign its benefits under this Contract, but the CEP shall not have the right to assign its obligations and duties without the Company's prior written consent and such consent shall not be unreasonably withheld.
- h. **Disclaimer:** In executing this Contract, 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 CEP or any assignee of this Contract.
- i. **Notification:** For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Contract, 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 changing such designate.
- |              |                                   |
|--------------|-----------------------------------|
| For: the CEP | For: the Company                  |
| _____        | c/o Manager-Wholesale Contracts,  |
| _____        | Wholesale Marketing and Sales     |
| _____        | Tampa Electric Company            |
| _____        | 702 North Franklin Street (33602) |
| _____        | P.O. Box 111                      |
| _____        | Tampa, Florida 33601              |
- j. **Governing Law and Jurisdiction:** This Contract shall be governed by and construed and enforced in accordance with the laws, rules, and regulations of the State of Florida and the Company's Tariff as may be modified, changed, or amended from time to time. With respect to any suit, action or proceedings relating to this Contract, each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Florida and the United States District Court located in

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ISSUED BY: C. R. Black, President

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Hillsborough County in Tampa, Florida; and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. Nothing shall prevent the Beneficiary from enforcing any related judgment against the Guarantor in any other jurisdiction.

- **k. Waiver of jury trial:** Each party waives, to the fullest extent permitted by applicable law, any and all rights it may have to a trial by jury in respect of any suit, action or proceeding relating to this agreement or any credit support document. Each party (i) certifies that no representative, agent or attorney of the other party or any credit support provider has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this agreement and provide for any credit support document, as applicable, by, among other things, the mutual waivers and certifications in this section.

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ISSUED BY: C. R. Black, President

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- i. **Taxation:** In the event that the Company becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Services determination, through audit, ruling or other authority, that the Company's payments to the CEP for capacity under Options B, C, or D are not fully deductible when paid (additional tax liability), the Company may bill the CEP monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. The Company, at its option, may offset these costs against amounts due the CEP hereunder. These costs would be calculated so as to place the Company in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If the Company decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with the Company.
- m. **Severability:** If any part of this Contract, for any reason, be declared invalid, or unenforceable by a court or public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of this Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.
- n. **Complete Contract and Amendments:** All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties to this Contract.
- o. **Incorporation of Rate Schedule:** The Parties agree that this Contract shall be subject to all of the provisions contained in the Company's published Rate Schedule COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.
- p. **Survival of Contract:** This Contract, as it may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

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ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



**SECOND REVISED SHEET NO. 8.262  
CANCELS FIRST REVISED SHEET NO. 8.262**

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- q. **Record Retention:** The CEP agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all CEP entities to retain for the same period all such records.
- r. **No Waiver:** No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.
- s. **Set-off:** The Company may at any time, but shall be under no obligation to, set off any and all sums due from the CEP against sums due to the CEP hereunder.
- t. **Assistance With the Company FIN 46R Compliance:** Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require the Company to evaluate whether the CEP must be consolidated, as a variable interest entity (as defined in FIN 46R), in the financial statements of the Company. The CEP agrees to fully cooperate with the Company and make available to the Company all financial data and other information, as deemed necessary by the Company, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of a the evaluation under FIN 46R indicates that the CEP must be consolidated in the financial statements of the Company, the CEP agrees to provide financial statements, together with other required information, as determined by the Company, for inclusion in disclosures contained in the footnotes to the financial statements and in the Company's required filings with the Securities and Exchange Commission ("SEC"). The CEP shall provide this information to the Company in a timeframe consistent with the Company's earnings release and SEC filing schedules, to be determined at the Company's discretion. The CEP also agrees to fully cooperate with the Company and the Company's independent auditors in completing an assessment of the CEP's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of the Company. The Company will treat any information provided by the CEP in satisfying Section 22(s) as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

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**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** June 30, 2009



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**IN WITNESS WHEREOF**, CEP and the Company have executed this Contract the day and year first above written.

**WITNESSES:**

\_\_\_\_\_  
Name of Capacity and Energy Provider

\_\_\_\_\_  
**By:** \_\_\_\_\_

\_\_\_\_\_  
**Its:** \_\_\_\_\_

**WITNESSES:**

**Tampa Electric Company**

\_\_\_\_\_  
**By:** \_\_\_\_\_

\_\_\_\_\_  
**Its:** \_\_\_\_\_

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



ORIGINAL SHEET NO. 8.266

**EVALUATION PROCEDURE  
FOR STANDARD OFFER CONTRACTS**

Standard Offer Contracts shall be evaluated and then accepted based on meeting specific criteria. This Evaluation Procedure will insure the acceptance of Standard Offer Contracts that meet the Company's needs and are in the best interest of customers.

Each eligible Standard Offer Contract received by the Company will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C., and the Company's Procedure for Processing Standard Offer Contracts as defined in Rate Schedule COG-2.

Energy Providers submitting Standard Offer Contracts to the Company should, at the same time, submit specific information for each of the following evaluation criteria. Failure to provide this information may result in a determination of non-viability by the Company. Each eligible Standard Offer Contract received will be evaluated based upon the information provided in response to the following list of parameters:

**EVALUATION PARAMETERS:**

1. **Technical Viability:**
  - a. What is the technology being proposed?
  - b. Has the technology been demonstrated or commercially applied? Please explain.
  - c. Has the CEP previously utilized this technology elsewhere?  
Construction: Please provide performance record and experience with project technology.  
Operations: Please provide operator's experience and performance record in comparable facilities.
  - d. Has a project feasibility study been conducted by an Independent Engineer to assess the project technology and its potential effect on the project's financial results? Please explain.
  - e. What thermal efficiency must be maintained by the unit(s) in order to retain status as a qualifying facility ("QF")?
2. **Fuel Supply:**
  - a. What is the primary fuel type?
  - b. What are the annual fuel requirements? (primary/alternate)
  - c. Has primary fuel supply been secured? Is the fuel supply domestic, cross-border or foreign? What the term of the fuel supply agreement?
  - d. Is an alternate fuel required?

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



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- e. Has an alternate fuel supply been secured? Is the alternate fuel supply domestic, cross-border or foreign? What is the term of the alternate fuel supply agreement?
- f. Have transportation arrangements for both primary and alternate fuels been secured (firm/interruptible, provide detail)?
- g. Are the pricing terms of the fuel supply agreement(s) directly tied to the corresponding energy payments?
- h. If the fuel is considered to be renewable, please describe the renewable nature of the fuel and the environmental impact of its production and use to generate power.

3. **Reliability:**

- a. Dispatchability: Will the Facility be dispatched on request or will it be base-loaded? Please explain.
- b. QF Status: Has the project obtained FERC certification as a QF? Has application been made for FERC certification? Please explain.
- c. Operations and Maintenance: Who will provide O&M for the Facility: (a) developer; or (b) third party? If third party, please provide the name and address of the third party that will be used and any information that would describe their capability to perform this role.
- d. Thermal Energy Host: If project is QF, provide the following information regarding any thermal energy (e.g. steam) host associated with the project:
  - i. Please explain the importance of the energy, taken by the thermal energy host, to the overall operations of the thermal energy host.
  - ii. Are there adequate alternative candidates in close proximity to the Facility that could serve as a potential thermal energy host replacement?
  - iii. What is the minimum thermal energy "take" necessary for the project to maintain QF status?
  - iv. Has a thermal energy host been secured?
  - v. Is the thermal energy host already in existence?
  - vi. Is it a new thermal energy host? (Is it identifiable?)
  - vii. What are the thermal energy host's operating hours?
  - viii. Are the thermal energy host's business cycle or thermal requirements seasonal? If so explain.
- e. Permits: What permits or licenses will be required for the project? Have the necessary permits or licenses been secured? What specific environmental considerations must the project meet?
- f. Construction Schedule: Has a construction schedule including milestones been formulated? Please provide detail.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



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- g. Site Control: Has the project's location been identified? Has the site been secured? Does the site require specific environmental considerations, i.e. wetlands, etc.? Please explain.
4. **Developer's Qualifications:**
- a. Project's Financial Stability: The Company will assess the creditworthiness of the project developer and/or its guarantor, if any, and determine in the Company's reasonable sole discretion if the project developer's level of unsecured credit is sufficient to provide the required Security to the Company. Please provide detail for the project developer or its guarantor, if any: (a) audited year-end financial statements (including balance sheet, income statement, and statement of cash flows) for the past three fiscal years, and (b) senior unsecured bond ratings from Moody's Investors Service and Standard and Poor's, if applicable.
  - b. Developer's Experience: Has developer any projects in operation? Has developer any other projects under construction? Please provide details for each previous Independent Power Production or QF projects undertaken by the developer, including but not limited to:
    - i. Financial arrangements and Institutions,
    - ii. Fuel contracts,
    - iii. Scheduling/project control information,
    - iv. Regulatory treatment,
    - v. Ownership structure, i.e. partnership, limited partnership, contract buy-outs, etc., and
    - vi. Total operating experience and performance.
  - c. Project Financing: Has project financing been secured? Will ownership equity in project be 15% or greater? Will the project be structured as a non-recourse financing project? Please provide detail.
  - d. Working Capital: Has long-term working capital been secured? Are sufficient reserves available to fund 6 months of debt service? Are sufficient funds available to cover 6 months of O&M expenses? Does project have warranties for key operating equipment during the first year of operations? Please provide detail.
5. **Additional Information:** Please provide the following additional general information to assist the Company in evaluating your Standard Offer Contract
- a. Standard Offer Committed Capacity (MW):
  - b. Size and type of generation:
  - c. Any existing or planned capacity commitments or energy sales to other utilities, if so provide detail:

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ISSUED BY: C. R. Black, President

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- d. Will the project directly interconnect into the Company's transmission grid? Please explain:
- e. If the project is located external to the Company's retail service area, how will the power be delivered to the Company? Please explain:
- f. Will steam host use a portion of electric generation, if so provide detail:
- g. Please provide developer's ownership structure for this project:
- h. Developer's insurance carrier:
  - o Property damage insurance:
  - o Business interruption insurance:
  - o Rating of insurance carrier:
- i. Please provide estimates of the following:
  - o Expected annual metered electric output,
  - o Expected annual metered useful thermal output, in Btu/hr X operating hours/year,
  - o Expected annual metered fuel input, in Btu/hr X operating hours/year
- j. Other:

**EVALUATION CRITERIA AND SCORING:** The Company will accept a Standard Offer Contract on the basis of the information provided in response to the evaluation criteria and upon its judgment of other relevant factors. A Standard Offer Contract which has convincingly demonstrated that the project is financially and technically viable and that the committed capacity would be available by the date specified in the Standard Offer Contract will be accepted for further negotiations leading to a contract offer.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** June 30, 2009





ORIGINAL SHEET NO. 8.284

**STANDARD OFFER CONTRACT RATE FOR  
PURCHASE OF CONTRACTED CAPACITY AND ASSOCIATED ENERGY**

**SCHEDULE:** COG-2, firm capacity and energy

**AVAILABLE:** Tampa Electric Company, herein after referred to as the "Company," will purchase firm capacity and energy offered by renewable generating facilities or qualifying facilities with a design capacity of 100 kW or less ("small qualifying facility") to which a Standard Offer Contract is available under Chapter 366.91 Florida Statutes (F.S) and Florida Public Service Commission (FPSC) Rules 25-17.080 through 25-17.300, Florida Administrative Code (F.A.C.). Unless specifically referred to, a renewable generation facility or a small qualifying facility may be referred to as the "Capacity and Energy Provider" or "CEP". The Company has designated the generating units identified in Appendices C through F, as its Designated Avoided Units. Pursuant to FPSC Rule 25-17.250(2), the Company will accept firm capacity and energy offered by any CEP under the provisions of this schedule for a specific Designated Avoided Unit until:

1. A request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued for the specific planned generating unit; or
2. The utility files a petition for a need determination or commences construction for the specific generating unit not subject to Rule 25-22.082, F.A.C., or
3. The generating unit upon which the standard offer contract was based is no longer part of the utility's generation plan, as evidenced by FPSC approval of a petition to that effect filed with the FPSC or by its removal from the utility's most recent Ten Year Site Plan.

The Company will negotiate and may contract with any CEP as defined to in Chapter 366.91 F. S. and FPSC Rule 25-17.080, F.A.C., irrespective of its location, which is either directly or indirectly interconnected with the Company, for the purchase of firm capacity and energy pursuant to terms and conditions which deviate from this schedule where such negotiated contracts are in the best interest of the Company's ratepayers and subject to FPSC approval of such a contract.

**APPLICABLE:** To any CEP to which Standard Offer Contracts are available under Chapter 366.91 F. S. and FPSC Rule 25-17.0832(4)(a), 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 Standard Offer Contract or a separately negotiated contract.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



ORIGINAL SHEET NO. 8.286

Firm capacity and energy are described in FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by the CEP pursuant to a negotiated or Standard Offer Contract and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving CEP status shall be those set out in Chapter 366.91 F.S. and FPSC Rules 25-17.080, 25-17.082(4)(a), and 25-17.091, F.A.C., as applicable.

**CHARACTER OF SERVICE:** Purchases within the territory served by the Company shall be, at the option of the Company, single or 3-phase, 60 Hertz, alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three-phase, 60 Hertz, alternating current at the voltage level available at the interchange point between the Company and the entity delivering firm capacity and energy from the CEP.

**LIMITATIONS:** Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System (if applicable)," Federal Energy Regulatory Commission (FERC) Electric Open Access Transmission Tariff (OATT) and associated transmission interconnection tariffs (if applicable), North American Electric Reliability Council (NERC) and Florida Reliability Coordinating Council (FRCC) Reliability Standards, that are applicable to generation and transmission facilities which are connected to, or being planned to be connected to the Company's transmission system (document provided upon request) and to FPSC Rules 25-17.080 through 25-17.091, F.A.C. and are limited to those CEPs which are defined by FPSC Rule 25-17.082(4)(a), F.A.C. and which:

1. execute a Company Standard Offer Contract for the Company's purchase of firm capacity and energy; and
2. commit to commence deliveries of firm capacity and energy no later than the in-service date of the Designated Avoided Unit, and to continue such deliveries through the later of the last day of the tenth year following the in-service date of the avoided unit or the date selected by the CEP that is no later than the day after the last day of the life of the avoided unit.

**RATES FOR PURCHASES BY THE COMPANY:** firm capacity and energy are purchased at unit costs, in dollars per kilowatt per month (\$/kW/month) and cents per kilowatt-hour (¢/kWh), respectively, based on the value of deferring additional Company generating capacity.

ISSUED BY: C. R. Black, President

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Firm capacity and energy are described in FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by the CEP pursuant to a negotiated or Standard Offer Contract and subject to certain contractual provisions as to quantity, time and reliability of delivery. Criteria for achieving small qualifying facility or renewable facility status shall be those set out in Chapter 366.91 F.S. and FPSC Rules 25-17.080, 25-17.082(4)(a), and 25-17.091, F.A.C., as applicable.

1. **Firm Capacity Rates:** Five options (i.e. Options 1, 2, 3, 4, and 5, as set forth below) are available for payment of firm capacity which is produced by the CEP and delivered to the Company. Once selected, the selected option shall remain in effect for the term of the contract with the Company. Exemplary payment schedules for Options 1 through 4, shown for each Designated Avoided Unit are identified in Appendices C through F, contain the monthly rate per kilowatt (kW) of firm capacity the CEP could contractually commit to deliver to the Company. These examples are based on a contract term which extends at least ten years beyond the in-service date of the Designated Avoided Unit. Payment schedules for longer contract terms will be made available to the CEP upon request and may be calculated based on the methodologies described in Appendix A. A payment schedule for Option 5, if selected by the CEP, will be calculated based on Appendix A and the Option 5 description contained in Section 6.b.iii.(5) of the Standard Offer Contract and will be made available by the Company within 30 days of a request by the CEP. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Designated Avoided Unit, commencing with the in-service date of the Designated Avoided Unit.

**Option 1 - Value of Deferral Capacity Payments:**

Value of Deferral Capacity Payments shall commence the in-service date of the Designated Avoided Unit, provided the CEP is delivering firm capacity and energy to the Company in accordance with the Minimum Performance Standards (MPS) as described for each Designated Avoided Unit contained in Appendices C through F. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit and shall be equal to the value of the year-by-year deferral of the Designated Avoided Unit, calculated in conformance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A.

**Option 2 - Early Capacity Payments:**

Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit. The earliest date that Early Capacity Payments can be received by the CEP shall be the Commercial In-service Date of the CEP's generating facility. The CEP shall select the

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month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Designated Avoided Unit. Avoided Capacity Payments shall be calculated in conformance with FPSC Rules 25-17.0832 and 25-17.250(4), F.A.C., as described in Appendix A. At the option of the CEP, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the in-service date of the Designated Avoided Unit provided the CEP is delivering firm capacity and energy to the Company in accordance with MPS as described for each Designated Avoided Unit contained in Appendices C through F. Where Early Capacity Payments are elected, the cumulative present value of the capacity paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1.

**Option 3 - Levelized Capacity Payments:**

Levelized capacity payments shall commence on the in-service date of the Designated Avoided Unit, provided the CEP is delivering firm capacity and energy to the Company in accordance with the MPS as described for each Designated Avoided Unit contained in Appendices C through F. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payment shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1.

**Option 4 - Early Levelized Capacity Payments:**

Early Levelized Capacity Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Designated Avoided Unit. The earliest date that Early Levelized Capacity Payments can be received by the CEP shall be the Commercial In-service Date of the CEP's generating facility. The capital portion of the capacity payment under this Option shall consist of equal monthly payments over the term of the contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Appendix A. The fixed operation and maintenance expense portion of the capacity payments shall be equal to

ISSUED BY: C. R. Black, President

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the value of the year-by-year deferral of fixed operation and maintenance expenses associated with the Designated Avoided Unit calculated in conformance with Appendix A. At the option of the CEP, Early Levelized Capacity Payments shall commence at any time beginning on or after the Commercial In-service Date of the CEP's generating facility and before the in-service date of the Designated Avoided Unit provided the CEP is delivering firm capacity and energy to the Company in accordance with the MPS as described for each Designated Avoided Unit contained in Appendices C through F. The CEP shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the capacity payments paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1.

**Option 5 - Other**

In accordance with FPSC Rule 25-17.250(4) F.A.C., the CEP may elect a payment stream for the capital component of the Company's avoided unit, including front-end loaded payments, that best meets the financing requirements of the CEP. Where front-end loaded capacity payments are elected, the cumulative present value of the capacity payments paid to the CEP over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the CEP had such payments been made pursuant to Option 1. A payment schedule for Option 5 will be developed reflecting the interests of the CEP for front-end loading and will be made available for review by the CEP within 30 days of the date of the request for Option 5, and interests of the CEP have been made known to the Company. Any such Option 5 selection may require additional associated security considerations that will be developed by the Company and presented to the CEP at the same time as the payment schedule. The payment schedule and security considerations will be subject to mutual agreement and approval by the FPSC.

The Company will provide the CEP with a schedule of capacity payment rates based on the month and year in which the delivery of firm capacity and energy are to commence and the term of the contract. The currently approved parameters used to calculate the schedule of payments for each Designated Avoided Unit are found in Appendices D through G of this Schedule.

Regardless of the payment stream elected by the CEP, the cumulative present value of capital cost payments made to the CEP over the term of this Agreement shall not exceed the cumulative present value of the capital cost payments which would have

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



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been made to the CEP had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)1., F.A.C. All fixed operation and maintenance expense shall be calculated in conformance with FPSC Rule 25-17.0832(6), F.A.C.

2. **Standard Energy Payment Rates:**

The calculation of energy payments to the CEP shall be based on the sum, over all hours of the Monthly Period, of the product of each hour's Energy Payment Rate times the energy purchased from the CEP by the Company for that hour. All purchases shall be adjusted for losses reflecting delivery voltage.

- a. **As-available Energy Payment Rate:** "As-Available Energy" is energy generated by the CEP's facility for purchase by the Company during time periods when the Designated Avoided Unit would not have been operated had it been installed by the Company. The payment rate in ¢/kWh for As-Available Energy is based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel and identifiable variable operation and maintenance expenses.

The methodology to be used in the calculation of the avoided energy costs is described in Appendix B.

The As-available Energy Payment rate will apply to energy delivered by the CEP in the period prior to the in-service date of the Designated Avoided Unit and the periods after the in-service date of the Designated Avoided Unit to the extent that the Designated Avoided Unit would have been dispatched and operated by the Company.

- b. **Unit Energy Payment Rate:** To the extent that the Designated Avoided Unit would have been dispatched and operated by the Company, the Unit Energy Payment Rate in ¢/kWh will apply and shall be based on the cost of fuel used by and variable operating and maintenance expense associated with the Designated Avoided Unit. The calculation used to determine the Unit Energy Payment Rate is shown under part 2 of the section titled "Basis for Monthly Energy Payment Calculation" of the Designated Avoided Unit Appendices, "C" through "F".

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



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3. **Fixed Energy Payment Options:**

- a. **Fixed As-Available Energy Payments:** In accordance with FPSC Rule 25-17.250(6)(a) F.A.C., the CEP may elect Fixed As-Available Energy Payments for the period prior to the in-service date of the avoided unit. The Fixed As-Available Energy Payments shall be based on the Company's year-by-year projection of system incremental fuel costs prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions plus a fuel market volatility risk premium mutually agreed upon by the Company and the CEP and approved by the FPSC.
- b. **Fixed Base Energy Payments:** At the election of the CEP, a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the Company and the CEP, may be fixed and amortized on a present value basis over the term of the contract starting as early as the in-service date of the CEP's generating facility pursuant to FPSC Rule 25-17.250(6)(b) F.A.C. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have been operated. The Company shall develop a schedule of such Fixed Base Energy Payments for the consideration of the CEP based on the expressed interests of the CEP. Should the CEP select Fixed Base Energy Payments, the Company may require additional associated security considerations which will also be mutually agreed upon by the Company and the CEP and approved by the FPSC.

**PERFORMANCE CRITERIA:** In addition to the following provisions, payments for firm capacity are conditioned on the CEP's ability to meet or exceed the Minimum Performance Standards (MPS) for each of the Company's Designated Avoided Unit as described for each in Appendices C through F:

1. **CEP's Commercial In-Service Date:** Capacity Payments shall not commence until the CEP has attained and demonstrated commercial in-service status. The Commercial In-Service Date of the CEP shall be defined as the first day of the month following the successful completion by the CEP of maintaining an hourly kW output for a 24 hour period, as metered at the point of interconnection with the Company, equal to or greater than the CEP's "Contracted Capacity" as designated in the Standard Offer Contract. A CEP shall coordinate the operation of its facility during this test period with the Company to insure that the performance of its facility during this 24 hour period is reflective of the anticipated day to day operation of the CEP.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** July 29, 2008



ORIGINAL SHEET NO. 8.302

2. **Monthly Availability and Monthly Capacity Factor:** Upon achieving commercial in-service status, payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the CEP and subject to the provision that the CEP equals or exceeds the MPS for Monthly Availability and Monthly Capacity Factor of the Company's Designated Avoided Unit, as defined in Appendices C through F of this schedule, on which the Standard Offer Contract is based.
3. **CEP's Obligation if CEP Receives Capacity Payments Under Capacity Payments Options 2, 3, 4, or 5:** The CEP's payment option choice pursuant to Paragraph 6.b.iii of the Company's Standard Offer Contract may result in payments made by the Company for capacity delivered prior to the in-service date of the avoided unit. Similarly, Levelized and Early-Levelized, and front-end loaded Other Capacity Payments for capacity delivered on or after the in-service date of the avoided unit, may also exceed the year-by-year value of deferring the Designated Avoided Unit as specified in this Agreement. The Parties recognize that capacity payments that exceed the year-by-year value of deferring the avoided unit may have to be repaid by the CEP in the event the CEP fails to perform pursuant to the terms and conditions of the Company's Standard Offer Contract.

To ensure that the CEP will satisfy its obligation to make any repayment to the Company, the following provisions will apply:

The Company shall establish a Repayment Account to accrue the sum of the capacity payments that may have to be repaid by the CEP to the Company. Amounts shall be added to the Repayment Account each month through the month prior to the in-service month of the avoided unit, in the amount of the Company's Early Capacity Payments made to the CEP pursuant to the CEP's chosen payment option.

Beginning on the in-service date of the avoided unit, the difference between the capacity payment made to the CEP and the "normal" capacity payment calculated pursuant to Option 1 will also be added each month to the Repayment Account, so long as the payment to the CEP is greater than the monthly payment the CEP would have received if it had selected Option 1 in Paragraph 6.b.iii, of the Company's Standard Offer Contract.

Also beginning on the in-service date of the avoided unit, at such time that the Monthly Capacity Payment made to the EP, pursuant to the Capacity Payment Option selected, is less than the "normal" Monthly Capacity Payment in Option 1, there shall be debited from the Repayment Account an Early Payment Offset Amount to reduce the balance in

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007





~~ORIGINAL-FIRST REVISED~~  
SHEET NO. 8.304  
~~CANCELS ORIGINAL SHEET NO.~~  
8.304

the Repayment Account. Such Early Payment Offset Amount shall be equal to the amount which the Company would have paid for capacity in that month if capacity payments had been calculated pursuant to Option 1 and the CEP had elected to begin receiving capacity payments on the in-service date of the avoided unit minus the Monthly Capacity Payment the Company makes to the CEP (assuming the MPS are met or exceeded), pursuant to the Capacity Payment Option chosen by the CEP.

Monthly Capacity Payments will not be made to the CEP for any month the CEP fails to meet the MPS and if applicable, a payment will be required by the CEP to the Company in an amount equal to the Early Payment Offset for that month. In the event a payment is required from the CEP to the Company, the CEP's Repayment Account will be reduced by the amount of such payment provided that any such payment will not exceed the current balance in the Repayment Account.

The CEP shall owe the Company and be liable for the current balance in the Repayment Account. The annual balance in the Repayment Account shall accrue interest at an annual rate of ~~6.7037-88%~~. The Company agrees to notify the CEP monthly as to the current Repayment Account balance.

In the event of default by the EP, the total Repayment Account balance shall become due and payable within 20 business days of receipt of written notice, as reimbursement for the Capacity Payments made to the CEP by the Company in excess of "normal capacity payments.

The CEP's obligation to reimburse the Company in the amount of the balance in the Repayment Account shall survive the termination of the CEP's Standard Offer Contract with the Company. Such reimbursement shall not be construed to constitute liquidated damages and shall in no way limit the right of the Company to pursue all its remedies at law or in equity against the CEP.

Prior to receipt of Early, Levelized, Early-Levelized, or front-end loaded Other Capacity Payments the CEP shall secure its obligation to repay any balance in the Repayment Account in the event the CEP defaults under the terms of its Standard Offer Contract with the Company.

ISSUED BY: ~~C. R. Black~~ A. D. Collins,  
President

DATE EFFECTIVE: ~~May 22, 2007~~



**TWELFTH REVISED SHEET NO. 8.306  
CANCELS ELEVENTH REVISED SHEET NO. 8.306**

Continued from Sheet No. 8.304

Such security shall be in the form of cash deposited in an interest bearing escrow account mutually acceptable to the Company and the EP; an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or a performance bond in form and substance satisfactory to the Company. The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event of default by the CEP.

Florida Statute 377.709(4) requires a local government to refund Early Capacity Payments should a Municipal Solid Waste Facility owned, operated by or on the behalf of the local government be abandoned, closed down or rendered illegal. Therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832 (2)(c) and (3)(e)(8), F. A. C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

**4. Additional Criteria:**

- a. The CEP shall provide monthly generation estimates by December 1 for the next calendar year; and
- b. The CEP shall promptly update its yearly generation schedule when any changes are determined necessary; and
- c. The CEP shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
- d. The CEP shall coordinate scheduled outages with the Company;
- e. The CEP shall comply with the reasonable requests of the Company regarding daily or hourly communications.

**DELIVERY VOLTAGE ADJUSTMENT:** Energy Payments to CEPs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

Rate Schedule	Adjustment Factor
RS, GS	1.0526
GSD, SBF	1.0491
IS, SBI	1.0172

Continued to Sheet No. 8.308

**ISSUED BY:** N. G. Tower, President

**DATE EFFECTIVE:** January 1, 2021



ORIGINAL SHEET NO. 8.308

**METERING REQUIREMENTS:** CEPs within the territory served by the Company shall be required to purchase from the Company the necessary hourly recording meters to measure their energy production. Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period. Energy purchases from CEPs outside the territory served by the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering firm capacity and energy to the Company.

**BILLING OPTIONS:** The CEP, upon entering into a contract for the sale of Contracted Capacity and Associated Energy or prior to delivery of As-Available Energy to the Company, shall elect to make either simultaneous purchases from the interconnecting utility and sales to the Company or net sales to the Company. The billing option elected may only be changed:

1. when the CEP selling As-Available Energy enters into a negotiated contract or Standard Offer Contract for the sale of firm capacity and energy; or
2. when a firm capacity and energy contract expires or is lawfully terminated by either the EP, or the Company; or
3. when the CEP is selling As-Available Energy and has not changed billing methods within the last 12 months; and
4. when the election to change billing methods will not contravene the provisions of FPSC Rule 25-17.0832, F.A.C., or any contract between the CEP and the Company.

If the CEP elects to change billing methods in accordance with FPSC Rule 25-17.082, F.A.C., such a change shall be subject to the following provisions

1. upon at least 30 days advance written notice to the Company; and
2. upon the installation by the Company of any additional metering equipment reasonably required to effect the change in billing methodology and upon payment by the CEP for such metering equipment and its installation; and
3. upon completion and approval by the Company of any alterations to the interconnection reasonably required to effect the change in billing methodology and upon payment by the CEP for such alterations

Should the CEP elect the Simultaneous Purchases and Sales billing option, purchases of electric service by the CEP from the interconnecting utility shall be billed at the retail rate schedule under which the CEP load would receive service as a customer of the utility; sales of electricity delivered by the CEP to the purchasing utility shall be purchased at the utilities avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



**FOURTH REVISED SHEET NO. 8.312  
CANCELS THIRD REVISED SHEET NO. 8.312**

Continued from Sheet No. 8.308

Should the CEP elect a Net Billing Arrangement, the hourly net capacity and energy sales delivered to the purchasing utility shall be purchased at the utility's avoided capacity and energy rates, where applicable, in accordance with FPSC Rules 25-17.0825 and 25-17.0832, F.A.C. Purchases from the interconnecting utility shall be billed at the retail rate schedule, under which the CEP load would receive service as a customer of the utility.

Although a billing option may be changed in accordance with FPSC Rule 25-17.082, F.A.C., the Contracted Capacity may only change through mutual negotiations satisfactory to the CEP and the Company.

Basic Service charges that are directly attributable to the purchase of firm capacity and energy from the CEP are deducted from the CEP's total monthly payment. A statement covering the charges and payments due the CEP is rendered monthly and payment normally is made by the 20<sup>th</sup> business day following the end of the Monthly Period.

**CHARGES/CREDITS TO THE CEP:**

1. **Basic Service Charges:** A monthly Basic Service Charge will be rendered for maintaining an account for the CEP engaged in either an As-Available Energy or firm capacity and energy transaction and for other applicable administrative costs. Actual charges will depend on how the CEP is interconnected to the Company.

CEPs not directly interconnected to the Company, will be billed \$990 monthly as a Basic Service Charge.

Monthly Basic Service charges, applicable to CEPs directly interconnected to the Company, by Rate Schedule are:

RATE SCHEDULE	BASIC SERVICE CHARGE (\$)	RATE SCHEDULE	BASIC SERVICE CHARGE (\$)
RS	15.05		
GS	18.06	GST	20.07
GSD (secondary)	30.10	GSDT (secondary)	30.10
GSD (primary)	130.44	GSDT (primary)	130.44
GSD (subtrans.)	993.27	GSDT (subtrans.)	993.27
SBF (secondary)	55.18	SBFT (secondary)	55.18
SBF (primary)	155.51	SBFT (primary)	155.51
SBF (subtrans.)	1,018.36	SBFT (subtrans.)	1,018.36
IS (primary)	624.05	IST (primary)	624.05
IS (subtrans.)	2,379.85	IST (subtrans.)	2,379.85
SBI (primary)	649.14		
SBI (subtrans.)	2,404.93		

Continued to Sheet No. 8.314

**ISSUED BY:** N. G. Tower, President

**DATE EFFECTIVE:** January 1, 2020



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CANCELS ORIGINAL SHEET NO. 8.314

If CEP takes service under Rate Rider GSLM-2 or GSLM-3, an additional Basic Service Charge of \$200.00 will apply.

When appropriate, the Basic Service Charge will be deducted from the CEP's monthly payment. A statement of the charges or payments due the CEP will be rendered monthly. Payment normally will be made by the 20<sup>th</sup> business day following the end of the billing period.

2. **Interconnection Charge for Non-Variable Utility Expenses:** The CEP shall bear the cost required for interconnection including the metering. The CEP shall have the option of payment in full for interconnection or make equal monthly installment payments over a 36 month period together with interest at the rate then prevailing for 30 days highest grade commercial paper; such rate to be determined by the Company 30 days prior to the date of each payment.
3. **Interconnection Charge for Variable Utility Expenses:** The CEP shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These costs include a) the Company's inspections of the interconnection and b) maintenance of any equipment beyond that which would be required to provide normal electric service to the CEP with respect to other Customers with similar load characteristics.
4. **Taxes and Assessments:** The CEP shall be billed monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its purchases of firm capacity and energy produced by the CEP.

If the Company obtains any tax savings as a result of its purchases of firm capacity and energy produced by the CEP, which tax savings would not have otherwise been obtained, those tax savings shall be credited to the CEP.

5. **Emission Allowance Clause:** Subject to approval by the FPSC, the CEP shall receive a monthly credit, to the extent the Company can identify the same, equal to the value, if any, of any reduction in the number of air emission allowances used by the Company as a result of its purchase of firm capacity and energy produced by the EP; provided that no such credit shall be given if the cost of compliance associated with air emission standards is included in the determination of full avoided cost.

**TERMS OF SERVICE:**

1. It shall be the CEP's responsibility to inform the Company of any change in its electric generation capability.

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** November 1, 2013



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2. Any electric service delivered by the Company to the CEP shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.
3. A billing security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
  - a. In the first year of operation, the security deposit should be based upon the singular month in which the CEP's projected purchases from the utility exceed, by the greatest amount, the utility's estimated purchases from the CEP. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit should be required upon interconnection.
  - b. For each year thereafter, a review of the actual sales and purchases between the CEP and the utility shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the CEP exceed the actual sales to the utility in that month.
4. The Company will, under the provisions of this Schedule, require an agreement with the CEP upon the Company's filed Standard Offer Contract.
5. Service under this rate schedule is subject to the rules and regulations of the Company and the FPSC.

**SPECIAL PROVISIONS:**

1. Negotiated contracts deviating from the above standard rate schedule are allowable provided they are agreed to by the Company and approved by the FPSC
2. In accordance with the provision in FPSC Rule 25-17.0883, F.A.C., the Company is required to provide transmission and distribution service to enable a retail customer, at that customer's request, to transmit electrical power generated at one location to the customer's facilities at another location when provision of such service and its associated charges, terms, and other conditions are not reasonably projected to result in higher cost of electric service to the Company's general body of retail and wholesale Customers or adversely affect the adequacy or reliability of electric service to all Customers.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007





ORIGINAL SHEET NO. 8.318

A determination of whether or not such service is likely to result in higher cost electric service will be made by the Company by evaluating the results of an appropriately adjusted FPSC approved cost effectiveness methodology, in addition to other modeling analyses.

3. In accordance with FPSC Rule 25-17.089, F.A.C., upon request by a CEP, the Company shall provide transmission service in accordance with its OATT to wheel As-Available Energy or firm capacity and energy produced by the CEP from the CEP to another electric utility.
4. The rates, terms, and conditions for any transmission and ancillary services provide to the CEP shall be those approved by the FERC and contained in the Company's OATT.
5. A CEP may apply for transmission and ancillary services from the Company in accordance with the Company's OATT. Requests for service must be submitted on the Company's Open Access Same-Time Information System ("OASIS"). The Company's contact person, phone number and address is posted and updated on the OASIS and can be viewed by the public on the Internet at the address: [http://www.enx.com/FOA\\_Contacts.html](http://www.enx.com/FOA_Contacts.html). A copy of the Company's OATT is also posted at the address: [http://www.enx.com/FOA/teco\\_home.html](http://www.enx.com/FOA/teco_home.html).
6. If the CEP is located outside of the Company's transmission area, then the CEP must arrange for long term firm 3<sup>rd</sup>-party transmission, ancillary services and an Interconnection Agreement on all necessary external transmission paths for the term of the contract.

**PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS:** Within 60 days of the receipt of a signed, completed Standard Offer Contract, the Company shall either accept and sign the Standard Offer Contract and return it within 5 days to the CEP or petition the Commission not to accept the Standard Offer Contract and provide justification for the refusal.

All Standard Offer Contracts received will be given equal consideration and each will be reviewed in accordance with the Company's Evaluation Procedure for Standard Offer Contracts. The criteria and procedure used to evaluate Standard Offer Contracts are attached to the Standard Offer Contract as Appendix I.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



ORIGINAL SHEET NO. 8.322

Each delivered Standard Offer Contract should be clearly labeled "Standard Offer Contract" and shall only be received at the Company's main business address:

Tampa Electric Company  
c/o Manager - Wholesale Contracts,  
Wholesale Marketing and Sales  
702 North Franklin Street (33602)  
P. O. Box 111  
Tampa, Florida 33601

Certified mail will be the preferred means of Standard Offer Contract delivery.

Each eligible Standard Offer Contract will be evaluated as to its technical reliability, viability and financial stability, as well as other relevant information, in accordance with FPSC Rule 25-17.0832, F.A.C.

The Company will select and accept Standard Offer Contracts, after the evaluation process, which have convincingly demonstrated that their project is financially and technically viable and that the Contracted Capacity and Associated Energy would be available by the date specified in the Standard Offer Contract.

**ISSUED BY:** C. R. Black, President

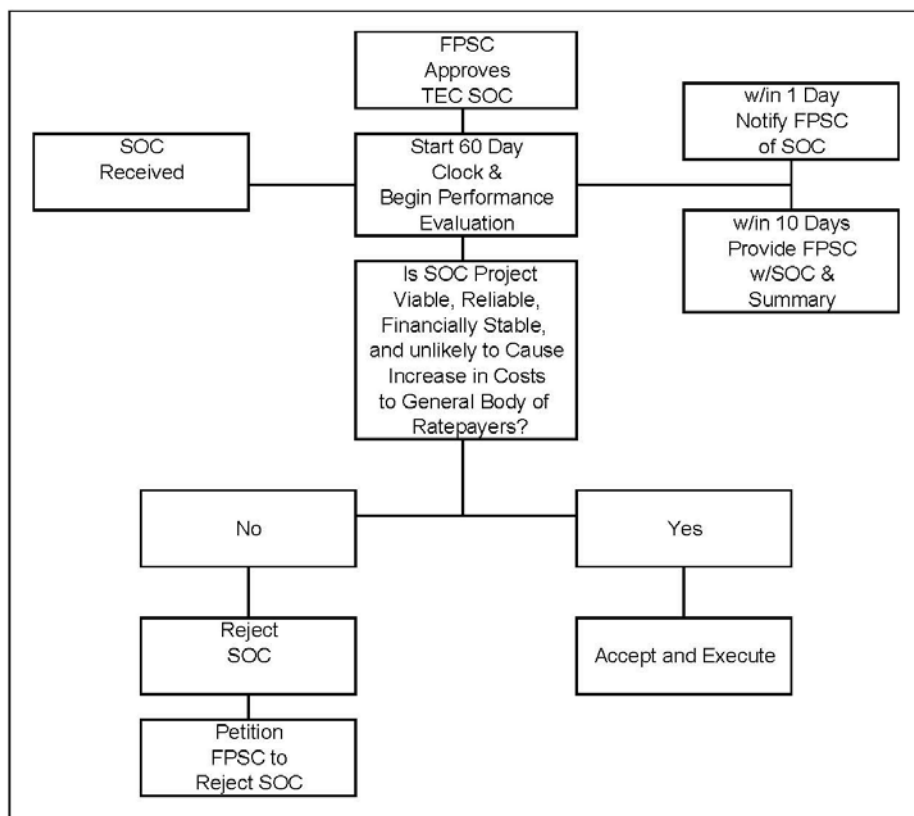
**DATE EFFECTIVE:** May 22, 2007





ORIGINAL SHEET NO. 8.324

### PROCEDURE FOR PROCESSING STANDARD OFFER CONTRACTS



ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



~~TENTH-ELEVENTH~~ REVISED SHEET NO. 8.326  
CANCELS ~~NINTH-TENTH~~ REVISED SHEET NO. 8.326

**RATE SCHEDULE COG-2  
TABLE OF APPENDICES**

<b>APPENDIX</b>	<b>TITLE</b>	<b>SHEET NO.</b>
A	VALUE OF DEFERRAL METHODOLGY	8.328
B	METHODOLOGY TO BE USED IN THE CALCULATION OF AVOIDED ENERGY COST	8.344
C	<del>2021-2024</del> Reciprocating Engine <ul style="list-style-type: none"><li>• Minimum Performance Standard</li><li>• Parameters for Avoided Unit Capacity Costs</li><li>• Exemplary Capacity Payment Schedules</li><li>• Parameters for Avoided Unit Energy Costs</li></ul>	8.406
D	RESERVED FOR FUTURE USE	-
E	RESERVED FOR FUTURE USE	-
F	RESERVED FOR FUTURE USE	-

**ISSUED BY:** ~~N. G. Tower~~A. D. Collins,  
President

**DATE EFFECTIVE:** ~~June 9, 2020~~



ORIGINAL SHEET NO. 8.328

**RATE SCHEDULE COG-2  
APPENDIX A  
VALUE OF DEFERRAL METHODOLOGY**

Appendix A provides a detailed description of the methodology used by the Company to calculate the monthly value of deferring the Designated Avoided Unit referred to in Rate Schedule COG-2. When used in conjunction with the current FPSC-approved cost parameters associated with each Designated Avoided Unit contained in Appendices C through E, the CEP may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the CEP enter into a Standard Offer Contract with the Company.

Also contained in Appendix A is a discussion of the types and forms of surety bond requirements or equivalent assurance of repayment of early, Levelized, Early Levelized, or front-end loaded Other Capacity Payments acceptable to the Company in the event of contractual default by the CEP.

**CALCULATION OF VALUE OF DEFERRAL:** FPSC Rule 25-17.0832(6), F.A.C., specifies that avoided capacity costs, in dollars per kilowatt per month, associated with firm capacity sold to a utility by the CEP pursuant to the utility's Standard Offer shall be defined as the value of a year-by-year deferral of the Designated Avoided Unit and shall be calculated as follows:

$$VAC_m = 1/12 [K I_n (1-R_p) / (1-R_p^L) + O_n]$$

FPSC Rule 25-17.0832(6)(a), F.A.C., specifies that, beginning with the in-service date of the Company's Designated Avoided Unit, for a one year deferral:

$VAC_m$  = Company's monthly value of avoided capacity, \$/kW/month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year;

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



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- $I_n$  = total direct and indirect cost, in mid-year \$/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year  $n$ , including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit that would have been paid had the Designated Avoided Unit(s) been constructed;
- $O_n$  = total fixed operation and maintenance expense for the year  $n$ , in mid-year \$/kW/year, of the Designated Avoided Unit(s);
- $i_p$  = annual escalation rate associated with the plant cost of the Designated Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);
- $r$  = annual discount rate, defined as the Company's incremental after tax cost of capital;
- $L$  = expected life of the Designated Avoided Unit(s); and
- $R_p = (1 + i_p) / (1 + r)$
- $n$  = year for which the Designated Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.

**CALCULATION OF EARLY CAPACITY PAYMENTS:** FPSC Rule 25-17.0832(6)(b), F.A.C., specifies that, normally, payment for firm capacity shall not commence until the in-service date of the Designated Avoided Unit(s). At the option of the CEP, however, the Company may begin making Early Capacity Payments consisting of the fixed operation and maintenance expense and the capital cost component of the value of a year-by-year deferral of the Designated Avoided Unit(s). When such Early Capacity Payments are elected, capacity payments shall be paid monthly commencing no earlier than the Commercial In-Service date of the CEP, and shall be calculated as follows:

$$A_m = [A_c(1 + i_p)^{(m-1)} + A_o(1 + i_o)^{(m-1)}] / 12 \quad \text{for } m = 1 \text{ to } t$$

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



ORIGINAL SHEET NO. 8.334

Beginning with the earliest avoidance date of the Company's Designated Avoided Unit(s), for a one year deferral:

$A_m$  = monthly early capacity payments to be made to the CEP for each month of the contract year  $n$ , in \$/kW/month, starting no earlier than the in-service date of the CEP's generating facility;

$m$  = year for which early capacity payments to the CEP are made;

$t$  = the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year  $m$ ;

$$A_c = F [(1 - R_p) / (1 - R_p^t)]$$

Where:

$F$  = the cumulative present value, in the year contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s);

$$A_o = G [(1 - R_o) / (1 - R_o^t)]$$

Where:

$G$  = the cumulative present value in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s).

$$R_o = (1 + i_o) / (1 + r)$$

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007



FIRST REVISED SHEET NO. 8.336  
CANCELS ORIGINAL SHEET NO. 8.336

Continued from Sheet No. 8.334

**CALCULATION OF LEVELIZED AND EARLY LEVELIZED CAPACITY PAYMENTS:** FPSC Rule 25-17.0832(6)(c), F.A.C., specifies that, Monthly Levelized and Early Levelized Capacity Payments shall be calculated as follows:

$$P_L = F/12 \{ r / [1 - (1 + r)^{-t}] \} + O$$

Where:

- $P_L$  = the monthly levelized capacity payment, starting on or prior to the in-service date of the Designated Avoided Unit(s);
- $O$  = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with FPSC Rule 25-17.0832, paragraph 6(a) for Levelized Capacity Payments or with paragraph 6(b) for Early Levelized Capacity Payments, F.A.C.

Currently approved parameters for each Designated Avoided Unit applicable to the formulas above are found in Appendices C through F.

**CALCULATION OF MONTHLY AVAILABILITY AND CAPACITY FACTOR:** Pursuant to FPSC Rule 25-17.0832, F.A.C., and Docket No. 891049-EU, the CEP must meet or exceed, on a monthly basis, the MPS of the Company's Designated Avoided Unit(s) as described in Appendices C through F of COG-2 in order to receive monthly capacity payments. At the end of each Monthly Period, beginning with the Monthly Period specified in Paragraph 6.b.ii of the Company's Standard Offer Contract, the Company will calculate the CEP's Monthly Availability and Monthly Capacity Factor.

**REPAYMENT OF EARLY CAPACITY PAYMENTS:** FPSC Rule 25-17.0832(3)(c), F.A.C., requires that when early, levelized, early levelized, and front-end loaded capacity payments are elected, the CEP must provide a security deposit for assurance of repayment of Early Capacity Payments in the event the CEP is unable to meet the terms and conditions of its contract. Depending on the nature of the CEP's operation, financial health and solvency of the CEP or its guarantor, if any, and its ability to meet the terms and conditions of the Company's Standard Offer Contract; one of the following may constitute an equivalent assurance of repayment:

Continued to Sheet No. 8.338

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: June 30, 2009



ORIGINAL SHEET NO. 8.338

1. cash deposited in an interest bearing escrow account mutually acceptable to the Company and the EP; or
2. an unconditional and irrevocable direct pay letter of credit in form and substance satisfactory to the Company; or
3. a performance bond in form and substance satisfactory to the Company.

The form of security required will be in the sole discretion of the Company and will be in such form as to allow the Company immediate access to the funds in the event that the CEP fails to meet the terms and conditions of its contract

The Company will cooperate with each CEP applying for Capacity Payments under Capacity Payment Options 2, 3, 4, or 5 to determine the exact form of an "equivalent assurance of repayment" to be required based on the particular aspects of the CEP. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the CEP and the Company's ratepayers.

Florida Statute 377.709(4), requires the local government to refund Early Capacity Payments should a Municipal Solid Waste Facility owned, operated by or on behalf of a local government be abandoned, closed down or rendered illegal, therefore a utility may not require risk-related guarantees from a Municipal Solid Waste Facility as required in FPSC Rule 25-17.0832(2)(c) and (3)(e)(8), F.A.C. However, at its option, a Municipal Solid Waste Facility may provide such risk-related guarantees.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



**SECOND REVISED SHEET NO. 8.344**  
**CANCELS FIRST REVISED SHEET NO. 8.344**

**RATE SCHEDULE COG-2**  
**APPENDIX B**  
**METHODOLOGY TO BE USED IN THE CALCULATION OF AVOIDED ENERGY COST**

The methodology the Company has implemented in order to determine the appropriate avoided energy costs and any payments thereof to be rendered to CEPs is consistent with the provisions of Order No. 23625 in Docket No. 891049-EU, issued on October 16, 1990; the Amendment of FPSC Rules 25-17.080 et seq, F.A.C.

The avoided energy costs methodology used to determine payments to CEPs on an hourly basis is based on the incremental cost of fuel using the average price of replacement fuel purchased in excess of contract minimums. Generally, avoided energy costs are defined to include incremental fuel, identifiable variable operation and maintenance expenses, identifiable variable purchased power costs and an adjustment for line losses reflecting delivery voltage.

Under normal conditions the Company will have additional generation resources available which can carry its native load and firm interchange sales without the CEP's contribution. When this is the case and the CEP is present, the incremental fuel portion of the avoided energy cost is equal to the difference between the Company's production cost at 2 load levels, with and without the CEP's contribution.

In those situations where the Company's maximum available generation (not including its minimum operating reserves) is insufficient to carry its native load and firm interchange sales, in the absence of the CEP contribution, the Company's incremental fuel component of the avoided energy cost will be determined by:

1. system lambda - if "off-system purchases" are not being made and all available generation has been dispatched; or
2. the highest incremental cost of any "off-system purchases" that are being made for native load.

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 19, 2012





**FIRST REVISED SHEET NO. 8.352**  
**CANCELS ORIGINAL SHEET NO. 8.352**

Examples of these situations are found in Exhibits 1- 4.

The As-Available Avoided Energy Cost, as determined by this methodology, is priced at a level not to exceed the Company's incremental fuel and identifiable variable operating and maintenance (O&M) expenses including the cost of any off-system purchases for native load.

**PARAMETERS FOR DETERMINING AS-AVAILABLE AVOIDED ENERGY COSTS:** The Company uses production costing methods for determining avoided energy cost payments to CEPs. Computerized production costing is accomplished on an hourly basis. The parameters used are as follows:

1. The system load is the actual system load at the Hour Ending with the clock hour (HE).
2. The first allocation of load for production costing is to those units that are base loaded at a certain level for operating reasons. The remainder of the load is allocated to units available for economic dispatch through the use of incremental cost curves.
3. The fuel costs associated with each of the Company's units operating at its allocated level of generation is determined by using the individual units input/output equation, its heat rate performance factor and the composite price of supplemental fuel.
4. The Company's own production cost for each hour of operation at a particular generation level equals the sum of the individual units' fuel cost for that hour. The production cost, thus determined, consists of the composite price of replacement fuel based on supplemental purchases and the incremental heat rate for the generating system.
5. The Company's total cost equals its own production cost (paragraph 4 above), identified variable O&M, plus the cost of any off-system purchases to serve native load.
6. Native load includes all firm and non-firm retail load.
7. The cost of off-system firm and non-firm variable purchases is defined as the highest energy cost energy block purchased for native load during the hour.
8. Firm interchange sales are included in production cost calculations.

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 19, 2012



**SECOND REVISED SHEET NO. 8.356**  
**CANCELS FIRST REVISED SHEET NO. 8.356**

Continued from Sheet No. 8.352

9. The Company's Maximum Available Generation in this methodology is defined as the maximum capacity less operating reserve requirements.
10. The "Standard Tariff Block" is defined to be an x-megawatt (XMW) block equivalent to the combined actual hourly generation delivered to the Company from all CEPs making As-Available Energy sales to the Company. In the absence of metered information on exports from the CEP making As-Available Energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MW and then added to the sum of all other known As-Available Energy purchases for that hour.

Continued to Sheet No. 8.376

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 25, 2013



SECOND REVISED SHEET NO. 8.376  
CANCELS FIRST REVISED SHEET NO. 8.376

Continued from Sheet no. 8.356

**SUPPLEMENTAL FUEL:**

The term "supplemental fuel" refers to the variable cost for additional fuel to be delivered to Tampa Electric's generation facilities. The supplemental fuel price includes the cost of the fuel commodity at market prices plus the variable cost to deliver the commodity to the generation facility. Market prices for coal, oil and natural gas are based on published indexes or current market activity for commodities of comparable quality to those used in Tampa Electric's generation facilities.

**AVOIDED ENERGY COST CALCULATIONS:**

**Example: 1** Off-system purchases are not being made. The Company's generation is capable of carrying its native load and firm sales.

The procedure used to deterministically calculate the incremental avoided energy cost associated with As-Available Energy on an hour by hour basis when no off-system purchases are taking place is as follows:

The 1<sup>st</sup> calculation determines the Company's production cost without the benefit of cogeneration.

Continue to Sheet No. 8.378

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



FIRST REVISED SHEET NO. 8.378  
CANCELS ORIGINAL SHEET NO. 8.378

In these instances, the \$/MWH price that the Company will pay the CEPs is determined by calculating the production cost at 2 load levels.

The 2<sup>nd</sup> calculation determines the Company's production cost with the benefit of cogeneration.

After each of the 2 calculations are made, the avoided energy cost rate is calculated by dividing the difference in production cost between the 2 calculations described above by the "Standard Tariff Block." [The "Standard Tariff Block" is defined to be an XMW block equivalent to the combined actual hourly generation delivered to the Company from all CEPs making As-Available Energy sales to the Company. In the absence of metered information on exports from the CEP making As-Available Energy sales to the Company, an estimate of the hourly exports from that Facility will be used, rounded to the nearest 5 MWs and then added to the sum of the other as-available purchases for that hour. Prior to the in-service date of the appropriate Designated Avoided Unit, firm energy sales will be equivalent to as-available sales. Beginning with the in-service date of the appropriate Designated Avoided Unit(s), firm energy purchases from CEPs shall be treated as as-available energy for the purposes of determining the XMW block size only during the periods that the appropriate Designated Avoided Unit would not be operated.] The difference in production costs divided by the XMW block determines the As-Available Energy Payment Rate (AEPR) for the hour. The AEPR will be applied to the "Actual" CEP MWs purchased during the hour to determine payment to each CEP supplying As-Available Energy, and each CEP supplying firm energy in those instances where the avoided unit would not have been operated during the hour. See Exhibit 1.

**Example 2** Off-system purchases are not being made. The Company's generation can only carry its native load and firm sales with the CEP contribution.

The procedure used to deterministically calculate the incremental avoided energy cost associated with As-Available Energy on an hour by hour basis whenever the Company is not purchasing off-system interchange is as follows:

In this instance, the avoided energy cost that the Company will pay the CEPs will be determined by calculating the production cost at the last MW load level. The avoided energy cost is the production cost at system lambda. See Exhibit 2.

In the situation where the Company's generation is not fully dispatched, and additional generation capability is available to price a portion of the CEP block, then the CEP block will be priced at a combination of the difference between the Company's production cost at 2 load levels as previously defined and at system lambda. See Exhibit 3.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



**FIRST REVISED SHEET NO. 8.382**  
**CANCELS ORIGINAL SHEET NO. 8.382**

**Example 3** Off-system purchases are being made to serve native load.

The procedure used to deterministically calculate the incremental avoided energy cost associated with As-Available Energy on an hour by hour basis whenever the Company is making off-system purchases for native load is as follows:

In this instance, the \$/MWH price that the Company will pay is determined by applying the highest incremental cost of the off-system purchases to the CEP block. See Exhibit 4.

**DELIVERY VOLTAGE ADJUSTMENT:** A credit for avoided line losses reflecting the voltage at which generation by the CEPs is received is included in the Company's procedure for the determination of incremental avoided energy cost associated with As-Available Energy. Tampa Electric uses the adjustment factors shown on Sheet No. 8.306 for calculating the compensation for avoided line losses at the transmission and distribution system voltage levels based on the appropriate classification of service.

**Example:** (Firm Standby Time-of-Day)

Actual Incremental Hourly Avoided Energy Cost is:  
\$14.80/MWH

Adjustment Factor for Line Losses:  
1.0561

The Actual Incremental Hourly Avoided Energy Cost adjusted for avoided line losses associated with As-Available Energy provided to the Company would then become, in this example, \$15.63/MWH.

**"IDENTIFIABLE" INCREMENTAL VARIABLE O&M:** Tampa Electric's methodology for determining incremental avoided energy costs associated with As-Available Energy includes a procedure for calculating "identifiable" incremental variable O&M (VOM) expense.

A VOM rate (\$/MWH) is calculated annually for each Tampa Electric generating group. A generating group comprises units of the same type with similar size and operating characteristics (e.g., Big Bend coal units, Bayside CCs, Polk IGCC, all 180 MW CTs, etc.). The VOM rate for a generating group is calculated by dividing the previous year's identifiable VOM expenses for the group by the previous year's generation in megawatt-hours for the group.

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 19, 2012



ORIGINAL SHEET NO. 8.392

The incremental avoided energy cost associated with As-Available Energy is adjusted in each hour by the applicable VOM group rate(s) for the generation being avoided in that hour.

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** May 22, 2007



**FIRST REVISED SHEET NO. 8.394**  
**CANCELS ORIGINAL SHEET NO. 8.394**

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**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



SECOND REVISED SHEET NO. 8.396  
CANCELS FIRST REVISED SHEET NO. 8.396

**EXHIBIT 1**

**Example:** Off-system purchases are not being made. The Company's generation is capable of carrying its native load and firm sales.

Given:

Actual CEP Energy = 50 MWs  
The Company's Maximum Available Generation = 1560 MWs  
Native Load = 1550 MWs  
Firm Sales = 10 MWs

First Calculation (WITHOUT CEP):

Production Cost at 1560 MWs = \$20,275/hour

Second Calculation (WITH CEP):

Production Cost at 1510 MWs = \$19,500/hour

Third Calculation (CEP Rate \$/MWH):

Actual Hourly Avoided Energy Cost = (\$20,275/hour - \$19,500/hour) / (50 MW)

or

As-Available Energy Payment Rate (AEPR) = \$15.50/MWH

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 19, 2012





SECOND REVISED SHEET NO. 8.398  
CANCELS FIRST REVISED SHEET NO. 8.398

**EXHIBIT 2**

**Example:** Off-system purchases are not being made. The Company's generation can carry its native load and firm sales only with the CEP contribution.

Given:

Actual CEP Energy = 50 MWs  
The Company's Maximum Available Generation = 1460 MWs  
Native Load = 1500 MWs  
Firm Sale = 10 MWs

First Calculation:

Production Cost at 1460 MWs = \$18,900/hour

Second Calculation:

Production Cost at 1459 MWs = \$18,882.50/hour

Third Calculation (CEP Rate \$/MWH):

Actual Hourly Avoided Energy Cost at 1 MW (system  $\lambda$ <sup>1</sup>) =  
 $(\$18,900/\text{hour} - \$18,882.50/\text{hour}) / (1 \text{ MW})$

or

As-Available Energy Payment Rate (AEPR) = \$17.50/MWH

<sup>1</sup> In this example, system  $\lambda$  is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 19, 2012



SECOND REVISED SHEET NO. 8.402  
CANCELS FIRST REVISED SHEET NO. 8.402

**EXHIBIT 3**

**Example:** Off-system purchases are not being made to serve native load and firm sales. Available generation capacity is not fully dispatched. Without the CEP's contribution, the Company's native load and firm sales can be carried only with additional power purchases.

Given:

Actual CEP Energy = 50 MWs  
The Company's Maximum Available Generation = 1530 MWs  
The Company's Actual Generation = 1500 MWs  
Native Load = 1540 MWs  
Firm Sale = 10 MWs

Step 1 (Calculations for First 30 MWs)

First Calculation (Without CEP):

Production Cost at 1530 MWs = \$20,590/hour

Second Calculation (With CEP):

Production Cost at 1500 MWs = \$20,050/hour

Third Calculation:

Actual Hourly Avoided Energy Cost at 30 MWs =  
 $(\$20,590/\text{hour}) - (\$20,050/\text{hour}) = \$540/\text{hour}$

Step 2 (Calculations for Remaining 20 MWs)

First Calculation:

Production Cost at 1530 MWs = \$20,590/hour

Second Calculation:

Production Cost at 1529 MWs = \$20,571.50/hour

Third Calculation:

Actual Hourly Avoided Energy Cost at 1 MW (system  $\lambda^1$ ) for 20 MWs =  
 $(\$20,590/\text{hour} - \$20,571.50/\text{hour}) \times (20 \text{ MWs}) = \$370/\text{hour}$

Step 3 (Calculation of Composite Rate for Total 50 MW Block)

Composite Actual Hourly Avoided Energy Cost of 50 MW Block =  $(\$540 + \$370) / 50 \text{ MW}$   
or

As-Available Energy Payment Rate (AEPR) = \$18.20/MWH

<sup>1</sup> In this example, system  $\lambda$  is the production cost for the last MW segment to meet the load after dispatching all available generation capacity.

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 19, 2012



FIRST REVISED SHEET NO. 8.404  
CANCELS ORIGINAL SHEET NO. 8.404

**EXHIBIT 4**

**Example: Off-system purchases are being made. The Company's native load and firm sales can be carried only with additional purchase power.**

Given:

Actual CEP Energy = 50 MWs  
The Company's Maximum Available Generation = 1500 MWs  
The Company's Actual Generation = 1500 MWs  
Native Load = 1540 MWs  
Firm Sales = 20 MWs  
Off-System Purchase<sup>1</sup> = 10 MWs Costing \$400/hour

Actual Incremental Hourly Avoided Energy Cost = \$400 / 10 MW

Or

As-Available Energy Payment Rate (AEPR) = \$40/hour

<sup>1</sup> Off-System Purchase shall be the highest cost purchased energy block bought during the hour for native load.

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** June 19, 2012



~~TENTH-ELEVENTH~~ REVISED SHEET NO. 8.406  
CANCELS ~~NINTH-TENTH~~ REVISED SHEET NO. 8.406

**RATE SCHEDULE COG-2  
APPENDIX C**

**2021-2024 Reciprocating Engine**

This Designated Avoided Unit is a 18.5 MW (winter rating) natural gas-fired Reciprocating Engine with a DECEMBER 1, 2021-2024, in-service date.

**MINIMUM PERFORMANCE STANDARDS**

In order to receive a Monthly Capacity Payment, all Contracted Capacity and Associated Energy provided by CEPs shall meet or exceed the following MPS on a monthly basis. The MPS are based on the anticipated peak and off-peak dispatchability, unit availability, and operating factor of the Designated Avoided Unit over the term of this Standard Offer Contract. The CEP's proposed generating facility ("the Facility") as defined in the Standard Offer Contract will be evaluated against the anticipated performance of a Reciprocating Engine, starting with the first Monthly Period following the date selected in Paragraph 6.b.ii of the Company's Standard Offer Contract.

1. **Dispatch Requirements:** The CEP shall provide peaking capacity to the Company on a firm commitment, first-call, on-call, as-needed basis. In order to receive a Contracted Capacity Payment for each calendar month that the Facility is to be dispatched, the CEP must meet or exceed both the minimum Monthly Availability and Monthly Capacity Factor requirements.
2. **Dispatch Procedure:** Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 7:00 A.M. EPT, the CEP shall electronically transmit a schedule ("Available Schedule") of the hour-by-hour amounts of Contracted Capacity expected to be available from the Facility the next day ("Committed Capacity"). Commencing on the calendar day prior to the Facility In-Service Date or the Extended Facility In-Service Date, as applicable, and continuing each calendar day thereafter during the Term, by 3:00 P.M. EPT, the Company shall electronically transmit the hour-by-hour amounts of Contracted Capacity that the Company desires the CEP to dispatch from the Facility the next day based on the Available Schedule supplied at 7:00 A.M. EPT by the CEP ("Dispatch Schedule"). The CEP's Available Schedule and the Company's Dispatch

Continued to Sheet No. 8.408

**ISSUED BY:** ~~N. G. Tower~~ A. D. Collins,  
President

**DATE EFFECTIVE:** ~~June 9, 2020~~



FIRST REVISED SHEET NO. 8.408  
CANCELS ORIGINAL SHEET NO. 8.408

Schedule for Fridays will include Saturday, Sunday, and Monday schedules. The CEP's Available Schedule and the Company's Dispatch Schedule during holiday periods will be similarly adjusted. The CEP shall control and operate the Facility in accordance with the Company's Dispatch Schedule. From time to time (i.e. during emergency conditions), the Company may be required to adjust the Dispatch Schedule or ignore scheduled levels altogether, however, each Party shall make reasonable efforts to minimize departures from the Dispatch Schedule.

3. **Automatic Generation Control:** At the Company's discretion, the CEP will operate the Facility with Automatic Generation Control (AGC) equipment, speed governors, and voltage regulators in-service, except at such times when operational constraints of the equipment prevent AGC operation.
4. **Start-up Time:** Upon notification by the Company, the CEP's Facility shall provide its capacity within 15 minutes from a cold-start condition to maximum capacity.
5. **Minimum Run Time:** Minimum run time for the CEP's unit shall be 1 hour.

**BASIS FOR MONTHLY CAPACITY PAYMENT CALCULATION:**

1. **Monthly Availability Factor:** The Monthly Availability Factor of the CEP's generating facility will be calculated by averaging the Hourly Availability Factors for each hour of the Monthly Period. The Hourly Availability Factor may not exceed 100% and shall be defined as the hourly Committed Capacity expressed as a percentage of Contracted Capacity to the nearest whole percentile. The CEP is required to achieve a minimum Monthly Availability Factor of 90% in order to meet the MPS and be eligible to receive a Monthly Capacity Payment. Periods of Annual Planned Maintenance will be excluded from the calculation of the Monthly Availability Factor. For purposes of calculating the Monthly Availability Factor, the CEP's Committed Capacity may not exceed its Contracted Capacity.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



FIRST REVISED SHEET NO. 8.414  
CANCELS ORIGINAL SHEET NO. 8.414

2. **Monthly Capacity Factor:** In addition to the MPS for Monthly Availability, the CEP shall provide capacity into the Company's electric grid in order to meet or exceed a Monthly Capacity Factor of 80%. The Monthly Capacity Factor for the period April 1st through October 31st shall be defined as the sum of 80% of the Monthly Average On-peak Operating Factor plus 20% of the Monthly Average Off-peak Operating Factor. The Monthly Capacity Factor for the period November 1st through March 31st shall be defined as the sum of 90% of the Monthly Average On-peak Operating Factor plus 10% of the Monthly Average Off-peak Operating Factor.
  - a. **Operating Factor:** The CEP shall endeavor to provide capacity in the amount dispatched by the Company. The Company may at times request capacity in an amount that exceeds the Committed Capacity as declared by CEP the previous day.

However, the Operating Factor may not exceed 100% and shall be defined as the actual energy received during each hour that the CEP unit is dispatched by the Company divided by the lesser of the CEP's Committed Capacity or the capacity requested by the Company for that hour, expressed to the nearest whole percentile.
  - b. **Monthly Average On-peak Operating Factor:** The monthly average of the Operating Factor for all hours the CEP unit has been dispatched during On-peak Hours will be termed the Monthly Average On-peak Operating Factor.
  - c. **Monthly Average Off-peak Operating Factor:** The monthly average of the Operating Factor for all hours the CEP unit has been dispatched during Off-peak Hours will be termed the Monthly Average Off-peak Operating Factor.
3. **Off-Peak and On-Peak Hours:** Those weekday hours occurring April 1 through October 31, from 12:00 noon to 9:00 p.m. and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and from 6:00 p.m. to 10:00 p.m. All other weekday hours and weekends shall be deemed Off-peak Hours including the following holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The Company shall have the right to change such On-peak Hours by providing written notice to CEP a minimum of 90 calendar days prior to such change.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: July 29, 2008



**FOURTH REVISED SHEET NO. 8.416  
CANCELS THIRD REVISED SHEET NO. 8.416**

Continued from Sheet No. 8.414

4. **Annual Scheduled Maintenance:** Each year the CEP shall prepare, coordinate, and provide by April 1st all planned maintenance with the Company. The Company will review and approve annual/major scheduled maintenance by July 1st for the balance of the current year and following calendar year. A maximum of 10 days (240 hours) each year for annual maintenance and a maximum of 4 weeks (672 hours) every fifteenth year for major maintenance will be allowed. Scheduled maintenance shall not be planned during January, July, August, or December. At the option of the CEP and with written consent from the Company, scheduled outage time may be utilized during any other months to improve the CEP's Availability and Capacity Factors and such scheduled outage hours will be disregarded from the Monthly Availability Factor and Capacity Factor calculations. However, once allowable maintenance hours have been utilized, all other hours during the year will be considered in Availability and Capacity Factor calculations.
5. **Monthly Capacity Payment:** Starting with the CEP's Commercial In-Service Date, for months when the CEP unit has been dispatched (provided that CEP has achieved at least a 90% Monthly Availability Factor), the Monthly Capacity Payment for each Monthly Period shall be calculated according to the following:
  - a. In the event that the Monthly Capacity Factor is less than 80%, no Monthly Capacity Payment shall be paid to the CEP. That is:

$$MCP = \$0$$

- b. In the event that the Monthly Capacity Factor is greater than or equal to 80% but less than 90%, the Monthly Capacity Payment shall be calculated from the following formula:

$$MCP = [(BCC) \times (.02 \times (CF - 45))] \times CC$$

Continued on Sheet No. 8.418

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 21, 2015



ORIGINAL SHEET NO. 8.418

- c. In the event that the Monthly Capacity Factor is greater than or equal to 90%, the Monthly Capacity Payment shall be calculated from the following formula:

$$MCP = (BCC) \times CC$$

Where:

- MCP = Monthly Capacity Payment in dollars.  
BCC = Base Capacity Credit in \$/KW-Month (*as exemplified by the Payment Schedules included in this Appendix for the minimum contract term under Capacity Payment Options 1, 2, 3 and 4.*)  
CC = Contracted Capacity in KW  
CF = Monthly Capacity Factor; or

During April 1 - October 31:

$$= 80\% \times \text{Monthly Average On-peak Operating Factor} + 20\% \times \text{Monthly Average Off-peak Operating Factor}$$

During November 1 - March 31:

$$= 90\% \times \text{Monthly Average On-peak Operating Factor} + 10\% \times \text{Monthly Average Off-peak Operating Factor}$$

6. **Non-Dispatch Condition:** The CEP may be entitled to a Monthly Capacity Payment (BCC x CC) even if the CEP's unit was not dispatched by the Company during a Monthly Period. In this instance however, in order to cover the Company's operating reserve criteria, the CEP unit must have achieved a minimum Monthly Availability Factor of 90% for the Monthly Period to be eligible to receive a Monthly Capacity Payment.

In the event the CEP unit is dispatched during one but not the other (On-peak vs. Off-peak) period during the month, the CEP's Monthly Average Operating Factor for the "non-dispatched" period will be set equal to the Monthly Average Operating Factor achieved during the "dispatched" period, for the purpose of calculating the Monthly Capacity Factor, as defined in Paragraph 2 above.

The CEP may be entitled to a Monthly Capacity Payment when the CEP's unit is out of service during the month for allowable scheduled maintenance in accordance with the Paragraph 4 above.

ISSUED BY: C. R. Black, President

DATE EFFECTIVE: May 22, 2007





~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 8.422  
CANCELS ~~TWELFTH~~ ~~THIRTEENTH~~ REVISED SHEET NO. 8.422

Continued from Sheet No. 8.418

# PARAMETERS FOR AVOIDED CAPACITY COSTS

Beginning with the in-service date (12/1/~~2024~~~~2024~~) of the Company's Designated Avoided Unit, a 18.5MW (Winter Rating) natural gas-fired Reciprocating Engine, for a 1 year deferral:

## VALUE

VAC <sub>m</sub> =	Company's monthly value of avoided capacity, \$/kW/month, for each month of year n	<del>12.339.0</del>
K =	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year	<del>1.514.2503</del>
I <sub>n</sub> =	total direct and indirect cost, in mid-year \$/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit that would have been paid had the Designated Avoided Unit(s) been constructed	<del>1401.984169.89</del>
O <sub>n</sub> =	total fixed operation and maintenance expense for the year n, in mid-year \$/kW/year, of the Designated Avoided Unit(s);	<del>22.0421.10</del>
i <sub>p</sub> =	annual escalation rate associated with the plant cost of the Designated Avoided Unit(s)	<del>2.0%2.0%</del>
i <sub>o</sub> =	annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	2.2%
r =	discount rate, defined as the Company's incremental after tax cost of capital;	6.703%

Continued to Sheet No. 4.424

ISSUED BY: ~~N. G. Tower~~A. D. Collins,  
President

DATE EFFECTIVE: ~~June 9, 2020~~



~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 8.424  
CANCELS ~~TWELFTH~~ ~~THIRTEENTH~~ REVISED SHEET NO. 8.424

Continued from Sheet No. 8.422

L	=	expected life of the Designated Avoided Unit(s); and	30
n	=	year for which the Designated Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.	<del>2024</del> 2024
A <sub>m</sub>	=	monthly early capacity payments to be made to the CEP for each month of the contract year n, in \$/kW/month, if payments start in 2020	<del>9.347</del> 9.347-86
m	=	Earliest year in which early capacity payments to the CEP may begin;	<del>2020</del> 2021*
F	=	the cumulative present value, in the year contractual payments will begin, of the avoided capital cost component of capacity payments over the term of the contract which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s);	<del>1396.514</del> 1396.514054.07*
t	=	the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;	<del>2023</del> 2023*

\* Actual values will be determined based on the capacity payment start date and contract term selected by the CEP.

ISSUED BY: ~~N. G. Tower~~A. D. Collins,  
President

DATE EFFECTIVE: ~~June 9, 2020~~



~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 8.426  
CANCELS ~~TWELFTH~~ ~~THIRTEENTH~~ REVISED SHEET NO. 8.426

Continued from Sheet No. 8.424

~~2024-2024 RECIPROCATING-RECIPROCATING~~ ENGINE - AVOIDED UNIT  
MONTHLY CAPACITY PAYMENT RATE (\$/KW-MONTH)  
NON-LEVELIZED PAYMENT OPTIONS

		OPTION 1	OPTION 2			
		NORMAL PAYMENT	EARLY PAYMENT			
CONTRACT YEAR		Starting 12/1/ <del>2024</del> 2024	Starting 12/1/ <del>2020</del> 2021	Starting 12/1/2022	Starting 12/1/2023	
FROM	TO	\$/KW-mo	\$/KW-mo	\$/KW-mo	\$/KW-mo	
<del>1/1/20</del>	<del>12/31/20</del>		8.40			
1/1/21	12/31/21	9.00	9.34-8.27			
1/1/22	12/31/22	9.49	9.53-8.43	10.22		
1/1/23	12/31/23	9.38	9.72-8.64	10.43	11.21	
1/1/24	12/31/24	12.33-9.57	9.92-8.78	10.64	11.44	
1/1/25	12/31/25	12.58-9.76	10.12-8.96	10.86	11.67	
1/1/26	12/31/26	12.83-9.96	10.32-9.14	11.08	11.91	
1/1/27	12/31/27	13.09-10.16	10.53-9.33	11.30	12.15	
1/1/28	12/31/28	13.36-10.37	10.75-9.52	11.53	12.40	
1/1/29	12/31/29	13.63-10.58	10.96-9.72	11.77	12.65	
1/1/30	12/31/30	13.91-10.80	11.19-9.94	12.00	12.91	
1/1/31	12/31/31	14.19-11.02	11.41-10.12	12.25	13.17	
1/1/32	12/31/32	14.48-11.24	11.65-10.32	12.50	13.44	
1/1/33	12/31/33	14.77-11.47	11.88-10.53	12.75	13.71	
1/1/34	12/31/34	15.07-11.71	12.12-10.75	13.01	13.99	
1/1/35	12/31/35	15.38-11.95	12.37-10.97	13.27	14.27	
1/1/36	12/31/36	15.69-12.19	12.62-11.19	13.54	14.56	
1/1/37	12/31/37	16.01-12.44	12.88-11.42	13.82	14.86	
1/1/38	12/31/38	16.33-12.69	13.14-11.65	14.10	15.16	
1/1/39	12/31/39	16.66-12.95	13.41-11.89	14.39	15.47	
1/1/40	12/31/40	17.00-13.22	13.68	14.68	15.78	
1/1/41	12/31/41	17.35-13.49	13.96	14.98	16.10	
1/1/42	12/31/42	17.70	14.24	15.28	16.43	
1/1/43	12/31/43	18.06	14.53	15.59	16.76	
1/1/44	12/31/44					

Fourth Early  
Payment Column  
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Continued to Sheet No. 8.427

ISSUED BY: ~~N. G. Tower~~ A. D. Collins,  
President

DATE EFFECTIVE: ~~June 9, 2020~~



~~EIGHTH-NINTH~~ REVISED SHEET NO. 8.427  
CANCELS ~~SEVENTH-EIGHTH~~ REVISED SHEET NO. 8.427

Continued from Sheet No. 8.426

~~2024-2024~~ RECIPROCATING ENGINE - AVOIDED UNIT  
MONTHLY CAPACITY PAYMENT RATE ( \$/KW-MONTH)  
LEVELIZED PAYMENT OPTIONS

		OPTION 3	OPTION 4			
		LEVELIZED NORMAL PAYMENT	EARLY LEVELIZED PAYMENT			
CONTRACT YEAR		Starting 12/1/2024-2024	Starting 12/1/2020-2021	Starting 12/1/2022	Starting 12/1/2023	
FROM	TO	\$/kW-mo	\$/kW-mo	\$/kW-mo	\$/kW-mo	
<del>1/1/20</del>	<del>12/31/20</del>	-	9.48			Fourth Early Levelized Payment Column Intentionally Left Blank
1/1/21	12/31/21	<del>9.78</del>	<del>10.82</del> 9.24			
1/1/22	12/31/22	<del>9.82</del>	<del>10.85</del> 9.25	11.78		
1/1/23	12/31/23	<del>9.86</del>	<del>10.88</del> 9.28	11.82	12.86	
1/1/24	12/31/24	<del>14.06</del> 9.90	<del>10.91</del> 9.32	11.85	12.89	
1/1/25	12/31/25	<del>14.10</del> 9.94	<del>10.95</del> 9.36	11.89	12.93	
1/1/26	12/31/26	<del>14.14</del> 9.98	<del>10.98</del> 9.40	11.92	12.97	
1/1/27	12/31/27	<del>14.18</del> 40.02	<del>11.01</del> 9.44	11.96	13.01	
1/1/28	12/31/28	<del>14.22</del> 40.07	<del>11.05</del> 9.48	12.00	13.05	
1/1/29	12/31/29	<del>14.27</del> 40.11	<del>11.08</del> 9.52	12.03	13.09	
1/1/30	12/31/30	<del>14.31</del> 40.16	<del>11.12</del> 9.56	12.07	13.13	
1/1/31	12/31/31	<del>14.36</del> 40.21	<del>11.16</del> 9.60	12.11	13.17	
1/1/32	12/31/32	<del>14.41</del> 40.25	<del>11.20</del> 9.65	12.15	13.22	
1/1/33	12/31/33	<del>14.45</del> 40.30	<del>11.23</del> 9.69	12.20	13.26	
1/1/34	12/31/34	<del>14.50</del> 40.35	<del>11.27</del> 9.74	12.24	13.31	
1/1/35	12/31/35	<del>14.55</del> 40.40	<del>11.31</del> 9.79	12.28	13.36	
1/1/36	12/31/36	<del>14.60</del> 40.46	<del>11.36</del> 9.84	12.33	13.40	
1/1/37	12/31/37	<del>14.66</del> 40.51	<del>11.40</del> 9.89	12.37	13.45	
1/1/38	12/31/38	<del>14.71</del> 40.57	<del>11.44</del> 9.94	12.42	13.50	
1/1/39	12/31/39	<del>14.77</del> 40.62	<del>11.49</del> 9.99	12.47	13.55	
1/1/40	12/31/40	<del>14.82</del> 40.68	11.53	12.51	13.60	
1/1/41	12/31/41	14.88	11.58	12.56	13.66	
1/1/42	12/31/42	14.94	11.62	12.61	13.71	
1/1/43	12/31/43	15.00	11.67	12.67	13.77	

ISSUED BY: ~~N. G. Tower~~ A. D. Collins,  
President

DATE EFFECTIVE: ~~June 9, 2020~~





~~ELEVENTH-TWELFTH~~ REVISED SHEET NO. 8.428  
CANCELS ~~TENTH-ELEVENTH~~ REVISED SHEET NO.  
8.428

Continued from Sheet No. 8.427

**BASIS FOR MONTHLY ENERGY PAYMENT CALCULATION:**

1. **Energy Payment Rate:** Prior to the in-service date of the avoided unit, the CEP's Energy Payment Rate shall be the Company's As-Available Energy Payment Rate (AEPR), as described in Appendix B. Starting the in-service date of the avoided unit, the basis for determining the Energy Payment Rate will be whether:
  - a. The Company has dispatched the CEP's unit on AGC; or
  - b. The Company has dispatched the CEP's unit off AGC and the CEP is operating its unit at or below the dispatched level; or
  - c. The Company has dispatched the CEP's unit off AGC but the CEP is operating its unit above the dispatched level; or
  - d. The Company has not dispatched the CEP's unit but the CEP is providing capacity and energy.

Note: For any given hour the CEP unit must be operating on AGC a minimum of 30 minutes to qualify under case (a).

The CEP's total monthly energy payment shall equal; (1) the sum of the hourly energy at the Unit Energy Payment Rate (UEPR), when the CEP's unit was dispatched by the Company, plus (2) the sum of the hourly energy at the corresponding hourly AEPR when the CEP's unit was operating at times other than when the Company dispatched the unit.

2. **Unit Energy Payment Rate:** Starting the in-service date of the avoided unit, the CEP will be paid at the UEPR for energy provided in Paragraph 1.a, Paragraph 1.b and that portion of the energy provided up to the dispatched level in Paragraph 1.c as defined above. The UEPR, which is based on the Company's Designated Avoided Unit and Heat Rate value of 8,1178,101 Btu/kWh, will be calculated monthly by the following formula:

$$UEPR = FC + O_v$$

where;

$O_v$  = Unit Variable Operation & Maintenance Expense in \$/MWH.

Continued to Sheet No. 8.434

ISSUED BY: ~~N. G. Tower~~ A. D. Collins,  
President

DATE EFFECTIVE: ~~June 9, 2020~~



~~ELEVENTH~~ TWELFTH REVISED SHEET NO. 8.434  
CANCELS ~~TENTH~~ ELEVENTH REVISED SHEET NO.  
8.434

Continued from Sheet No. 8.428

FC = Fuel Component of the Energy Payment in \$/MWH as defined by:

$$FC = \frac{8,117 \text{ } \cancel{8,104} \text{ Btu/kWh} \times FP}{1,000}$$

where;

FP = Fuel Price in \$/MMBTU determined by:

$$FP = GC / (1 - FRP) + TC$$

where;

GC = Fuel Price in \$/MMBTU determined by taking the first publication of each month of Inside FERC's Gas Market Report low price quotation under the column titled "Index" for "Florida Gas Transmission Co., "Zone 2", listings.

TC = then currently approved Florida Gas Transmission (FGT) Company tariff rate in \$/MMBTU for forward haul Interruptible Market Area Transportation (ITS-1), including usage and surcharges.

FRP = then currently approved FGT Company tariff Fuel Reimbursement Charge Percentage in percent applicable to forward hauls for recovery of costs associated with the natural gas used to operate FGT's pipeline system.

3. **As-Available Energy Payment Rate (AEPR):** For energy provided and not covered under Paragraph 2 above, the AEPR will be applicable and will be based on the system avoided energy cost as defined in Appendix B.

Continued to Sheet No. 8.436

ISSUED BY: ~~N. G. Tower~~ A. D. Collins,  
President

DATE EFFECTIVE: ~~June 9, 2020~~



~~THIRTEENTH~~ FOURTEENTH REVISED SHEET NO. 8.436  
CANCELS ~~TWELFTH~~ THIRTEENTH REVISED SHEET NO.  
8.436

Continued from Sheet No. 8.428

**PARAMETERS FOR AVOIDED UNIT ENERGY AND VARIABLE OPERATION AND MAINTENANCE COSTS**

Beginning on DECEMBER 1, ~~2021~~2024, to the extent that the Designated Avoided Unit(s) would have been operated had it been installed by the Company:

**VALUE**

$O_v$  = total variable operating and maintenance expense, in \$/MWH, of the Designated Avoided Unit(s), in year n 2,478.73

H = The average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s) 8,1178,404

**ISSUED BY:** ~~N. G. Tower~~A. D. Collins,  
President

**DATE EFFECTIVE:** ~~June 9, 2020~~



SECOND REVISED SHEET NO. 8.438  
CANCELS FIRST REVISED SHEET NO. 8.438

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010





TWENTIETH REVISED SHEET NO. 8.440  
CANCELS NINETEENTH REVISED SHEET NO. 8.440

RESERVE FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



FIRST REVISED SHEET NO. 8.442  
CANCELS ORIGINAL SHEET NO. 8.442

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



**FIRST REVISED SHEET NO. 8.444**  
**CANCELS ORIGINAL SHEET NO. 8.444**

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



**FIRST REVISED SHEET NO. 8.446**  
**CANCELS ORIGINAL SHEET NO. 8.446**

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



SECOND REVISED SHEET NO. 8.448  
CANCELS FIRST REVISED SHEET NO. 8.448

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



TWENTY-SECOND REVISED SHEET NO. 8.450  
CANCELS TWENTY-FIRST REVISED SHEET NO. 8.450

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



SECOND REVISED SHEET NO. 8.452  
CANCELS FIRST REVISED SHEET NO. 8.452

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



SECOND REVISED SHEET NO. 8.454  
CANCELS FIRST REVISED SHEET NO. 8.454

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010





SECOND REVISED SHEET NO. 8.456  
CANCELS FIRST REVISED SHEET NO. 8.456

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



SECOND REVISED SHEET NO. 8.458  
CANCELS FIRST REVISED SHEET NO. 8.458

RESERVED FOR FUTURE USE

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:** July 13, 2010



TWENTY-SECOND REVISED SHEET NO. 8.460  
CANCELS TWENTY-FIRST REVISED SHEET NO. 8.460

RESERVED FOR FUTURE USE

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: July 13, 2010

**TAMPA ELECTRIC COMPANY**

**FOURTH REVISED SHEET NO. 8.600  
CANCELS THIRD REVISED SHEET NO. 8.600**

**INTERCONNECTION AGREEMENT**

This agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between \_\_\_\_\_, a Qualifying Facility, or as appropriate, a Qualifying Facility that is a Distributed Resource as referenced in the Institute of Electrical and Electronics Engineers ("IEEE") Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, hereinafter referred to as "QF" and Tampa Electric Company, a private utility corporation organized under the laws of the State of Florida, hereinafter referred to as the "Company". The QF and the Company shall collectively be referred to herein as the "Parties."

1. **Facility:** The QF's generating facility, hereinafter referred to as "Facility," is located at \_\_\_\_\_, within the Company's service territory. QF intends to have its Facility installed and operational on or about \_\_\_\_\_. QF shall provide the Company reasonable prior notice of the Facility's initial operation, and it shall cooperate with the Company to arrange initial deliveries of power to the Company's system.

The Facility has been or will be certified as a Qualifying Facility pursuant to the rules and regulations of the Florida Public Service Commission (FPSC) or the Federal Energy Regulatory Commission (FERC). The QF shall maintain the qualifying status of the Facility throughout the terms of the Interconnection Agreement. By the end of the first quarter of each year, QF shall furnish the Company a notarized certificate by an officer of QF certifying that the Facility has continuously maintained qualifying status on a calendar year basis since the commencement of the contract term.

2. **Construction Activities:** QF shall provide the Company with written instructions to proceed with construction of the interconnection facilities as described in this Agreement at least 24 months prior to the date on which the facilities shall be completed.

The Company agrees to complete the interconnection facilities as described in this Agreement within 24 months of receipt of written instructions to proceed.

Upon the parties' agreement as to the appropriate interconnection design requirements and receipt of written instructions to proceed delivered by QF, the Company shall design and perform or cause to be performed all of the work necessary to interconnect the Facility with the Company's system.

Continued to Sheet No. 8.605

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** December 20, 2006

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.605**

Continued from Sheet No. 8.600

Prior to any work being done by the Company, the Company shall supply QF with a written cost estimate of all required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to QF within 60 days after QF provides the Company with its final electrical one-line diagrams. The Company shall also provide project timing and feasibility information to the QF.

QF agrees to pay the Company all expenses incurred by the Company necessary for integration of the Facility into the Company's electrical system, including but not limited to the design, construction, operation, maintenance and repair of the interconnection facilities described in Exhibit A. Exhibit A shall contain a complete description of the interconnection facilities including the final electrical on-line diagram. Such interconnection costs shall not include any interconnection costs which the Company would otherwise incur if it were not engaged in interconnected operations with QF but instead provided through its own generation facilities the electric power required by the Facility.

QF agrees to pay the costs for complete interconnection work (\$\_\_ dollars): ( ) within 30 days after the Company notifies QF that such interconnection work has been completed; or ( ) payable in (up to 36) \_\_\_\_\_ monthly installments, plus interest on the outstanding balance calculated at the 30-day highest grade commercial paper rate in effect 30 days prior to the date each payment is due, such rate to be determined by the Company, with the first such installment payment being due 30 days after the Company notifies QF that such interconnection work has been completed.

In the event QF notifies the Company in writing to cease interconnection work before its completion, QF shall be obligated to reimburse the Company for the interconnection costs incurred up to the date such notification is received. The payment terms shall be in accordance with the payment option selected by the QF in the proceeding paragraph.

3. **Cost Estimates:** Attached hereto as Exhibit B and incorporated herein by this reference is a document entitled, "QF Interconnection Cost Estimates." The parties agree that the cost of the interconnection work contained in Exhibit B is a good faith estimate of the actual cost to be incurred.

Continued to Sheet No. 8.610

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**FOURTH REVISED SHEET NO. 8.610  
CANCELS THIRD REVISED SHEET NO. 8.610**

Continued from Sheet No. 8.605

4. **Technical Requirements and Operations:** The parties agree that QF's interconnection with, and delivery of electricity into, the Company's system must be accomplished in accordance with the provisions of the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System," "NERC Planning Standards," September 1997, [Copyright © 1997 by the North American Electric Reliability Council] attached hereto as Exhibit C, that are applicable to generation and transmission facilities which are connected to, or are being planned to be connected to the Company's transmission system (document provided upon request). Additionally, the Parties agree that for QFs that are Distributed Resources, the QF's interconnection with the Company's system must be accomplished in accordance with the provisions of the IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems that is in effect at the time of construction.

In the event that changes in the engineering or operating standards or practices in the utility industry, and the Company's corresponding standards or practices or changes in regulatory requirements, affect the design or operation of the Company's electrical system, and this in turn necessitates additions to or modifications of the equipment or facilities utilized in order to ensure the continued safe and reliable operations contemplated by this Agreement, as well as the continued compatibility of the Facility with the Company's system, QF agrees to bear the cost of such additions or modifications which are directly attributable to the Facility. The costs of such additions or modifications shall not include any costs which the Company would otherwise incur if it were not engaged in interconnected operations with the Facility, but instead provided through its own generation facilities the electrical power required by the Facility.

In addition, QF agrees to require that the Facility operator immediately notify the Company's System Dispatcher by telephone in the event hazardous or unsafe conditions associated with the parties' parallel operations are discovered. If such conditions are detected by the Company, then the Company will likewise immediately contact the operator of the Facility by telephone. Each party agrees to immediately take whatever appropriate corrective action is necessary to correct the hazardous or unsafe conditions.

To the extent the Company reasonably determines the same to be necessary to ensure the safe operation of the Facility or to protect the integrity of the Company's system, QF agrees to reduce power generation or take other appropriate actions.

Continued to Sheet No. 8.615

**ISSUED BY:** C. R. Black, President

**DATE EFFECTIVE:** December 20, 2006

TAMPA ELECTRIC COMPANY

FIRST REVISED SHEET NO. 8.615  
CANCELS ORIGINAL SHEET NO. 8.615

Continued from Sheet No. 8.610

5. **Interconnection Facilities:** The interconnection facilities shall include the items listed in Exhibit A. Interconnection facilities on the Company's side of the ownership line with QF shall be owned, operated, maintained and repaired by the Company. QF shall be responsible for the cost of designing, installing, operating and maintaining the interconnection facilities on QF's side of the ownership line as indicated in Exhibit A. The QF shall be responsible for establishing and maintaining controlled access by third parties to the interconnection facilities owned by the QF.
6. **Maintenance and Repair Payments:** The Company will separately invoice QF monthly for all costs associated with the operation, maintenance and repair of the interconnection facilities. QF agrees to pay the Company within 20 business days of receipt of each such invoice.
7. **Site Access:** In order to help ensure the continuous, safe, reliable and compatible operation of the Facility with the Company's system, QF hereby grants to the Company for the period of interconnection the reasonable right of ingress and egress, consistent with the safe operation of the Facility, over property owned or controlled by QF to the extent the Company deems such ingress and egress necessary in order to examine, test, calibrate, coordinate, operate, maintain or repair any interconnection equipment involved in the parallel operation of the Facility and the Company's system, including the Company's metering equipment.
8. **Construction Responsibility:** In no event shall any the Company statement, representation, or lack thereof, either express or implied, relieve QF of its exclusive responsibility for the Facility. Specifically, any the Company inspection of the Facility shall not be construed as confirming or endorsing the Facility's design or its operating or maintenance procedures nor as a warranty or guarantee as to the safety, reliability, or durability of the Facility's equipment. The Company's inspection, acceptance, or its failure to inspect shall not be deemed an endorsement of any Facility equipment or procedure.

Continued to Sheet No. 8.620

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

**TAMPA ELECTRIC COMPANY**

**SECOND REVISED SHEET NO. 8.620  
CANCELS FIRST REVISED SHEET NO. 8.620**

Continued from Sheet No. 8.615

9. **Insurance:** The QF shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, 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 named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this Agreement arising out of the interconnection to the QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain its equipment in satisfactory and safe operating condition.

a. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the QF's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company  
Risk Management Department  
P. O. Box 111  
Tampa, FL 33601

b. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than \$1,000,000 for each occurrence; provided however, if QF has insurance with limits greater than the minimum limits required herein, the QF shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

c. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than \$1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over \$1,000,000.

d. The above required policy shall be endorsed with a provision requiring the insurance company to notify the Company thirty (30) days prior to the effective date of any cancellation or material change in said policy.

Continued to Sheet No. 8.625

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999



TAMPA ELECTRIC COMPANY

ORIGINAL SHEET NO. 8.625

Continued from Sheet No. 8.620

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

10. **Electric Service to QF:** The Company will provide the class or classes of electric service requested by QF, to the extent that they are consistent with applicable tariffs; provided, however, that interruptible service will not be available under circumstances where interruptions would impair QF's ability to generate and deliver Firm Capacity and Energy to the Company under the terms of the Company's Standard Offer Contract.

11. **Assignment:** The QF shall have the right to assign its benefits under this Agreement, but the QF shall not have the right to assign its obligations and duties without the Company's prior written consent and such consent shall not be unreasonably withheld.

12. **Disclaimer:** 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 QF or any assignee of this Agreement.

13. **Applicable Law:** This Agreement shall be governed by and construed and enforced in accordance with the laws, rules and regulations of the State of Florida and the Company's Tariff as may be modified, changed or amended from time to time.

14. **Severability:** If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a court or public 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.

Continued to Sheet No. 8.630

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

TAMPA ELECTRIC COMPANY

SECOND REVISED SHEET NO. 8.630  
CANCELS FIRST REVISED SHEET NO. 8.630

Continued from Sheet No. 8.625

15. **Complete Agreement and Amendments:** All previous communications or agreements between 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.

16. **Incorporation of Rate Schedule:** The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Rate Schedule COG-1 or COG-2 as approved and on file with the FPSC. The Rate Schedule is incorporated herein by reference.

17. **Survival of Agreement:** This Agreement, as it may be amended from time to time, shall be binding and inure to the benefit of the Parties' respective successors-in-interest and legal representatives.

18. **Notification:** For purpose of making emergency or any communications relating to the operation of the Facility, under the provisions of this Agreement, the parties designate the following persons for notification:

**For QF:**

\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_

**For Tampa Electric:**

Dispatcher

Palm River Phone: (813) 621-2929

Continued to Sheet No. 8.635

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE: March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.635**

Continued from Sheet No. 8.630

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 written instructions changing such designate.

**For QF:**

**For Tampa Electric:**  
Manager-Industrial/Governmental Marketing & Sales  
Tampa Electric Company  
702 North Franklin Street (33602)  
P.O. Box 111  
Tampa, Florida 33601

**IN WITNESS WHEREOF**, QF and the Company have executed this Agreement the day and year first above written.

**WITNESSES:**

**Qualifying Facility**

\_\_\_\_\_

**By:** \_\_\_\_\_

\_\_\_\_\_

**Its:** \_\_\_\_\_

**WITNESSES:**

**Tampa Electric Company**

\_\_\_\_\_

**By:** \_\_\_\_\_

\_\_\_\_\_

**Its:** \_\_\_\_\_

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.700**

**GENERAL STANDARDS FOR SAFETY  
AND INTERCONNECTION OF COGENERATION AND  
SMALL POWER PRODUCTION FACILITIES TO  
THE ELECTRIC UTILITY SYSTEM**

The following section is based on Florida Public Service Commission (FPSC) Rule 25-17.087, Florida Administrative Code, (F.A.C.), Interconnection and Standards and is applicable throughout Tampa Electric Company's (the Company's) service area:

1. The Company shall interconnect with any qualifying facility (qf) which:
  - a. is in its service area;
  - b. requests interconnection;
  - c. agrees to meet system standards specified in this Rule;
  - d. agrees to pay the cost of interconnection; and
  - e. signs an interconnection agreement.
2. Nothing in this rule shall be construed to preclude the Company from evaluating each request for interconnection on its own merits and modifying the general standards specified in this Rule to reflect the result of such an evaluation.
3. Where the Company refuses to interconnect with a qf or attempts to impose unreasonable standards pursuant to subsection (2) of this rule, the qf may petition the FPSC for relief. The Company shall have the burden of demonstrating to the FPSC why interconnection with the qfs should not be required or that the standards the Company seeks to impose on the qfs pursuant to subsection (2) are reasonable.
4. Upon a showing of credit worthiness, the qfs shall have the option of making monthly installment payments over a period no longer than 36 months toward the full cost of interconnection. However, where the qfs exercises that option, the Company shall charge interest on the amount owing. The Company shall charge such interest at the 30 day highest grade commercial paper rate. In any event, no the Company may not bear the cost of interconnection.

Continued to Sheet No. 8.705

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.705**

Continued from Sheet No. 8.700

5. **Application for Interconnection:** A qf shall not operate electric generating equipment in parallel with the Company's electric system without the prior written consent of the Company. Formal application for interconnection shall be made by the qf prior to the installation of any generation related equipment. This application shall be accompanied by the following:

- a. Physical layout drawings, including dimensions;
- b. All associated equipment specifications and characteristics including technical parameters, ratings, basic impulse levels, electrical main one-line diagrams, schematic diagrams, system protections, frequency, voltage, current and interconnection distance;
- c. Functional and logic diagrams, control and meter diagrams, conductor sizes and length, and any other relevant data which might be necessary to understand the proposed system and to be able to make a coordinated system;
- d. Power characteristics in watts and vars;
- e. Expected radio-noise, harmonic generation and telephone interference factor;
- f. Synchronizing methods; and
- g. Operating/instruction manuals.

Any subsequent change in the system must also be submitted for review and written approval prior to actual modification. The above mentioned review, recommendations and approval by the Company do not relieve the qf from complete responsibility for the adequate engineering design, construction and operation of the qf equipment and for any liability for injuries to property or persons associated with any failure to perform in a proper and safe manner for any reason.

Continued to Sheet No. 8.710

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.710**

Continued from Sheet No. 8.705

6. **Personnel Safety:** Adequate protection and safe operational procedures must be developed and followed by the joint system. These operating procedures must be approved by both the Company and the qf. The qf shall be required to furnish, install, operate and maintain in good order and repair, and be solely responsible for, without cost to the Company, all facilities required for the safe operation of the generation system in parallel with the Company's system.

The qf shall permit the Company's employees to enter upon its property at any reasonable time for the purpose of inspection and/or testing the qf's equipment, facilities, or apparatus. Such inspections shall not relieve the qf from its obligation to maintain its equipment in safe and satisfactory operating condition.

The Company's approval of isolating devices used by the qf will be required to ensure that these will comply with the Company's switching and tagging procedure for safe working clearances.

- a. **Disconnect switch:** A manual disconnect switch, of the visible load break type, to provide a separation point between the qf's generation system and the Company's system, shall be required. The Company will specify the location of the disconnect switch. The switch shall be mounted separate from the meter socket and shall be readily accessible to the Company and be capable of being locked in the open position with a Company padlock. The Company may reserve the right to open the switch (i.e., isolating the qf's generation system) without prior notice to the qf. To the extent practicable, however, prior notice shall be given.

Continued to Sheet No. 8.715

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.715**

Continued from Sheet No. 8.710

Any of the following conditions shall be cause for disconnection:

- i. The Company's system emergencies and/or maintenance requirements; Hazardous conditions existing on the qf's generating or protective equipment as determined by the Company;
- ii. Adverse effects of the qf's generation to the Company's other electric consumers and/or system as determined by the Company;
- iii. Failure of the qf to maintain any required insurance; or
- iv. Failure of the qf to comply with any existing or future regulations, rules, orders or decisions of any governmental or regulatory authority having jurisdiction over the qf's electric generating equipment or the operation of such equipment.

b. **Responsibility and Liability:** The Company and the qf shall each be responsible for its own facilities. The Company and the qf shall each be responsible for ensuring adequate safeguards for other Company customers, the Company and qf personnel and equipment, and for the protection of its own generating system. The Company and the qf shall each indemnify and save the other harmless from any and all claims, demands, costs, or expense for loss, damage, or injury to persons or property of the other caused by, arising out of, or resulting from:

- i. Any act or omission by a party, or that party's contractors, agents, servants and employees in connection with the installation or operation of that party's generation system or the operation thereof in connection with the other party's system;
- ii. Any defect in, failure of, or fault related to a party's generation system;
- iii. The negligence of a party or negligence of that party's contractors, agents, servants or employees; or

Continued to Sheet No. 8.720

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999



FIRST REVISED SHEET NO. 8.720  
CANCELS ORIGINAL SHEET NO. 8.720

Continued from Sheet No. 8.715

- iv. Any other event or act that is the result of, or proximately caused by a party.

For the purpose of this paragraph, the term party shall mean either the Company or QF, as the case may be.

With respect to a QF that is the state, a state agency or subdivision (as those terms are defined in Section 768.28(2), Florida Statutes, or the successor thereto), the obligations of Customer set forth in Paragraph 6.b above shall be subject to Section 768.28 (or the successor thereto), including the limitations contained therein. With respect to a QF that is the United States of America, or agency or subdivision thereof, the obligations set forth in the first sentence of Paragraph 6.b shall not apply. In either case, the Company reserves its rights under Section 768.28 (or the successor thereto), and the Federal Tort Claims Act (or the successor thereto), as applicable, including, but not limited to, the right to pursue legislative relief.

- c. **Insurance:** The QF shall deliver to the Company, at least fifteen (15) days prior to the start of any interconnection work, 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 named insured, and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering the liabilities accepted under this agreement arising out of the interconnection to the QF, or caused by operation of any of the QF's equipment or by the QF's failure to maintain its equipment in satisfactory and safe operating condition.

- i. In subsequent years, a certificate of insurance renewal must be provided annually to the Company indicating the QF's continued coverage as described herein. Renewal certification shall be sent to:

Tampa Electric Company  
Risk Management Department  
P. O. Box 111  
Tampa, FL 33601

- ii. The policy providing such coverage for a Standard Offer Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than \$1,000,000 for each occurrence; provided however, if QF has insurance with limits greater than the minimum limits required herein, the QF shall set any amount higher than the minimum limits required by the Company to satisfy the insurance requirements of this Agreement.

Continued to Sheet No. 8.725

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 25, 2013





FIRST REVISED SHEET NO. 8.725  
CANCELS ORIGINAL SHEET NO. 8.725

Continued from Sheet No. 8.720

iii. The policy providing such coverage for a Negotiated Contract shall provide public liability insurance, including coverage for personal injury, death and property damage, in an amount not less than \$1,000,000 for each occurrence. The Parties may negotiate the amount of insurance over \$1,000,000.

iv. The above required policy shall be endorsed with a provision requiring the insurance company will notify the Company thirty (30) days prior to the effective date of cancellation or material change in said policy.

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

vi. As an alternative to the foregoing insurance requirement, the QF may self-insure upon receiving the Company's prior written approval. The Company will provide the QF with written notification of approval or disapproval of a self-insurance application with 30 business days after the Company's receipt of all documentation required to support the application. In the event that the Company approves QF's request to self-insure, QF shall provide proof of its continuing ability to self-insure to the Company on an annual basis, or more frequently if requested by the Company. Notwithstanding the foregoing, the minimum insurance coverage amount set forth above shall be limited for the state, a state agency or subdivision (as those terms are defined in Section 768.28(2), or the successor thereto), to the maximum dollar amounts set forth in Section 768.28(5), or the successor thereto.

7. **Protection and Operation:** It will be the responsibility of the QF to provide all devices necessary to protect the QF's equipment from damage by the abnormal conditions and operations which occur on the Company system that result from interruptions and restorations of service by the Company's equipment and personnel. The QF shall protect its generator and associated equipment from overvoltage, undervoltage, overload, short circuits (including ground fault condition), open circuits, phase unbalance and reversal, over or under frequency condition, and other injurious electrical conditions that may arise on the Company's system and any reclose attempt by the Company.

The Company may reserve the right to perform such tests as it deems necessary to ensure safe and efficient protection and operation of the QF's equipment.

Continued to Sheet No. 8.730

ISSUED BY: G. L. Gillette, President

DATE EFFECTIVE: June 25, 2013

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.730**

Continued from Sheet No. 8.725

a. **Loss of source:** The qf shall provide, or the Company will provide at the qf's expense, approved protective equipment necessary to immediately, completely, and automatically disconnect the qf's generation from the Company's system in the event of a fault on the qf's system, a fault on the Company's system, or loss of source on the Company's system. Disconnection must be completed within the time specified by the Company in its standard operating procedure for its electric system for loss of a source on the Company's system.

This automatic disconnecting device may be of the manual or automatic reclose type and shall not be capable of reclosing until after service is restored by the Company. The type and size of the device shall be approved by the Company depending upon the installation. Adequate test data or technical proof that the device meets the above criteria must be supplied by the qf to the Company. The Company shall approve a device that will perform the above functions at minimal capital and operating costs to the qf.

b. **Coordination and Synchronization:** The qf shall be responsible for coordination and synchronization of the qf's equipment with the Company's electrical system, and assumes all responsibility for damage that may occur from improper coordination or synchronization of the generator with the Company's system.

c. **Electrical characteristics:** Single phase generator interconnections with the Company are permitted at power levels up to 20 KW. For power levels exceeding 20 KW, a three phase balanced interconnection will normally be required. For the purpose of calculating connected generation, 1 horsepower equals 1 kilowatt. The qf shall interconnect with the Company at the voltage of the available distribution or transmission line of the Company for the locality of the interconnection, and shall utilize one of the standard connections (single phase, three phase, wye, delta) as approved by the Company.

Continued to Sheet No. 8.735

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.735**

Continued from Sheet No. 8.730

The Company may reserve the right to require a separate transformation and/or service for a qf's generation system, at the qf's expense. The qf shall bond all neutrals of the qf's system to the Company's neutral, and shall install a separate driven ground with a resistance value which shall be determined by the Company and bond this ground to the qf's system neutral.

- d. **Exceptions** A qf's generator having a capacity rating that can:
- i. Produce power in excess of one half of the minimum Company customer requirements of the interconnected distribution or transmission circuit; or
  - ii. produce power flows approaching or exceeding the thermal capacity of the connected Company distribution or transmission lines or transformers; or
  - iii. adversely affect the operation of the Company or other Company customer's voltage, frequency or overcurrent control and protection devices; or
  - iv. adversely affect the quality of service to other Company customers; or
  - v. interconnect at voltage levels greater than distribution voltages, will require more complex interconnection facilities as deemed necessary by the Company.

8. **Quality of Service:** The qf's generated electricity shall meet the following minimum guidelines:

- a. **Frequency:** The governor control on the prime mover shall be capable of maintaining the generator output frequency within limits for loads from no-load up to rated output. The limits for frequency shall be 60 hertz (cycles per second), plus or minus an instantaneous variation of less than 1%.
- b. **Voltage:** The regulator control shall be capable of maintaining the generator output voltage within limits for loads from no-load up to rated output. The limits for voltage shall be the nominal operating voltage level, plus or minus 5%.

Continued to Sheet No. 8.740

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.740**

Continued from Sheet No. 8.735

- c. **Harmonics:** The output sine wave distortion shall be deemed acceptable when it does not have a higher content (root mean square) of harmonics than the Company's normal harmonic content at the interconnection point.
- d. **Power Factor:** The qf's generation system shall be designed, operated and controlled to provide reactive power requirements from 0.95 lagging to 0.95 leading power factor at the point of interconnection with Company. Induction generators shall have static capacitors that provide at least 95% of the magnetizing current requirements of the induction generator field. (Capacitors shall not be so large as to permit self-excitation of the qf's generator field).
- e. **DC Generators:** Direct current generators may be operated in parallel with the Company's system through a synchronous inverter. The inverter must meet all criteria in these rules.

9. **Metering:** The actual metering equipment required, its voltage rating, number of phases, size, current transformers, potential transformers, number of inputs and associated memory is dependent on the type, size and location of the electric service provided. In situations where power may flow both in and out of the qf's system, power flowing into the qf's system will be measured separately from power flowing out of the qf's system.

The Company will provide, at no additional cost to the qf, the metering equipment necessary to measure capacity and energy deliveries to the qf. The Company will provide, at the qf's expense, the necessary additional metering equipment to measure capacity and energy deliveries by the qf to the Company.

10. **Cost Responsibility:** The qf is required to bear all costs associated with the change-out, upgrading or addition of protective devices, transformers,

Continued to Sheet No. 8.745

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

**TAMPA ELECTRIC COMPANY**

**ORIGINAL SHEET NO. 8.745**

Continued from Sheet No. 8.740

lines, services, meters, switches, and associated equipment and devices beyond that which would be required to provide normal service to the qf if the qf were a non-generating customer. These costs shall be paid by the qf to the Company for all material and labor that is required. Prior to any work being done by the Company, the Company shall supply the qf with a written cost estimate of all its required materials and labor and an estimate of the date by which construction of the interconnection will be completed. This estimate shall be provided to the qf within 60 days after the qf provides the Company with its final electrical plans. The Company shall also provide project timing and feasibility information to the qf.

11. The Company shall submit, to the FPSC, a standard agreement for the interconnection by qfs as part of their Standard Offer contract or contracts required by FPSC Rule 25-17.0832(3), F.A.C.

**ISSUED BY:** J. B. Ramil, President

**DATE EFFECTIVE:** March 30, 1999

# Item 4

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-**

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**DATE:** June 25, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Kistner, Ellis) *TB*  
Office of the General Counsel (Weisenfeld) *TLT*

**RE:** Docket No. 20210065-EQ – Petition for approval of amended standard offer contract (Schedule COG-2), by Duke Energy Florida, LLC.

**AGENDA:** 07/08/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 1, 2021, Duke Energy Florida, LLC (DEF) filed a petition for approval of its amended standard offer contract and rate schedule COG-2, based on its 2021 Ten-Year Site Plan. The Commission has jurisdiction over this amended standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

## Discussion of Issues

**Issue 1:** Should the Commission approve the amended standard offer contract and rate schedule COG-2 filed by Duke Energy Florida, LLC?

**Recommendation:** Yes. The provisions of DEF's amended standard offer contract and associated rate schedule COG-2 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended 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. (Kistner)

**Staff Analysis:** Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that DEF, an IOU, continuously make 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 Rules 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. DEF has identified a 214 megawatt (MW) natural gas-fueled combustion turbine (CT) as the next planned generating unit in its 2021 Ten-Year Site Plan. The projected in-service date of the unit is June 1, 2027.

Under DEF's standard offer contract, the RF/QF operator commits 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, 2027), and thereafter, begin receiving capacity payments in addition to the energy payments. If either the early or early 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 payment 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 contains DEF's estimates of 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, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin with the projected in-service date of the avoided unit (June 1, 2027).



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

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2022	8,627	-	-	-	-
2023	7,544	-	-	-	-
2024	7,167	-	-	-	-
2025	7,608	-	-	2,529	2,678
2026	8,657	-	-	2,553	2,681
2027	9,677	1,893	1,997	2,578	2,683
2028	11,293	3,276	3,426	2,603	2,685
2029	12,746	3,307	3,429	2,628	2,687
2030	14,176	3,339	3,431	2,653	2,690
2031	14,392	3,371	3,434	2,679	2,692
2032	14,828	3,404	3,438	2,704	2,695
2033	15,171	3,436	3,441	2,731	2,697
2034	16,198	3,470	3,444	2,757	2,700
2035	17,207	3,503	3,447	2,784	2,702
2036	18,167	3,537	3,451	2,811	2,705
2037	18,489	3,571	3,454	2,838	2,708
2038	19,487	3,606	3,458	2,865	2,711
2039	21,514	3,641	3,461	2,893	2,714
2040	23,182	3,676	3,465	2,921	2,717
2041	24,485	3,712	3,469	2,950	2,720
Total	290,613	50,740	50,243	46,476	45,863
Total (NPV)	142,477	22,896	22,896	22,896	22,896

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

DEF's standard offer contract, in type-and-strike format, is included as Attachment A to this recommendation. The changes made to DEF's amended tariff sheets are consistent with the updated avoided unit. In addition to changes associated with the avoided unit, DEF made other minor revisions to its tariff sheets. For example, on Sheet No. 9.442, DEF added additional language allowing RF/QFs to request data regarding on-peak hours, and noted that they may change over time, with a 12-month notice provision.

<sup>1</sup>Document No. 03691-2021, filed April 26, 2021, in Docket No. 20210065-EQ.

Date: June 25, 2021

### **Conclusion**

Staff recommends that the amended standard offer contract and rate schedule COG-2 be approved as filed. The provisions of DEF's amended standard offer contract and associated rate schedule conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended 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.

**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, DEF's standard offer contract may subsequently be revised. (Weisenfeld)

**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, DEF's standard offer contract may subsequently be revised.



SECTION No. IX  
SECOND REVISED SHEET NO. 9.400  
CANCELS FIRST REVISED SHEET NO. 9.400

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY  
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER  
OR QUALIFYING FACILITY LESS THAN 100 KW

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ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION NO. IX  
SECOND REVISED SHEET NO. 9.401  
CANCELS FIRST SHEET NO. 9.401

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY  
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER  
OR QUALIFYING FACILITY LESS THAN 100 KW

between

---

and

DUKE ENERGY FLORIDA, LLC

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 5, 2018



SECTION NO. IX  
THIRD REVISED SHEET NO.9.402  
CANCELS SECOND REVISED SHEET NO. 9.402

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ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019



SECTION NO. IX  
FIFTH REVISED SHEET NO.9.403  
CANCELS FOURTH REVISED SHEET NO. 9.403

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ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019



SECTION NO. IX  
~~FIFTH-SIXTH~~ REVISED SHEET NO. 9.404  
CANCELS ~~FOURTH-FIFTH~~ REVISED SHEET NO.  
9.404

**STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY  
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER  
OR QUALIFYING FACILITY LESS THAN 100 KW**

**THIS STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY (hereinafter referred to as the "Contract")** is made and entered this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ (hereinafter referred to as the "Execution Date"), by and between \_\_\_\_\_ (hereinafter the Renewable Energy Provider/Qualifying Facility ("RF/QF")), and Duke Energy Florida, LLC d/b/a Duke Energy (hereinafter "DEF"), a private utility corporation organized and existing under the laws of the State of Florida. The RF/QF and DEF shall be individually identified herein as the "Party" and collectively as the "Parties". This Contract contains six Appendices which are incorporated into and made part of this Contract: Appendix A: Monthly Capacity Payment Calculation; Appendix B: Termination Fee; Appendix C: Detailed Project Information; Appendix D: Rate Schedule COG-2; Appendix E: Agreed Upon Payment Schedules and Other Mutual Agreements; and Appendix F: Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.310, F.A.C.

**WITNESSETH:**

**WHEREAS**, the RF/QF desires to sell, and DEF desires to purchase electricity to be generated by the RF/QF consistent with Florida Statutes 366.91 (2006) and FPSC Rules 25-17.080 through 25-17.310 F.A.C.; and

**WHEREAS**, the RF/QF will acquire an interconnection/transmission service agreement with the utility in whose service territory the Facility is to be located, pursuant to which the RF/QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the RF/QF and the Transmission Provider for delivery of the Facility's firm capacity and energy to DEF. The Parties recognize that the Transmission Provider may be DEF and that the transmission service will be provided under a separate agreement; and

**WHEREAS**, the FPSC has approved this Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer; and

**WHEREAS**, the RF/QF guarantees that the Facility is capable of delivering firm capacity and energy to DEF for the term of this Contract in a manner consistent with the provision of this Contract;

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

ISSUED BY: ~~Javier Portuondo, Managing Director, Geoff Foster, Vice President~~, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 5, 2018~~





SECTION NO. IX  
THIRD REVISED SHEET NO. 9.405  
CANCELS SECOND REVISED SHEET NO. 9.405

**1. Definitions**

“AFR” means the Facility’s annual fuel requirement.

“AFTR” means the Facility’s annual fuel transportation requirement

“Annual Capacity Billing Factor” or “ACBF” means 12 month rolling average of the Monthly Availability Factor as further defined and explained in Appendix A.

“Appendices” shall mean the schedules, exhibits, and attachments which are appended hereto and are hereby incorporated by reference and made a part of this Contract. Such Appendices include:

“Appendix A” sets forth the Monthly Capacity Payment Calculation.

“Appendix B” sets forth the Termination Fee.

“Appendix C” sets forth the Detailed Project Information.

“Appendix D” sets forth Rate Schedule COG-2.

“Appendix E” sets forth the Agreed Upon Payment Schedules and Other Mutual Agreements

“Appendix F” sets forth Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.310, F.A.C.

“As-Available Energy Rate” means the rate calculated by DEF in accordance with FPSC Rule 25-17.0825, F.A.C., and DEF's Rate Schedule COG-1, as they may each be amended from time to time

“Auditor’s Standard Report” means a written opinion of an auditor regarding an entity’s financial statements. The report is written in a standard format, as mandated by generally accepted auditing standards (GAAS).

“Authorization to Construct” means authorization issued by any appropriate Government Agency to construct or reconstruct the Facility granted to RF/QF in accordance with the laws of the State of Florida and any relevant federal law.

“Avoided Unit” means the electrical generating unit described in Section 4 upon which this Contract is based.

“Avoided Unit Energy Cost” has the meaning assigned to it in Appendix D.

“Avoided Unit Fuel Cost” has the meaning assigned to it in Appendix D.

“Avoided Unit Heat Rate” means the average annual heat rate of the Avoided Unit as defined in Section 4.

“Avoided Unit In-Service Date” means the date upon which the Avoided Unit would have started commercial operation as specified in Section 4.

“Avoided Unit Life” means the economic life of the Avoided Unit.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019



SECTION No. IX  
SEVENTH REVISED SHEET NO. 9.406  
CANCELS SIXTH REVISED SHEET NO. 9.406

“Avoided Unit Variable O&M” means the Avoided Unit variable operation and maintenance expenses as defined in Section 4. The annual escalation will begin in the payment for January deliveries.

“Base Capacity Payment” or “BCP” means capacity payment rates defined in Appendix D and further defined by the selection of Option A,B,C or D in Section 9.2 or in Appendix E if applicable.

“Base Year” means the year that this Contract was approved by the FPSC.

“Business Day” means any day except a day upon which banks licensed to operate in the State of Florida are authorized, directed or permitted to close, Saturday, Sunday or a weekday that is observed as a public holiday in the State of Florida.

“CAMD” means the Clean Air Markets Division of the Environmental Protection Agency or successor administrator (collectively with any local, state, regional, or federal entity given jurisdiction over a program involving transferability of Environmental Attributes).

“Capacity” means the minimum average hourly net capacity (generator output minus auxiliary load) measured over the Committed Capacity Test Period.

“Capacity Delivery Date” means the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test subject to the requirements of Section 5(d) and Section 7.6.

“Capacity Payment” means the payment defined in Section 9.2 and Appendix A.

“Certified Public Accountant” or “CPA” means someone who has passed the American Institute of Certified Public Accountants (AICPA) Uniform CPA examination, met educational, and licensure requirements in the state of license and have been issued a license to practice public accounting by a state Accountancy board.

“Committed Capacity” or “CC” means the capacity in kW that the RF/QF commits to sell to DEF; the amount of which shall be determined in accordance with Section 7 and shall be greater than zero.

“Committed Capacity Test” means the testing of the capacity of the Facility performed in accordance with the procedures set forth in Section 8.

“Committed Capacity Test Period” means a test period of twenty-four (24) consecutive hours.

“Completed Permits Date” means the date by which the RF/QF must complete licensing and certification, and obtain all federal, state and local governmental, environmental, and licensing approvals required to initiate construction of the Facility including Qualifying Facility status. This date is specified in Section 4.

“Completion/Performance Security” means the security described in Section 11.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



SECTION No. IX  
~~FIFTH-SIXTH~~ REVISED SHEET NO. 9.407  
CANCELS ~~FOURTH-FIFTH~~ REVISED SHEET NO.  
9.407

"Conditions Precedent" shall have the meaning assigned to it in Section 5.

"Contract" means this standard offer contract for the purchase of Firm Capacity and Energy from a Renewable Energy Producer or Qualifying Facility with a nameplate capacity of less than 100 kW.

"Credit Support Provider" means any Person that has provided an RF/QF Guarantee in connection with this Agreement.

"Creditworthy" with respect to a Party or its Credit Support Provider, as applicable, means a party is rated at least BBB by Standard & Poor's (S&P), or at least Baa3 by Moody's Investor Services (Moody's). Rating shall be the unsecured, senior long-term debt rating (not supported by third party credit enhancement) or the issuer rating will be used if not available. If a Party or its Credit Support Provider, as applicable, is rated by both S&P and Moody's, then the lower of the two ratings will apply.

"DEF" has the meaning assigned to it in the opening paragraph of this Contract.

"DEF Entities" has the meaning assigned to it in Section 16.

"Demonstration Period" means a sixty-hour period in which the Committed Capacity Test must be completed.

"Distribution System" means the distribution system consisting of electric lines, electric plant, transformers and switchgear used for conveying electricity to ultimate consumers, but not including any part of the Transmission System.

~~"Dispute" shall have the meaning assigned to it in Section 20.9.~~

"Drop Dead Date" means the date which is twelve (12) months following the Execution Date except for the condition defined in Section 5(a)(i). The Parties recognize that firm transmission service agreements can take up to 24 months to obtain so for Section 5(a)(i) only the Drop Dead Date means the date which is twenty four (24) months following the Execution Date.

"Eastern Prevailing Time" or "EPT" means the time in effect in the Eastern Time Zone of the United States of America, whether Eastern Standard Time or Eastern Daylight Savings Time.

"Effective Date" has the meaning assigned to it in Section 5.

"Electrical Interconnection Point" means the physical point at which the Facility is connected with the Transmission System or, if RF/QF interconnects with a Transmission System other than DEF's, DEF's interconnection with the Transmission Provider's Transmission System, or such other physical point on which RF/QF and DEF may agree.

ISSUED BY: ~~Javier Portuondo, Managing Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~July 9, 2019~~



SECTION No. IX  
~~SIXTH-SEVENTH~~ REVISED SHEET NO. 9.408  
CANCELS ~~FIFTH-SIXTH~~ REVISED SHEET NO. 9.408

“Eligible Collateral” means (i) a Letter of Credit from a Qualified Institution or (ii) cash deposit provided to DEF by RF/QF or a combination of (i), and/or (ii) as outlined in Section 11.

“Energy” means megawatt-hours generated by the Facility of the character commonly known as three-phase, sixty hertz electric energy that is delivered at a nominal voltage at the Electrical Interconnection Point.

“Environmental Attributes” or “EA” means all attributes of an environmental or other nature that are created or otherwise arise from the Facility’s generation of electricity from a renewable energy source in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources. Forms of such attributes include, without limitation, any and all environmental air quality credits, green credits, renewable energy credits (“RECs”), carbon credits, emissions reduction credits, certificates, tags, offsets, allowances, or similar products or rights, howsoever entitled, (i) resulting from the avoidance of the emission of any gas, chemical, or other substance, including but not limited to, mercury, nitrogen oxide, sulfur dioxide, carbon dioxide, carbon monoxide, particulate matter or similar pollutants or contaminants of air, water or soil gas, chemical, or other substance, and (ii) attributable to the generation, purchase, sale or use of Energy from or by the Facility, or otherwise attributable to the Facility during the Term. Environmental Attributes include, without limitation, those currently existing or arising during the Term under local, state, regional, federal, or international legislation or regulation relevant to the avoidance of any emission described in this Contract under any governmental, regulatory or voluntary program, including, but not limited to, the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other programs, laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency (“CAMD”) or successor administrator (collectively with any local, state, regional, or federal entity given jurisdiction over a program involving transferability of Environmental Attributes<sub>7</sub>).

“Event of Default” has the meaning assigned to it in Section 14.

“Execution Date” has the meaning assigned to it in the opening paragraph of this Contract.

“Exemplary Early Capacity Payment Date” means the exemplary date used to calculate Capacity Payments for Option B and D. This date is specified in Section 4. The actual Capacity Payments for Option B and D will be calculated based upon the Required Capacity Delivery Date.

“Expected Nameplate Capacity Rating” means the total generating capacity of the Facility that is the sum of (a) the Committed Capacity, and (b) the capacity required for any station service use of generating unit equipment or auxiliaries, including, without limitation, cooling towers, heat exchanges, duct burners and other equipment that could be used for energy production or as required by law, and shall be in service during the Committed Capacity Test Period and (c) any other capacity reserved for on-site use or energy production.

“Expiration Date” means the final date upon which this Contract can be executed. This date is specified in Section 4.

ISSUED BY: ~~Javier Portuondo, Managing Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~July 9, 2019~~





SECTION No. IX  
~~FOURTH-FIFTH~~ REVISED SHEET NO. 9.409  
CANCELS ~~THIRD-FOURTH~~ REVISED SHEET NO.  
9.409

“Facility” means all equipment, as described in this Contract, used to produce electric energy and, ~~and~~ all equipment that is owned or controlled by the RF/QF required for parallel operation with the Transmission System. In the case of a cogenerator the Facility includes all equipment that is owned or controlled by the RF/QF to produce useful thermal energy through the sequential use of energy.

“Financial Closing” means the fulfillment of each of the following conditions:

- (a) the execution and delivery of the Financing Documents; and
- (b) all Conditions Precedent to the initial availability for disbursement of funds under the Financing Documents (other than relating to the effectiveness of this Contract) are satisfied or waived.

“Financing Documents” shall mean documentation with respect to any private equity investment in RF/QF, any loan agreements (including agreements for any subordinated debt), notes, bonds, indentures, guarantees, security agreements and hedging agreements relating to the financing or refinancing of the design, development, construction, testing, commissioning, operation and maintenance of the entire Facility or any guarantee by any Financing Party of the repayment of all or any portion of such financing or refinancing.

“Financing Party” means the Persons (including any trustee or agent on behalf of such Persons) providing financing or refinancing to or on behalf of RF/QF for the design, development, construction, testing, commissioning, operation and maintenance of the Facility (whether limited recourse, or with or without recourse).

“Firm Capacity and Energy” has the meaning assigned to it in Appendix D.

“Firm Capacity Rate” has the meaning assigned to it in Appendix D.

“Firm Energy Rate” has the meaning assigned to it in Appendix D.

“Force Majeure” has the meaning given to it in Section 18.

“FPSC” means the Florida Public Service Commission or its successor.

“Government Agency” means the United States of America, or any state or any other political subdivision thereof, including without limitation, any municipality, township or county, and any domestic entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any corporation or other entity owned or controlled by any of the foregoing.

ISSUED BY: ~~Javier Portuondo~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~



SECTION No. IX  
FIFTH REVISED SHEET NO. 9.410  
CANCELS FOURTH REVISED SHEET NO 9.410

“IEEE” means the Institute of Electrical and Electronics Engineers, Inc.

“Indemnified Party” has the meaning assigned to it in Section 16.

“Indemnifying Party” has the meaning assigned to it in Section 16.

“Initial Reduction Value” has the meaning assigned to it in Appendix B.

“Insurance Services Office” has the meaning assigned to it in Section 17.

“KVA” means one or more kilovolts-amperes of electricity, as the context requires.

“kW” means one or more kilowatts of electricity, as the context requires.

“kWh” means one or more kilowatt-hours of electricity, as the context requires.

“Letter of Credit” means a stand-by letter of credit from a Qualified Institution that is acceptable to DEF whose approval may not be unreasonably withheld. The Letter of Credit must provide that DEF has the right to draw on the Letter of Credit in the event that less than twenty (20) Business Days remain until its expiration and RF/QF has failed to renew the Letter of Credit or provide replacement Eligible Collateral as required under this Agreement.

“Licensed Professional Engineer” means a person who is licensed to engage in the practice of engineering under Chapter 471 of the Florida Statutes.

“LOI” means a letter of intent for fuel supply.

“MCPC” means the Monthly Capacity Payment for Option A.

“Monthly Billing Period” means the period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

“Monthly Availability Factor” or “MAF” means the total energy received during the Monthly Billing Period for which the calculation is made, divided by the product of Committed Capacity and the total hours during the Monthly Billing Period.

“Monthly Capacity Payment” or “MCP” means the payment for Capacity calculated in accordance with Appendix A.

“MW” means one or more megawatts of electricity, as the context requires.

“MWh” means one or more megawatt-hours of electricity, as the context requires.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019



SECTION No. IX  
THIRD REVISED SHEET NO. 9.411  
CANCELS SECOND REVISED SHEET NO. 9.411

"Option A" means normal Capacity Payments as described in Appendix D.

"Option B" means early Capacity Payments as described in Appendix D.

"Option C" means levelized Capacity Payments as described in Appendix D.

"Option D" means early levelized Capacity Payments as described in Appendix D.

"Party" or "Parties" has the meaning assigned to it in the opening paragraph of this Contract.

"Person" means any individual, partnership, corporation, association, joint stock company trust, joint venture, unincorporated organization, or Governmental Agency (or any department, agency, or political subdivision thereof).

"Project Consents" mean the following Consents, each of which is necessary to RF/QF for the fulfillment of RF/QF's obligations hereunder:

- (a) the Authorization to Construct;
- (b) planning permission and consents in respect of the Facility, and any electricity substation located at the Facility site, including but not limited to, a prevention of significant deterioration permit, a noise, proximity and visual impact permit, and any required zoning permit; and
- (c) any integrated pollution control license.

"Project Contracts" means this Contract, and any other contract required to construct, operate and maintain the Facility. The Project Contracts may include, but are not limited to, the turnkey engineering, procurement and construction contract, the electrical interconnection and operating agreement, the fuel supply agreement, the facility site lease, and the operation and maintenance agreement.

"Prudent Regulated Utility Practices" means any of the practices, methods, standards and acts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of owners and operators of power plants regulated by the state authority or state's jurisdiction over an electric utility as defined in Florida Statute, 366.02(2) of technology, complexity and size similar to the Facility in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result and goals (including such goals as efficiency, reliability, economy and profitability) in a manner consistent with applicable facility design limits and equipment specifications and applicable laws and regulations. Prudent Regulated Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of acceptable practices, methods or acts in each case.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



SECTION No. IX  
~~FOURTH-FIFTH~~ REVISED SHEET NO. 9.412  
CANCELS ~~THIRD-FOURTH~~ REVISED SHEET NO.  
9.412

“Qualifying Facility” or “QF” means a cogenerator, small power producer, or non-utility generator that has been certified or self-certified by the FERC as meeting certain ownership, operating and efficiency criteria established by the Federal Energy Regulatory Commission pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”), the criteria for which are currently set forth in 18 C.F.R. § 292, *et seq.* (2006), Section 210 of PURPA, 16 U.S.C. § 824a-3 (2005), 16 U.S.C. 796 *et seq.* (2006), and Section 1253 of EPAAct 2005, Pub. L. No. 109-58, § 1253, 119 Stat. 594 (2005) or, alternatively, analogous provisions under the laws of the State of Florida.

“Qualified Institution” means the domestic office of a United States commercial bank or trust company or the United States branch of a foreign bank having total assets of at least ten billion dollars (\$10,000,000,000) (which is not an affiliate of either party) and a general long-term senior unsecured debt rating of A- or higher (as rated by Standard & Poor’s Ratings Group), or A3 or higher (as rated by Moody’s Investor Services).

“Rate Schedule COG-1” means DEF’s Agreement for Purchase of As-Available Energy and/or Parallel Operation with a Qualifying Facility as approved by the FPSC and as may be amended from time to time.

“REC” means renewable energy credits, green tags, green tickets, renewable certificates, tradable renewable energy credits (“T-REC”) or any tradable certificate that is produced by a renewable generator in addition to and in proportion to the production of electrical energy.

“Reduction Value” has the meaning assigned to it in Appendix B.

“Remedial Action Plan” has the meaning assigned to it in Section 20.3.

“Renewable Facility” or “RF/QF” means an electrical generating unit or group of units at a single site, interconnected for synchronous operation and delivery of electricity to an electric utility, where the primary energy in British Thermal Units used for the production of electricity is from one or more of the following sources: hydrogen produced from sources other than fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power or waste heat from a commercial or industrial manufacturing process.

“Required Capacity Delivery Date” means the date specified in Appendix E. In the event that no Required Capacity Delivery Date is specified in Appendix E then the RF/QF shall achieve the Capacity Delivery Date on or before the Avoided Unit In-Service Date.

“RF/QF Entities” has the meaning assigned to it in Section 16.

ISSUED BY: ~~Javier Portuondo, Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~July 13, 2017~~





SECTION No. IX  
THIRD REVISED SHEET NO. 9.413  
CANCELS SECOND REVISED SHEET NO. 9.413

"RF/QF Insurance" has the meaning assigned to it in Section 17.

"RF/QF Performance Security" has the meaning assigned in Section 11.

"Security Documentation" has the meaning assigned to it in Section 12.

"Term" has the meaning assigned to it in Section 3.

"Termination Date" means the date upon which this Contract terminates unless terminated earlier in accordance with the provisions hereof. This date is specified in Section 4.

"Termination Fee" means the fee described in Appendix B as it applies to any Capacity Payments made under Option B, C or D.

"Termination Security" has the meaning assigned to it in Section 12.

"Transmission Provider" means the operator(s) of the Transmission System(s) or any successor thereof or any other entity or entities authorized to transmit Energy on behalf of RF/QF from the Electrical Interconnection Point.

"Transmission System" means the system of electric lines comprised wholly or substantially of high voltage lines, associated system protection, system stabilization, voltage transformation, and capacitance, reactance and other electric plant used for conveying electricity from a generating station to a substation, from one generating station to another, from one substation to another, or to or from any Electrical Interconnection Point or to ultimate consumers and shall include any interconnection owned by the Transmission Provider or DEF, but shall in no event include any lines which the Transmission Provider has specified to be part of the Distribution System except for any distribution facilities required to accept capacity and energy from the Facility.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 21, 2015



SECTION No. IX  
SECOND REVISED SHEET NO. 9.414  
CANCELS FIRST REVISED SHEET NO. 9.414

**2. Facility; Renewable Facility or Qualifying Facility Status**

The Facility's location and generation capabilities are as described in Table 1 below.

**TABLE 1**

<b>TECHNOLOGY AND GENERATOR CAPABILITIES</b>	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

The RF/QF's failure to complete Table 1 in its entirety shall render this Contract null and void and of no further effect.

The RF/QF shall use the same fuel or energy source and maintain the status as a Renewable Facility or a Qualifying Facility throughout the term of this Contract. RF/QF shall at all times keep DEF informed of any material changes in its business which affects its Renewable Facility or Qualifying Facility status. DEF and RF/QF shall have the right, upon reasonable notice of not less than seven (7) Business Days, to inspect the Facility and to examine any books, records, or other documents reasonably deemed necessary to verify compliance with this Contract. In the event of an emergency at or in proximity to the RF/QF site that impacts DEF's system, DEF shall make reasonable efforts to contact the Facility and make arrangements for an emergency inspection. On or before March 31 of each year during the term of this Contract, the RF/QF shall provide to DEF a certificate signed by an officer of the RF/QF certifying that the RF/QF continuously maintained its status as a Renewable Facility or a Qualifying Facility during the prior calendar year.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
~~FOURTEENTH-FIFTEENTH~~ REVISED SHEET NO.  
9.415  
CANCELS ~~THIRTEENTH-FOURTEENTH~~ REVISED  
SHEET NO. 9.415

### 3. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m. on the Termination Date, (the “Term”) unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the RF/QF before the Required Capacity Delivery Date (or such later date as may be permitted by DEF pursuant to Section 7), this Contract shall be rendered null and void and DEF shall have no obligations under this Contract.

### 4. Minimum Specifications and Milestones

As required by FPSC Rule 25-17.0832(4)(e), the minimum specifications pertaining to this Contract and milestone dates are as follows:

Avoided Unit	Undesignated Combustion Turbine
Avoided Unit Capacity	<del>21426</del> MW
Avoided Unit In-Service Date	June 1, 2027
Avoided Unit Heat Rate	<del>10,621-462</del> BTU/kWh
Avoided Unit Variable O&M	<del>0.726791</del> ¢ per kWh in mid- <del>2020-2021</del> dollars escalating annually at 2.50%
Avoided Unit Life	35 years
Capacity Payments begin	Avoided Unit In-Service Date unless Option B, or D is selected or amended in Appendix E
Termination Date	May 31, 2037 (10 years) unless amended in Appendix E
Minimum Performance Standards – On Peak Availability Factor*	95%
Minimum Performance Standards – Off Peak Availability Factor	95%
Minimum Availability Factor Required to qualify for a Capacity payment	75%
Expiration Date	April 1, 2022 <del>+</del>
Completed Permits Date	June 1, 2025
Exemplary Early Capacity Payment Date	January 1, 2025

\* RF/QF performance shall be as measured and/or described in Appendix A.

ISSUED BY: ~~Javier Portuondo~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~



SECTION No. IX  
~~NINTH-TENTH~~ REVISED SHEET NO. 9.416  
CANCELS ~~EIGHTH-NINTH~~ REVISED SHEET NO.  
9.416

**5. Conditions Precedent**

- (a) Unless otherwise waived in writing by DEF, on or before the Drop Dead Date, RF/QF shall satisfy the following Conditions Precedent:
- (i) RF/QF shall have obtained and maintain firm transmission service necessary to deliver Capacity and ~~energy~~ Energy from the Facility to the Electrical Interconnection Point. For the avoidance of doubt, firm transmission service includes the execution of an interconnection agreement including the written authorization by the RF/QF to begin construction of the interconnection facilities, and approved firm transmission service by the host utility either under a Transmission Service Request, or equivalent process, in a form and substance satisfactory to RF/QF in its sole discretion;
  - (ii) RF/QF shall have obtained and maintain the Project Consents and any other Consents for which it is responsible under the terms hereof in a form and substance satisfactory to RF/QF in its sole discretion;
  - (iii) RF/QF shall have entered into Financing Documents relative to the construction of the entire Facility and have achieved and maintain Financial Closing in a form and substance satisfactory to RF/QF in its sole discretion; RF/QF shall have obtained an Auditor's Standard Report for the most recent financial year from a Certified Public Accountant (reasonably acceptable to DEF in all respects). If the RF/QF has a nameplate capacity of 5 MW or less, or the RF/QF is owned by a Government Agency or the RF/QF is a publicly traded company that is Creditworthy then an Auditor's Standard Report is not required. The RF/QF shall provide the Duke Energy Florida Director of Qualified Facility Contracts a copy of the Auditor's Standard Report and a copy of the signing partner's Certified Public Accountant license;
  - (iv) RF/QF shall have entered into and maintain the Project Contracts in a form and substance satisfactory to RF/QF in its sole discretion;
  - (v) RF/QF shall have obtained and maintain insurance policies or coverage in compliance with Section 17;
  - (vi) Each Party shall have delivered to the other Party (i) a copy of its constitutional documents (certified by its corporate secretary as true, complete and up-to-date) and (ii) a copy of a corporate resolution approving the terms of this Contract and the transactions contemplated hereby and authorizing one or more individuals to execute this Contract on its behalf (such copy to have been certified by its corporate representative as true, complete and up-to-date);
  - (vii) RF/QF shall have obtained and maintain Qualifying Facility status from either the FPSC or FERC. The RF/QF shall provide the Duke Energy Florida Director of Qualified Facility Contracts a copy of the certification of QF status filing and any re-filings required to reflect subsequent changes to the previously certified Facility.

ISSUED BY: ~~Javier Portuondo~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~





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SIXTH REVISED SHEET NO.9.417  
CANCELS FIFTH REVISED SHEET NO. 9.417

- (viii) RF/QF shall obtain a certificate addressed to DEF from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating the project is technically viable. The RF/QF shall provide the Duke Energy Florida Director of Qualified Facility Contracts this certificate and a copy of the Professional Engineer's license.
- (b) Promptly upon satisfaction of the Conditions Precedent to be satisfied, the Party having satisfied the same shall deliver to the other Party a certificate evidencing such satisfaction. DEF may waive the satisfaction of a Condition Precedent at its sole discretion. Such waiver must be made in writing. Subject to there being no Event of Default which has occurred and/or is continuing as of the date upon which the last of such certificates is delivered, the date of such last certificate shall constitute the effective date of this Contract (the "Effective Date").
- (c) Unless all Conditions Precedent are satisfied on or before the Drop Dead Date or such Conditions Precedent are waived in writing, this Contract shall terminate on such date and neither Party shall have any further liability to the other Party hereunder.
- (d) RF/QF shall ensure that before the initial Committed Capacity Test:
  - (a) the Facility shall have been constructed so that the Committed Capacity Test may be duly and properly undertaken in accordance with Section 7; and
  - (b) an operable physical connection from the Facility to the Transmission System shall have been effected in accordance with the electrical interconnection and operating agreement required by the Transmission Provider, provided, however, that such physical connection shall be made consistent with the terms hereof.

## **6. Sale of Electricity by the RF/QF**

**6.1** Consistent with the terms hereof, the RF/QF shall sell to DEF and DEF shall purchase from the RF/QF electric power generated by the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the RF/QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the RF/QF, subject to the provisions of Appendix D.

### **6.2 Ownership and Offering For Sale Of Renewable Energy Attributes**

Subject to Section 6.3, the RF/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.

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EFFECTIVE: June 9, 2020



SECTION No. IX  
~~EIGHTH-NINTH~~ REVISED SHEET NO. 9.418  
CANCELS ~~SEVENTH-EIGHTH~~ REVISED SHEET NO.  
9.418

- 6.3** In the event that the RF/QF decides to sell any or all EAs that result from the electric generation of the RF/QF during the term of this Contract, the RF/QF shall provide notice to the Company of its intent to sell such EAs and provide the Company a reasonable opportunity to offer to purchase such EAs.
- 6.4** The RF/QF shall not rely on interruptible or curtailable standby service for the start up requirements (initial or otherwise) of the Facility.
- 6.5** The RF/QF shall be responsible for the scheduling of required transmission and for all costs, expenses, taxes, fees and charges associated with the delivery of energy to DEF. The RF/QF shall enter into a transmission service agreement with the Transmission Provider in whose service territory the Facility is to be located and the RF/QF shall make any and all transmission-related arrangements (including interconnection and ancillary services) between the RF/QF and the Transmission Provider for delivery of the Facility's firm Capacity and energy to DEF. The Capacity and ~~energy-Energy~~ amounts paid to the RF/QF hereunder do not include transmission losses. The RF/QF shall be responsible for transmission losses that occur prior to the point at which the RF/QF's ~~energy-Energy~~ is delivered to DEF. The Parties recognize that the Transmission Provider may be DEF and that if DEF is the Transmission Provider, the transmission service will be provided under a separate agreement.

**7. Committed Capacity/Capacity Delivery Date**

- 7.1** If the RF/QF commits to sell capacity to DEF, the amount of which shall be determined in accordance with this Section 7. Subject to Section 7.3, the Committed Capacity is set at \_\_\_\_\_ kW, with an expected Capacity Delivery Date on or before the Required Capacity Delivery Date.
- 7.2** Capacity testing of the Facility (each such test a Committed Capacity Test) shall be performed in accordance with the procedures set forth in Section 8. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than ninety (90) days before the Required Capacity Delivery Date and testing must be completed before the Avoided Unit In-Service Date or an earlier date in Appendix E. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 7.1. Subject to Section 8.1, the RF/QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.

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EFFECTIVE: ~~June 9, 2020~~



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CANCELS EIGHTH REVISED SHEET NO. 9.419

- 7.3** In addition to the first Committed Capacity Test, DEF shall have the right to require the RF/QF, after notice of no less than ten (10) Business Days prior to such proposed event, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to two (2) times per year, the results of which shall be provided to DEF within seven (7) calendar days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 7.1. Provided however, any such second test requested within a twelve (12) month period must be for cause.
- 7.4** Notwithstanding anything contrary to the terms hereof, the Committed Capacity may not exceed the amount set forth in Section 7.1 without the consent of DEF, which consent shall be granted in DEF's sole discretion.
- 7.5** Unless Option B or D as contained in Appendix D or Appendix E is chosen by RF/QF, DEF shall make no Capacity Payments to the RF/QF prior to the Avoided Unit In-Service Date.
- 7.6** The RF/QF shall be entitled to receive Capacity Payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs before the Required Capacity Delivery Date (or such later date permitted by DEF) and the following Delivery Date Conditions (defined below) have been satisfied. If the Capacity Delivery Date does not occur before the Required Capacity Delivery Date, DEF shall immediately be entitled to draw down the Completion/Performance Security in full in its sole discretion.
- 7.6.1** A certificate addressed to DEF from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating: (a) the nameplate capacity rating or capability of the Facility at the anticipated time of commercial operation and through the term of this Contract assuming the use of Prudent Regulated Utility Practices, must be between 95% and 105% of the "Expected Nameplate Capacity Rating;" (b) that the Facility is able to generate electric Energy reliably in amounts expected by this Contract and in accordance with all other terms and conditions hereof; (c) that start-up testing of the Facility has been completed; and (d) that, pursuant to Section 10.5, all system protection and control and Automatic Generation Control devices are installed and operational.

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EFFECTIVE: June 9, 2020



SECTION No. IX  
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CANCELS SIXTH REVISED SHEET NO. 9.420

**7.6.2** A certificate addressed to DEF from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating, in conformance with the requirements of the interconnection agreement, that: (a) all required interconnection facilities have been constructed; (b) all required interconnection tests have been completed; and (c) the Facility is physically interconnected with the Transmission System in conformance with the interconnection agreement and able to deliver energy consistent with the terms of this Contract.

**7.6.3** A certificate addressed from a Licensed Professional Engineer (reasonably acceptable to DEF in all respects) stating that the RF/QF has obtained or entered into all permits and agreements including, but not limited to Project Contracts with respect to the Facility necessary for land control, construction, ownership, operation, and maintenance of the Facility (the "Project Contracts"). RF/QF must provide copies of any or all Project Contracts requested by DEF.

**7.6.4** An opinion from a law firm or attorney, registered or licensed in the State of Florida (reasonably acceptable to DEF in all respects), stating, after all appropriate and reasonable inquiry, that: (a) the RF/QF has obtained or entered into all Project Contracts; (b) neither RF/QF nor the Facility is in violation of, or subject to any liability under any applicable law; and (c) RF/QF has duly filed and had recorded all of the agreements, documents, instruments, mortgages, deeds of trust, and other writings.

For each Licensed Professional Engineer utilized in 7.6.1 through 7.6.4, RF/QF should provide DEF with a copy of the Professional Engineer's license.

DEF shall have ten, (10) Business Days after receipt either to confirm to the RF/QF that all of the Delivery Date Conditions have been satisfied or have occurred, or to state with specificity what DEF reasonably believes has not been satisfied.

## **8. Testing Procedures**

**8.1** The Committed Capacity Test must be completed successfully within the Demonstration Period, which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the RF/QF by means of a written notice to DEF delivered at least thirty (30) calendar days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by DEF under any of the provisions of this Contract. DEF shall have the right to be present onsite to monitor firsthand any Committed Capacity Test required or permitted under this Contract.

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EFFECTIVE: June 9, 2020





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CANCELS ~~FIFTH-SIXTH~~ REVISED SHEET NO. 9.421

- 8.2** The Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the RF/QF pursuant to Section 8.1 or at such time requested by DEF pursuant to Section 7.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that DEF is notified of, and consents to, such earlier time.
- 8.3** Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period.
- 8.4** The Capacity of the Facility shall be the minimum hourly net output in kW (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 8.5** The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the RF/QF.
- 8.6** The results of any Committed Capacity Test, including all data related to Facility operation and performance during testing, shall be submitted to DEF by the RF/QF within seven (7) calendar days of the conclusion of the Committed Capacity Test. The RF/QF shall certify that all such data is accurate and complete.

**9. Payment for Electricity Produced by the Facility**

**9.1 Energy**

- 9.1.1** DEF agrees to pay the RF/QF for ~~energy-Energy~~ produced by the Facility and delivered to DEF in accordance with the rates and procedures contained in Appendix D, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule COG-1 or Appendix D whichever applies as approved and on file with the FPSC.
- 9.1.2** DEF may, at its option, limit deliveries under this Contract to 110% of the Committed Capacity as set forth in Section 7. In the event that DEF chooses to limit deliveries, any ~~energy-Energy~~ in excess of 110% of the Committed Capacity will be paid for at the rates defined in Rate Schedule COG-1 and shall not be included in the calculations in Appendix A hereto.

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EFFECTIVE: ~~June 9, 2020~~



SECTION No. IX  
SEVENTH REVISED SHEET No. 9.422  
CANCELS SIXTH REVISED SHEET NO. 9.422

## **9.2 Capacity**

DEF agrees to pay the RF/QF for the Capacity described in Section 7 in accordance with the rates and procedures contained in Appendix D, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Appendix D or an alternative rate schedule in Appendix E. The RF/QF understands and agrees that Capacity Payments will only be made if the Capacity Delivery Date occurs before the Required Capacity Delivery Date and the Facility is delivering firm Capacity and Energy to DEF. Once so selected, this Option, the Firm Capacity Rate and/or the Firm Energy Rate cannot be changed for the term of this Contract.

## **9.3 Payments for Energy and Capacity**

**9.3.1** Payments due the RF/QF will be made monthly, and normally by the twentieth Business Day following the end of the billing period. The kilowatt-hours sold by the RF/QF and the applicable avoided energy rate at which payments are being made shall accompany the payment to the RF/QF.

**9.3.2** Payments to be made under this Contract 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, provided that such adjustments have been agreed to between the Parties.

## **10. Electricity Production and Plant Maintenance Schedule**

**10.1** No later than sixty (60) calendar days prior to the Required Capacity Delivery Date, and prior to October 1 of each calendar year thereafter during the term of this Contract, the RF/QF shall submit to DEF in writing a good-faith estimate of the amount of electricity to be generated by the Facility and delivered to DEF for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in Capacity. The RF/QF agrees to provide updates to its planned maintenance periods as they become known. The Parties agree to discuss coordinating scheduled maintenance schedules.

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EFFECTIVE: June 9, 2020



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CANCELS EIGHTH REVISED SHEET NO. 9.423

- 10.2** By October 31 of each calendar year, DEF shall notify the RF/QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If DEF does not accept any of the requested scheduled maintenance periods, DEF shall advise the RF/QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The RF/QF shall only schedule outages during periods approved by DEF, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such change is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to eleven days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through September 15 and December 1 through and including the last day of February.
- 10.3** The RF/QF shall comply with reasonable requests by DEF regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.
- 10.4** The Parties recognize that the intent of the availability factor in Section 4 of this Contract includes an allowance for scheduled outages, forced outages and forced reductions in the output of the Facility. Therefore, the RF/QF shall provide DEF with notification of any forced outage or reduction in output which shall include the time and date at which the forced outage or reduction occurred, a brief description of the cause of the outage or reduction and the time and date when the forced outage or reduction ceased and the Facility was able to return to normal operation. This notice shall be provided to DEF within seventy-two (72) hours of the end of the forced outage or reduction.

The RF/QF is required to provide the total electrical output to DEF except (i) during a period that was scheduled in Section 10.2, (ii) during a period in which notification of a forced outage or reduction was provided, (iii) during an event of Force Majeure or (iv) during a curtailment period as described in Section 10.5.5. In no event shall the RF/QF deliver any portion of their electrical output to a third party.

**10.5 Dispatch and Control**

- 10.5.1** Power supplied by the RF/QF hereunder shall be in the form of three-phase 60 hertz alternating current, at a nominal operating voltage of \_\_\_\_\_ volts (\_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 90% lagging to 90% leading as measured at the interconnection point to maintain system operating parameters, including power factor, as specified from time to time by DEF.

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EFFECTIVE: June 9, 2020



SECTION No. IX  
~~TENTH-ELEVENTH~~ REVISED SHEET NO. 9.424  
CANCELS ~~NINTH-TENTH~~ REVISED SHEET NO.  
9.424

- 10.5.2** The RF/QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, DEF's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The RF/QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. All RF/QF facilities shall meet IEEE and utility standards. The RF/QF shall have independent, third party qualified personnel test, calibrate and certify in writing all protective equipment at least once every twelve (12) months in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and results provided to DEF in writing prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with Prudent Regulated Utility Practices.
- 10.5.3** If the Facility is separated from the DEF system for any reason, under no circumstances shall the RF/QF reconnect the Facility to DEF's system without first obtaining DEF'S specific approval.
- 10.5.4** During the term of this Contract, the RF/QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with DEF. The RF/QF shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. Additionally, during the term of this Contract, the RF/QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and Prudent Regulated Utility Practices.
- 10.5.5** DEF shall not be obligated to purchase, and may require curtailed or reduced deliveries of ~~energy-Energy~~ to the extent allowed under FPSC Rule 25-17.086 and under any curtailment plan which DEF may have on file with the FPSC from time to time.
- 10.5.6** During the term of this Contract, the RF/QF shall maintain sufficient fuel on the site of the Facility to deliver the ~~capacity-Capacity~~ and ~~energy-Energy~~ associated with the Committed Capacity for an uninterrupted seventy-two (72) hour period. At DEF's request, the RF/QF shall demonstrate this capability to DEF's reasonable satisfaction. During the term of this Contract, the RF/QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the RF/QF's output is affected by a Force Majeure event.

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EFFECTIVE: ~~June 9, 2020~~





SECTION No. IX  
~~EIGHTH-NINTH~~ REVISED SHEET NO. 9.425  
CANCELS ~~SEVENTH-EIGHTH~~ REVISED SHEET NO.  
9.425

## 11. Completion/Performance Security

- 11.1** Simultaneous with the execution of this Contract RF/QF shall deliver to DEF Eligible Collateral in an amount equal to \$30.00/kw of Committed Capacity as Completion/Performance Security.
- 11.2** The choice of the type of Eligible Collateral by the RF/QF may be selected from time to time by the RF/QF and upon receipt of substitute Eligible Collateral, DEF shall promptly release the Eligible Collateral that has been replaced by the substitute Eligible Collateral. Following any termination of this Contract, the Parties shall mutually agree to a final settlement of all obligations under this Contract which such period shall not exceed 90 days from such termination date unless extended by mutual agreement between the Parties. After such settlement, any remaining Eligible Collateral posted by the RF/QF that has not been drawn upon by DEF pursuant to its rights under this Contract shall be returned to the RF/QF. Any dispute between the Parties regarding such final settlement shall be resolved according to applicable procedures set forth in Section 20.9.
- 11.3** Draws, Replenishment - DEF may draw upon Eligible Collateral provided by the RF/QF following the occurrence of an Event of Default or pursuant to the other provisions of this Contract to which DEF is entitled to under this Contract. In the event of such a draw then, except in the circumstance when this Contract otherwise terminates, the RF/QF shall within five (5) Business Days replenish the Eligible Collateral to the full amounts required.
- 11.4** In the event that the (a) Capacity Delivery Date occurs before the Required Capacity Delivery Date and (b) the ACBF is equal to or greater than 95% for the first twelve (12) months following the Capacity Delivery Date then DEF will return the Completion/Performance Security to the RF/QF within ninety (90) days of the first anniversary of the Capacity Delivery Date. In the event that the Capacity Delivery Date does not occur before the Required Capacity Delivery Date, consistent with Section 7.6 herein, DEF shall immediately be entitled to retain the Completion/Performance Security in full. In the event the Capacity Delivery Date occurs before the Required Capacity Delivery Date, and, the ACBF is less than 95% for any of the first twelve (12) months following the Capacity Delivery Date then DEF shall be entitled to retain the Completion/Performance Security until the ACBF is equal to or greater than 95% for 12 consecutive months. Upon the completion of twelve (12) consecutive months, ~~and with the~~ ACBF is greater than or equal to 95%, then DEF will return the Completion/Performance Security within ninety (90) days. In the event that DEF requires the RF/QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 7.3 and, in connection with any such Committed Capacity Test(s), the RF/QF fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 7.1, DEF shall be entitled immediately to receive,

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EFFECTIVE: ~~June 9, 2020~~



SECTION No. IX  
FIFTH REVISED SHEET NO. 9.426  
CANCELS FOURTH REVISED SHEET NO. 9.426

draw upon, or retain, in its sole discretion as the case may be, one-hundred percent (100%) of the Completion/Performance Security as its sole remedy from the RF/QF's failure to perform, free from any claim or right of any nature whatsoever of the RF/QF, including any equity or right of redemption by the RF/QF. Following any draws on the Completion/Performance Security, the RF/QF shall make payment to DEF to replenish the Completion/Performance Security to the amounts required pursuant to Section 11.1 within five (5) business days.

- 11.5** Reporting - RF/QF shall promptly notify DEF of any circumstance that results in RF/QF's failure to be in compliance with the RF/QF Performance Security Requirements of this Section 11. From time to time, at DEF's written request, RF/QF shall provide DEF with such evidence as DEF may reasonably request, that RF/QF Letter of Credit or Security Account is in full compliance with this Contract.

**12. Termination Fee and Security**

- 12.1** In the event that the RF/QF receives Capacity Payments pursuant to Option B, Option C, or Option D of Appendix D or any Capacity Payment schedule in Appendix E that differs from a Normal Capacity Payment Rate as calculated in FPSC Rule 25-17.0832(6)(a), then upon the termination of this Contract, the RF/QF shall owe and be liable to DEF for the Termination Fee. The RF/QF's obligation to pay the Termination Fee shall survive the termination of this Contract. DEF shall provide the RF/QF, on a monthly basis, a calculation of the Termination Fee.

- 12.1.1** The Termination Fee shall be secured by the RF/QF by: (i) an unconditional, irrevocable, standby letter(s) of credit issued by a Qualified Institution in form and substance acceptable to DEF (including provisions (a) permitting partial and full draws and (b) permitting DEF to draw upon such Letter of Credit, in full, if such Letter of Credit is not renewed or replaced at least twenty (20) Business Days prior to its expiration date); (ii) a bond issued to DEF by a financially sound company in form and substance acceptable to DEF in its sole discretion; or (iii) a cash deposit with DEF (any of (i), (ii), or (iii), the "Termination Security").



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EIGHTH REVISED SHEET NO. 9.427  
CANCELS SEVENTH REVISED SHEET NO. 9.427

**12.1.2** DEF shall have the right and the RF/QF shall be required to monitor the financial condition of (i) the issuer(s) in the case of any Letter of Credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to the extent that they fail to meet the requirements of a Qualified Institution, DEF may require the RF/QF to replace the letter(s) of credit or the bond, as applicable. In the event that DEF notifies the RF/QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a Qualified Institution, and meet the requirements of Section 12.1.1 within thirty (30) calendar days following such notification. Failure by the RF/QF to comply with the requirements of this Section 12.1.2 shall be grounds for DEF to draw in full on any existing Letter of Credit or bond and to exercise any other remedies it may have hereunder.

**12.1.3** After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon DEF's issuance of the Termination Fee calculation as described in Section 12.1, the RF/QF must provide DEF, within ten calendar (10) days, written assurance and documentation (the "Security Documentation"), in form and substance acceptable to DEF, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee through the end of the following quarter. In addition to the foregoing, at any time during the term of this Contract, DEF shall have the right to request and the RF/QF shall be obligated to deliver within five (5) calendar days of such request, such Security Documentation. Failure by the RF/QF to comply with the requirements of this Section 12.1.3 shall be grounds for DEF to draw in full on any existing Letter of Credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.

**12.1.4** Upon any termination of this Contract following the Required Capacity Delivery Date, DEF shall be entitled to receive (and in the case of the Letter(s) of Credit or bond, draw upon such Letter(s) of Credit or bond) and retain one hundred percent (100%) of the Termination Security.

**13. Performance Factor**

DEF desires to provide an incentive to the RF/QF to operate the Facility during on-peak and off-peak periods in a manner that approximates the projected performance of the Avoided Unit. A formula to achieve this objective is attached as Appendix A.

**14. Default**

Notwithstanding the occurrence of any Force Majeure as described in Section 18, each of the following shall constitute an Event of Default:

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EFFECTIVE: June 9, 2020



SECTION No. IX  
~~SEVENTH-EIGHTH~~ REVISED SHEET NO. 9.428  
CANCELS ~~SIXTH-SEVENTH~~ REVISED SHEET NO.  
9.428

- (a) the RF/QF changes or modifies the Facility from that provided in Section 2 with respect to its type, location, technology or fuel source, without the prior written approval of DEF;
- (b) after the Capacity Delivery Date, the Facility fails for twelve (12) consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix A, of at least seventy five percent (75%);
- (c) the RF/QF fails to satisfy its obligations to maintain sufficient fuel on the site of the Facility to deliver the ~~capacity~~-Capacity and ~~energy~~-Energy associated with the Committed Capacity for an uninterrupted seventy-two-(72) hour period under Section 10.5.6 hereof;
- (d) the failure to make when due, any payment required pursuant to this Contract if such failure is not remedied within three (3) Business Days after written notice;
- (e) either Party, or the entity which owns or controls either Party, ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against either Party or the entity which owns or controls either Party; or if a receiver shall be appointed for either Party or any of its assets or properties, or for the entity which owns or controls either Party; or if any part of either Party's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within thirty (30) calendar days thereof; or if either Party shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (f) the RF/QF fails to give proper assurance of adequate performance as specified under this Contract within thirty (30) calendar days after DEF, with reasonable grounds for insecurity, has requested in writing such assurance;
- (g) the RF/QF fails to achieve licensing, certification, and all federal, state and local governmental, environmental, and licensing approvals required to initiate construction of the Facility by no later than the Completed Permits Date;
- (h) the RF/QF fails to comply with the provisions of Section 11 hereof;
- (i) any of the representations or warranties, including the certification of the completion and maintaining of the Conditions Precedent, made by either Party in this Contract is false or misleading in any material respect as of the time made;
- (j) if, at any time after the Capacity Delivery Date, the RF/QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 7.1 (as such level may be reduced by Section 7.3) within twelve (12) months following the occurrence of such event of Force Majeure; or

ISSUED BY: ~~Javier Portuondo~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~





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- (k) either Party breaches any material provision of this Contract not specifically mentioned in this Section 14;
- (l) the RF/QF fails to maintain its status as a Qualifying Facility;
- (m) the RF/QF sells any ~~energy~~-Energy or ~~firm capacity~~-Capacity to an entity other than DEF;
- (n) the RF/QF suspends its Interconnection Agreement or the construction of its interconnection facilities;

## 15. Rights in the Event of Default

**15.1** Upon the occurrence of any of the Events of Default in Section 14, the DEF may, at its option:

- 15.1.1** immediately terminate this Contract, without penalty or further obligation, except as set forth in Section 15.2, by written notice to the RF/QF, and offset against any payment(s) due from DEF to the RF/QF, any monies otherwise due from the RF/QF to DEF;
- 15.1.2** enforce the provisions of the Completion/Performance Security pursuant to Section 11 and/or the Termination Security requirement pursuant to Section 12 hereof, as applicable; and
- 15.1.3** exercise any other remedy(ies) which may be available to DEF at law or in equity.

**15.2** Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

## 16. Indemnification

**16.1** DEF and the RF/QF shall each be responsible for its own facilities. DEF and the RF/QF shall each be responsible for ensuring adequate safeguards for other DEF customers, DEF's and the RF/QF's personnel and equipment, and for the protection of its own generating system. Each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "DEF Entities" and "RF/QF Entities") from and against any and all claims, demands, costs or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) directly caused by, arising out of, or resulting from:

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EFFECTIVE: ~~June 9, 2020~~



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- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;

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EFFECTIVE: ~~June 9, 2020~~



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- (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
- (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
- (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or
- (e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees related to the Contract or the Parties' performance thereunder.

**16.2** Payment by an Indemnified Party to a third party shall not be a condition precedent to the obligations of the Indemnifying Party under Section 16. No Indemnified Party under Section 16 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 16 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 16 shall survive termination of this Contract.

## **17. Insurance**

**17.1** The RF/QF shall procure or cause to be procured and shall maintain throughout the entire Term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable in the state of Florida on a standard "Insurance Services Office" commercial general liability and/or excess liability form or equivalent and Workers' Compensation in accordance with the statutory requirements of the state of Florida (such policy or policies, collectively, the "RF/QF Insurance"). A certificate of insurance shall be delivered to DEF at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the RF/QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) premises and operations liability, (c) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract or (ii) caused by operation of the Facility or any of the RF/QF's equipment. Without limiting the foregoing, the RF/QF Insurance must be reasonably acceptable to DEF. Any premium assessment or deductible shall be for the account of the RF/QF and not DEF.

**17.2** The RF/QF Insurance for liability shall have a minimum limit of five million dollars (\$5,000,000.00) per occurrence for bodily injury (including death) or property damage. This liability limit can be met by any combination of commercial general and excess liability insurance policies.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



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**17.3** To the extent that the RF/QF Insurance is on a “claims made” basis, the retroactive date of the policy(ies) shall be the Effective Date of this Contract or an earlier date. Furthermore, to the extent the RF/QF Insurance is on a “claims made” basis, the RF/QF’s duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the RF/QF Insurance is on an “occurrence” basis, such insurance shall be maintained in effect at all times by the RF/QF during the term of this Contract.

**17.4** The RF/QF shall provide DEF with a copy of any material communication or notice related to the RF/QF Insurance within ten (10) Business Days of the RF/QF’s receipt or issuance thereof.

**17.5** DEF shall be designated as an additional named insured under the RF/QF Insurance (except Workers’ Compensation). The RF/QF Insurance shall be ~~primary~~ to any coverage maintained by DEF and provide, where permitted by law, waiver of any rights of subrogation against DEF. Any deductibles or retentions shall be the sole responsibility of RF/QF. RF/QF’s compliance with these provisions and the limits of insurance specified herein shall not constitute a limitation of RF/QF’s liability or otherwise affect RF/QF’s indemnification obligations pursuant to this Contract. Any failure to comply with all of these provisions shall not be deemed a waiver of any rights of DEF under this Contract ~~or~~ with respect to any insurance coverage required hereunder. DEF may request the RF/QF to provide a copy of any or all of its required insurance policies, including endorsements in which DEF is included as an additional insured for any claims filed relative to this Contract.

## **18. Force Majeure**

**18.1** “Force Majeure” is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the Party claiming Force Majeure or its contractors or suppliers and adversely affects the performance by that Party of its obligations under or pursuant to this Contract. Such events or circumstances may include, but are not limited to, acts of God, war (including actions or inactions of military authority), riot or insurrection, blockades, embargoes, sabotage, epidemics (that are recognized by a health agency authority, and authorities have required a mandated quarantine impacting the Facility, and the RF/QF has shown a direct correlation and impact to the Facility), explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected Party to comply with the terms of a collective bargaining agreement). Force Majeure shall not include or be based on (i) RF/QF’s ability to sell the Capacity or Energy to another market at an economic advantage or a price greater than the price herein; (ii) equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility;

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EFFECTIVE: ~~June 9, 2020~~





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(iii) the RF/QF's failure to obtain on a timely basis and maintain a necessary permit or other regulatory approval; (iv) a failure of performance of any other entity, including any entity providing electric transmission service to the RF/QF, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; or (v) an interruption of fuel supply.

**18.2** Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

**18.3** In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) Business Days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure in either case within two (2) Business Days thereof.

**18.4** The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.

**18.5** If the RF/QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the RF/QF may, upon notice to DEF temporarily adjust the Committed Capacity as provided in Sections 18.6 and 18.7. Such adjustment shall be effective the first calendar day immediately following DEF's receipt of the notice or such later date as may be specified by the RF/QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

**18.6** If the Facility is rendered completely inoperative as a result of Force Majeure, the RF/QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, DEF shall have no obligation to make Capacity Payments hereunder.

**18.7** If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the RF/QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



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**18.8** Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provisions of this Contract, upon such cessation or cure, DEF shall have right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this Section 18.8. Any such Committed Capacity Test required by DEF shall be additional to any Committed Capacity Test under Section 7.3.

**18.9** During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 18.5 all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix A.

**18.10** The RF/QF agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with DEF's system if the same is (are) rendered inoperable due to actions of the RF/QF, its agents, or Force Majeure events affecting the RF/QF, the Facility or the interconnection with DEF. DEF agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by DEF or its agents.

**19. Representations, Warranties, and Covenants of RF/QF**

Each Party hereto represents and warrants that as of the Effective Date:

**19.1 Organization, Standing and Qualification**

DEF is a corporation duly organized and validly existing in good standing under the laws of Florida and has all necessary power and authority to carry on its business as presently conducted to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The RF/QF is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. Each Party is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on the other Party.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



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#### **19.2 Due Authorization, No Approvals, No Defaults**

Each of the execution, delivery and performance by each Party of this Contract has been duly authorized by all necessary action on the part of such Party, does not require any approval, except as has been heretofore obtained, of the shareholders DEF or of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the RF/QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of such Party, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the articles of incorporation of DEF or the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of such Party, or any agreement, judgment, injunction, order, decree or other instrument binding upon such Party, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

#### **19.3 Compliance with Laws**

Each party has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. Each party also is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the other Party.

#### **19.4 Governmental Approvals**

Except as expressly contemplated herein, neither the execution and delivery by each Party of this Contract, nor the consummation by each Party of any of the transaction contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action with respect to governmental authority, except with respect to permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the RF/QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

#### **19.5 No Suits, Proceedings**

There are no actions, suits, proceedings or investigations pending or, to the knowledge of each Party, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on each Party's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. Each Party has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019





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#### **19.6 Environmental Matters**

To the best of its knowledge after diligent inquiry, each Party knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

### **20. General Provisions**

#### **20.1 Project Viability**

To assist DEF in assessing the RF/QF's financial and technical viability, the RF/QF shall provide the information and documents requested in Appendix C or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract and to the extent the documents are available. All documents to be considered by DEF must be submitted at the time this Contract is presented to DEF. Failure to provide the following such documents may result in a determination of non-viability by DEF.

#### **20.2 Permits**

The RF/QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the RF/QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.

#### **20.3 Project Management**

If requested by DEF, the RF/QF shall submit to DEF its integrated project schedule for DEF's review within sixty (60) calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty (60) calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. The RF/QF shall submit monthly progress reports in a form satisfactory to DEF within fifteen (15) calendar days after the close of each month from the first month following the Effective Date until the Capacity Delivery Date. The RF/QF shall notify DEF of any changes in such schedules within ten (10) calendar days after such changes are determined. If for any reason, DEF has reason to believe that RF/QF may fail to achieve the Capacity Delivery Date, then, upon DEF's request, RF/QF shall submit to DEF, within ten (10) business days of such request, a remedial action plan ("Remedial Action Plan") that sets forth a detailed description of RF/QF's proposed course of action to promptly achieve the Capacity Delivery Date. Delivery of a Remedial Action Plan does not

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019





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9.436

relieve RF/QF of its obligation to the Capacity Delivery Date. DEF shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. DEF's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

The RF/QF shall provide DEF with the final designer's/manufacture's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct elementary diagrams for review and inspection at DEF no later than one hundred eighty (180) calendar days prior to the initial synchronization date.

#### 20.4 Assignment

Either Party may not assign this Contract, without the other Party's prior written approval, which approval may not be unreasonably withheld or delayed.

The RF/QF shall be responsible for DEF's reasonable costs and expenses associated with the review, negotiation, execution and delivery of any such documents or information pursuant to such collateral assignment, including reasonable attorney's fees.

#### 20.5 Disclaimer

In executing this Contract, DEF does not, nor should it be construed, to extend its credit or financial support for benefit of any third parties lending money to or having other transactions with the RF/QF or any assigns of this Contract.

#### 20.6 Notification

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, trackable private delivery service, or sent by fax if followed immediately with a copy sent by registered or certified mail or trackable private delivery service, to the individuals designated below. The Parties designate the following individuals 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 the RF/QF:

For DEF:

_____	Duke Energy Florida, LLC
_____	Director of QF Contracts, <del>FRH-DEF</del>
_____	155
_____	299 First Avenue North
_____	St. Petersburg, FL 33701

ISSUED BY: ~~Javier Portuondo, Managing Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~July 9, 2019~~



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~~THIRD-FOURTH~~ REVISED SHEET NO. 9.437  
CANCELS ~~SECOND-THIRD~~ REVISED SHEET NO.  
9.437

Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Duke Energy Florida, LLC  
d/b/a Duke Energy  
299 First Avenue North  
St. Petersburg, FL 33701

Attention: Director of QF Contracts, ~~DEF-FRH~~-155

**20.7 Applicable Law**

This Contract shall be construed in accordance with and governed by the laws of the State of Florida, and the rights of the parties shall be construed in accordance with the laws of the State of Florida.

**20.8 Taxation**

The RF/QF shall hold DEF 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 and capacity from the RF/QF in lieu of other energy and capacity. Any savings ~~in regards to~~ in regard to taxes or assessments shall be included in the avoided cost payments made to the RF/QF to the extent permitted by law. In the event DEF becomes liable for additional taxes, assessments or impositions arising out of its transactions with the RF/QF under this tariff schedule or any related interconnection agreement or due to changes in laws affecting DEF's purchases of energy and capacity from the RF/QF occurring after the execution of an agreement under this tariff schedule and for which DEF would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under such agreement itself, DEF may bill the RF/QF monthly for such additional expenses or may offset them against amounts due to the RF/QF from DEF. Any savings in taxes, assessments or impositions that accrue to DEF as a result of its purchase of ~~energy~~ Energy and ~~capacity~~ Capacity under this tariff schedule that are not already reflected in the avoided ~~energy~~ Energy or avoided ~~capacity~~ Capacity payments made to the RF/QF hereunder, shall be passed on to the RF/QF to the extent permitted by law without consequential penalty or loss of such benefit to DEF.

ISSUED BY: ~~Javier Portuondo, Managing Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 5, 2018~~



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9.438

## 20.9 Dispute, Venue and Waiver of Jury Trial

With respect to any ~~Disputed~~dispute, suit, action or proceedings relating to this Contract, each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Florida and the United States District Court located in Hillsborough County in Tampa, Florida, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any ~~Disputed~~dispute, action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such ~~Disputed~~dispute, action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Contract or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The Parties hereby consent to and grant any such court jurisdiction over the persons of such Parties solely for such purpose and over the subject matter of such ~~Dispute-dispute~~ and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 20.6 hereof or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

Each Party acknowledges and agrees that any controversy which may arise under this Contract is likely to involve complicated and difficult issues, and therefore each Party hereby irrevocably and unconditionally waives any right a Party may have to a trial by jury in respect of any litigation resulting from, arising out of or relating to this Contract or the transactions contemplated hereby. Each Party certifies and acknowledges that (a) no representative, agent or attorney of the other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) each Party understands and has considered the implications of this waiver, (c) each Party makes this waiver voluntarily and (d) each Party has been induced to enter into this Contract by, among other things, the mutual waivers and certifications in this Section 20.9.

## 20.10 Limitation of Liability

IN NO EVENT SHALL DEF, ITS PARENT CORPORATION, OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, OR MULTIPLE DAMAGES RESULTING FROM ANY CLAIM OR CAUSE OF ACTION, WHETHER BROUGHT IN CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE OR STRICT LIABILITY), OR ANY OTHER LEGAL THEORY.

ISSUED BY: ~~Javier Portuondo~~Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~



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THIRD REVISED SHEET NO. 9.439  
CANCELS SECOND REVISED SHEET NO. 9.439

**20.11 Severability**

If any part of this Contract, for any reason, is declared invalid or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.

**20.12 Complete Agreement and Amendments**

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

**20.13 Survival of Contract**

Subject to the requirements of Section 20.4, this Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

**20.14 Record Retention**

Each Party shall maintain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder.

**20.15 No Waiver**

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

**20.16 Set-Off**

DEF may at any time, but shall be under no obligation to, set off or recoup any and all sums due from the RF/QF against sums due to the RF/QF hereunder without undergoing any legal process.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 13, 2017





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**20.17 Change in Environmental Law or Other Regulatory Requirements**

- (a) As used herein, "Change(s) in Environmental Law or Other Regulatory Requirements" means the enactment, adoption, promulgation, implementation, or issuance of, or a new or changed interpretation of, any statute, rule, regulation, permit, license, judgment, order or approval by a governmental entity that specifically addresses environmental or regulatory issues and that takes effect after the Effective Date.
- (b) The Parties acknowledge that Change(s) in Environmental Law or Other Regulatory Requirements could significantly affect the cost of the Avoided Unit ("Avoided Unit Cost Changes") and agree that, if any such change(s) should affect the cost of the Avoided Unit more than the Threshold defined in Section 20.17(c) below, the Party affected by such change(s) may avail itself of the remedy set forth in Section 20.17(d) below as its sole and exclusive remedy.
- (c) The Parties recognize and agree that certain Change(s) in Environmental Law or Other Regulatory Requirements may occur that do not rise to a level that the Parties desire to impact this Contract. Accordingly, the Parties agree that for the purposes of this Contract, such change(s) will not be deemed to have occurred unless the change in Avoided Cost resulting from such change(s) exceed a mutually agreed upon amount. This mutually agreed upon amount is attached to this Contract in Appendix E.
- (d) If an Avoided Unit Cost Change meets the threshold set forth in Section 20.17(c) above, the affected Party may request the avoided cost payments under this Contract be recalculated and that the avoided cost payments for the remaining term of the Contract be adjusted based on the recalculation, subject to the approval of the FPSC. Any dispute regarding the application of this Section 20.17 shall be resolved in accordance with Section 20.9.

**20.18 Provision of Information.**

Within a reasonable period of time after receiving a written request therefore from the requesting Party, the other Party hereto shall provide the requesting Party with information that is reasonable and related to the non-requesting Party and/or the facilities or operations of the non-requesting Party that the requesting Party reasonably requires in order to comply with a Requirement of Law or any requirement of Generally Accepted Accounting Principles promulgated by the Financial Accounting Standards Board (or any successor thereto), (including, but not limited to, FIN 46-R) applicable to the requesting Party. In the event that a party requires information or reports that are not within its possession to meet financial reporting requirements, the parties will work in good faith to enable the requesting party to meet its financial reporting requirements.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 13, 2017



SECTION No. IX  
THIRD REVISED SHEET NO. 9.441  
CANCELS SECOND REVISED SHEET NO. 9.441

**IN WITNESS WHEREOF**, the RF/QF has executed this Contract on the date set forth below.

**RF/QF**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**IN WITNESS WHEREOF**, DEF has acknowledged receipt of this executed Contract.

**DUKE ENERGY FLORIDA, LLC.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 13, 2017



SECTION No. IX  
~~EIGHTH-NINTH~~ REVISED SHEET NO. 9.442  
CANCELS ~~SEVENTH-EIGHTH~~ REVISED SHEET NO.  
9.442

**APPENDIX A**  
**TO**  
**DUKE ENERGY FLORIDA, LLC**  
**RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW**  
**STANDARD OFFER CONTRACT**

**MONTHLY CAPACITY PAYMENT CALCULATION**

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW. On-peak hours are available upon request and may change upon twelve months-notice to the RF/QF.

- A. In the event that the ACBF is less than or equal to 75%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

- B. In the event that the ACBF is greater than 75% but less than 95%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [1 - [5 \times (.95 - ACBF)] \times CC$$

- C. In the event that the ACBF is equal to or greater than 95%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/kW/Month as specified in Appendix D or E.

CC = Committed Capacity in kW.

ISSUED BY: ~~Javier Portuondo, Managing Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 5, 2018~~



SECTION No. IX  
~~SECOND-THIRD~~ REVISED SHEET NO. 9.443  
CANCELS ~~FIRST-SECOND~~ REVISED SHEET NO.  
9.443

ACBF = Annual Capacity Billing Factor. The ACBF shall be the electric ~~energy~~-Energy actually received by DEF for the 12 consecutive months preceding the date of calculation excluding any energy received during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW, divided by the product of the Committed Capacity and the number of hours in the 12 consecutive months preceding the date of calculation excluding the hours during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW. If an event of Force Majeure occurs during the 12 consecutive months preceding the date of calculation in which the Committed Capacity is temporarily set to a value greater than 0 kW then the 12 month rolling average will be pro-rated accordingly. During the first 12 consecutive Monthly Billing Periods commencing with the first Monthly Billing Period in which Capacity Payments are to be made, the calculation of 12-month rolling average ACBF shall be performed as follows (a) during the first Monthly Billing Period, the ACBF shall be equal to the Monthly Availability Factor; (b) thereafter, the calculation of the ACBF shall be computed by summing the electric ~~energy~~-Energy actually received by DEF for the number of full consecutive months preceding the date of calculation excluding any energy received during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW, divided by the product of the Committed Capacity and the number of hours in the number of full consecutive months preceding the date of calculation excluding the hours during an event of Force Majeure in which the Committed Capacity is temporarily set equal to 0 kW. If an event of Force Majeure occurs during the months preceding the date of calculation in which the Committed Capacity is temporarily set to a value greater than 0 kW then the 12 month rolling average will be pro-rated accordingly. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average ACBF.

MAF = Monthly Availability Factor. The total ~~energy~~-Energy received during the Monthly Billing Period for which the calculation is made, divided by the product of Committed Capacity times the total hours during the Monthly Billing Period.

Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m., on the Capacity Delivery Date and ending with the last calendar day of such month.

ISSUED BY: ~~Javier Portuondo, Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013





SECTION No. IX  
FOURTH REVISED SHEET 9.444  
CANCELS THIRD REVISED SHEET NO. 9.444

**APPENDIX B  
TO  
DUKE ENERGY FLORIDA, LLC  
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW  
STANDARD OFFER CONTRACT**

**TERMINATION FEE**

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

The "Termination Fee" shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of the Termination Date (or month of calculation, as the case may be) computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) (1+r)^{(n-i)}$$

with:  $MCPC = 0$  for all periods prior to the in-service date of the Avoided Unit:

where

- $i$  = number of Monthly Billing Periods commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following this month in which Capacity Delivery Date occurs = 2 etc.)
- $n$  = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- $r$  = DEF's incremental after-tax avoided cost of capital (defined as  $r$  in Appendix D).
- $MCP_i$  = Monthly Capacity Payment paid to RF/QFQF corresponding to the Monthly Billing Period  $i$ , calculated in accordance with Appendix A.
- $MCPC_i$  = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period  $i$ , calculated in accordance with this Contract.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 5, 2018



SECTION No. IX  
~~SIXTH-SEVENTH~~ REVISED SHEET NO. 9.445  
CANCELS ~~FIFTH-SIXTH~~ REVISED SHEET NO. 9.445

In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A is less than or equal to 75%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.

b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is greater than 75% but less than 95%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [5 \times (\text{ACBF} - .95)]$$

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is equal to or greater than 95%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall DEF be liable to the RF/QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

ISSUED BY: ~~Javier Portuondo, Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2016



SECTION No. IX  
SECOND REVISED SHEET NO. 9.446  
CANCELS FIRST SHEET NO. 9.446

**APPENDIX C  
TO  
DUKE ENERGY FLORIDA, LLC  
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW  
STANDARD OFFER CONTRACT**

**DETAILED PROJECT INFORMATION**

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

Each eligible Contract received by DEF will be evaluated to determine if the underlying RF/QF project is financially and technically viable. The RF/QF shall, to the extent available, provide DEF with a detailed project proposal which addresses the information requested below:

**I. FACILITY DESCRIPTION**

- Project Name
- Project Location
- \* Street Address
- \* Size Plot Plan
- \* Legal Description of Site
- Generating Technology
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Contact Person
- \* Individual's Name and Title
- \* Company Name
- \* Address
- \* Telephone Number
- \* Fax Number

**II. PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 5, 2018



SECTION No. IX  
FIRST REVISED SHEET NO. 9.447  
CANCELS ORIGINAL SHEET NO. 9.447

- \* Project Development
- \* Siting and Licensing the Facility
- \* Designing the Facility
- \* Constructing the Facility
- \* Securing the Fuel Supply
- \* Operating the Facility

- Provide details on all electrical facilities which are currently under construction or operational which were developed by the RF/QF.
- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders and the percentage of equity invested at Financial Closing.

### III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g. Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide AFR necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR, in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

<u>Category</u>	<u>Description of Fuel Supply Arrangement</u>
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
~~FIRST-SECOND~~ REVISED SHEET NO. 9.448  
CANCELS ~~ORIGINAL-FIRST REVISED~~ SHEET NO. 9.448

- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide AFTR necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR.
  - owned = fuel transport via a fully developed system owned by one or more of the project participants
  - contract = fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
  - LOI = a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
  - spot = fuel transportation will be purchased on the spot market
  - none = no firm fuel transportation arrangement currently in place
  - other = fuel transportation arrangement which does not fit any of the above categories (please describe)
- Provide the maximum, minimum and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.
- Provide information regarding RF/QF's plans to maintain sufficient on site fuel to deliver ~~capacity~~ Capacity and ~~energy~~ Energy for an uninterrupted seventy-two (72) hour period.

#### IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated:
  - \* Ramp Rate (MW/minute)
  - \* Peak Capability (% above Committed Capacity)
  - \* Minimum power level (% of Committed Capacity)
  - \* Facility Turnaround Time, Hot to Hot (hours)
  - \* Start-up Time from Cold Shutdown (hours)
  - \* Unit Cycling (# cycles/yr.)
  - \* MW and MVAR Control (ACC, Manual, Other (please explain))

ISSUED BY: ~~Javier Portuondo, Director~~ Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~April 29, 2013~~





SECTION No. IX  
FIRST REVISED SHEET NO. 9.449  
CANCELS ORIGINAL SHEET NO. 9.449

#### **V. SITING AND LICENSING**

- Provide a licensing/permitting milestone schedule, which lists all permits, licenses and variances, required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emission, water use, wastewater discharge, wetlands, endangered species, protected properties, surrounding land use, zoning for the Facility, associated linear facilities and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet and describe in detail the pollution control equipment to be used to meet these limits.

#### **VI. FACILITY DEVELOPMENT AND PERFORMANCE**

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, and Facility operator, steam host integration and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75% and 50%. In addition, attach a preliminary heat balance for the Facility.

#### **VII. FINANCIAL**

- Provide DEF with assurances that the proposed RF/QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
FIRST REVISED SHEET NO. 9.450  
CANCELS ORIGINAL SHEET NO. 9.450

- Annual Project Revenues

- \* Capacity Payments (\$ and \$/kW/Mo.)
- \* Variable O&M (\$ and \$/MWh)
- \* Energy (\$ and \$/MWh)
- \* Tipping Fees (\$ and \$/ton)
- \* Interest Income
- \* Other Revenues
- \* Variable O&M Escalation (%/yr.)
- \* Energy Escalation (%/yr.)
- \* Tipping Fee Escalation (%/yr.)

- Annual Project Expense

- \* Fixed O&M (\$ and \$/kW/Mo.)
- \* Variable O&M (\$ and \$/MWh)
- \* Energy (\$ and \$/MWh)
- \* Property Taxes (\$)
- \* Insurance (\$)
- \* Emission Compliance (\$ and \$/MWh)
- \* Depreciation (\$ and %/yr.)
- \* Other Expenses (\$)
- \* Fixed O&M Escalation (%/yr.)
- \* Variable O&M Escalation (%/yr.)
- \* Energy Escalation (%/yr.)

- Other Project Information

- \* Installed Cost of the Facility (\$ and \$/kW)
- \* Committed Capacity (kW)
- \* Average Heat Rate - HHV (MBTU/kWh)
- \* Federal Income Tax Rate (%)
- \* Facility Capacity Factor (%)
- \* Energy Sold to DEF (MWh)

- Permanent Financing

- \* Permanent Financing Term (yr.)
- \* Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt and equity)
- \* Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt and equity)
- \* Annual Interest Expense
- \* Annual Debt Service (\$)
- \* Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013





SECTION No. IX  
FIRST REVISED SHEET NO. 9.451  
CANCELS ORIGINAL SHEET NO. 9.451

- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
THIRD REVISED SHEET NO. 9.452  
CANCELS SECOND REVISED SHEET NO. 9.452

## **APPENDIX D**

### **TO DUKE ENERGY FLORIDA, LLC RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW STANDARD OFFER CONTRACT**

#### **RATE SCHEDULE COG-2**

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

#### **SCHEDULE**

COG-2, Firm Capacity and Energy from a Renewable Facility ("RF/QF") or a Qualifying Facility less than 100 kW ("QF")

#### **AVAILABLE**

DEF will, under the provisions of this schedule and the Contract to which this Appendix is attached and incorporated into by reference, purchase firm capacity and energy offered by a RF/QF as defined in the Contract. DEF's obligation to contract to purchase firm capacity from such RF/QF by means of this schedule and the Contract will continue no later than the Expiration Date.

#### **APPLICABLE**

To RF/QFs as defined in the Contract producing capacity and energy for sale to DEF on a firm basis pursuant to the terms and conditions of this schedule and the Contract. "Firm Capacity and Energy" are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a RF/QF pursuant to the Contract provisions addressing (among other things) quantity, time and reliability of delivery.

#### **CHARACTER OF SERVICE**

Purchases within the territory served by DEF shall be, at the option of DEF, single or three phase, 60-hertz alternating current at any available standard DEF voltage. Purchases from outside the territory served by DEF shall be three phase, 60-hertz alternating current at the voltage level available at the interchange point between DEF and the entry delivering the Firm Capacity and Energy from the RF/QF.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



SECTION No. IX  
FIRST REVISED SHEET NO. 9.453  
CANCELS ORIGINAL SHEET NO. 9.453

### **LIMITATION**

Purchases under this schedule are subject to FPSC Rules 25-17.080 through 25-17.310, F.A.C., and are limited to those RF/QFs which:

- A. Are defined in the Contract;
- B. Execute a Contract;

### **RATES FOR PURCHASES BY DEF**

Firm Capacity and Energy are purchased at unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by DEF. For the purpose of this schedule, an Avoided Unit has been designated by DEF. DEF's next Avoided Unit has been identified in Section 4 of the Contract. Schedule 1 to this Appendix describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Contract filed and approved pursuant to FPSC Rules 25-17.080 through 25-17.310, F.A.C.

#### **A. Firm Capacity Rates**

Four options, A through D, as set forth below, are available for payments of firm capacity that is produced by a RF/QF and delivered to DEF. Once selected, an option shall remain in effect for the term of the Contract. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of firm Capacity which the RF/QF has contractually committed to deliver to DEF and are based on a contract term which extends through the Termination Date in Section 4 of the Contract. Payment schedules for other contract terms will be made available to any RF/QF upon request and may be calculated based on the methodologies described in Schedule 1. The currently approved parameters used to calculate the following schedule of payments are found in Schedule 2 to this Appendix.

#### **Option A - Fixed Value of Deferral Payments - Normal Capacity**

Payment schedules under this option are based on the value of a year-by-year deferral of DEF's Avoided Unit with an in-service date as of the Avoided Unit In-Service Date in Section 4 of the Contract, calculated in accordance with FPSC Rule 25-17.0832, F.A.C., as described in Schedule 1. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Contract. The payment schedule for this option follows in Table 3.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
FIRST REVISED SHEET NO. 9.454  
CANCELS ORIGINAL SHEET NO. 9.454

Option B - Fixed Value of Deferral Payments - Early Capacity

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Avoided Unit. The term "early" with respect to Option B means that these payments can start prior to the anticipated in-service date of the Avoided Unit; provided, however, that under no circumstances may payments begin before this RF/QF is delivering Firm Capacity and Energy to DEF pursuant to the terms of the Contract. When this option is selected, the Capacity Payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the RF/QF and calculated as shown on Schedule 1. Capacity Payments under Option B do not result in a prepayment or create a future benefit.

The RF/QF shall select the month and year in which the deliveries of firm capacity and energy to DEF are to commence and Capacity Payments are to start. DEF will provide the RF/QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Contract. The exemplary payment schedule in Table 3 is based on a contract term that begins on the Exemplary Early Capacity Payment Date in Section 4 of the Contract.

Option C - Fixed Value of Deferral Payment - Levelized Capacity

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Avoided Unit. The capital portion of Capacity Payments under this option shall consist of equal monthly payments over the term of the Contract, calculated as shown on Schedule 1. The fixed operation and maintenance portion of Capacity Payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Avoided Unit. These calculations are shown in Schedule 1. The payment schedule for this option is contained in Table 3. Capacity Payments under Option C do not result in a prepayment or create a future benefit.

Option D - Fixed Value of Deferral Payment - Early Levelized Capacity

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Avoided Unit. The capital portion of Capacity Payments under this option shall consist of equal monthly payments over the term of the Contract, calculated as shown on Schedule 1. The fixed operation and maintenance expense shall be calculated as shown in Schedule 1.

The RF/QF shall select the month and year in which the deliveries of firm capacity and energy to DEF are to commence and Capacity Payments are to start. DEF will provide the RF/QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Contract. The exemplary payment schedule in Table 3 is based on a contract term that begins on the Exemplary Early Capacity Payment Date in Section 4 of the Contract.



SECTION No. IX  
~~FOURTEENTH~~FIFTEENTH REVISED SHEET NO.  
9.455  
CANCELS ~~THIRTEENTH~~FOURTEENTH REVISED  
SHEET NO. 9.455

**TABLE 3**  
**EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH**  
DEF'S June 1, 2027 Undesignated CT  
Renewable or Qualifying Facility Standard Offer Contract Avoided Capacity Payments  
(\$/kW/MONTH)

Contract Year	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Option D</u>
	Normal Capacity Payment Starting on the Avoided Unit In-Service Date	Early Capacity Payment Starting on the Exemplary Capacity Payment Date	Levelized Capacity Payment Starting on the Avoided Unit In-Service Date	Early Levelized Capacity Payment Starting on the Exemplary Capacity Payment Date
2024				
2025		<u>3,494.22</u>		<u>3,734.42</u>
2026		<u>3,534.26</u>		<u>3,734.42</u>
2027	<u>4,505.41</u>	<u>3,584.30</u>	<u>4,775.62</u>	<u>3,744.42</u>
2028	<u>4,565.46</u>	<u>3,634.34</u>	<u>4,775.62</u>	<u>3,744.43</u>
2029	<u>4,635.51</u>	<u>3,694.39</u>	<u>4,785.63</u>	<u>3,744.43</u>
2030	<u>4,695.56</u>	<u>3,744.43</u>	<u>4,785.63</u>	<u>3,754.43</u>
2031	<u>4,765.62</u>	<u>3,794.47</u>	<u>4,785.64</u>	<u>3,754.44</u>
2032	<u>4,835.67</u>	<u>3,854.51</u>	<u>4,795.64</u>	<u>3,754.44</u>
2033	<u>4,905.73</u>	<u>3,904.56</u>	<u>4,795.65</u>	<u>3,764.45</u>
2034	<u>4,975.78</u>	<u>3,954.60</u>	<u>4,805.65</u>	<u>3,764.45</u>
2035	<u>5,045.84</u>	<u>4,014.65</u>	<u>4,805.66</u>	<u>3,764.46</u>
2036	<u>5,115.89</u>	<u>4,074.69</u>	<u>4,815.66</u>	<u>3,774.46</u>
2037	<u>5,185.95</u>	<u>4,134.74</u>	<u>4,815.67</u>	<u>3,774.47</u>

- The Capacity Payment schedules contained in this Contract assume a term of ten years from the Avoided Unit In-Service Date. In the event the RF/QF requests a term greater than ten years but less than the Avoided Unit Life then DEF shall prepare a schedule of Capacity Payments for the requested term. Such Capacity Payment rates shall be calculated utilizing the value-of-deferral methodology described in FPSC Rule 25-17.0832(6).

ISSUED BY: Javier Portuondo Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020





SECTION No. IX  
SECOND REVISED SHEET NO. 9.456  
CANCELS FIRST REVISED SHEET NO. 9.456

2. The RF/QF may also request an alternative Capacity Payment rate stream from DEF as authorized by Rule 25-17.250(4). Regardless of the Capacity Payment rate stream requested by the RF/QF, the cumulative present value of the capital cost payments made to the RF/QF over the term of the Contract shall not exceed the cumulative present value of the capital cost payments had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)(i). Fixed operation and maintenance expense shall be calculated to conform with FPSC Rule 25-17.0832(6)(b). Such an alternative Capacity Payment rate shall be subject to the Termination Fee in Appendix B.

In the event that alternative Capacity Payment rates are agreed upon, such Capacity Payment rate schedule shall be attached to the Contract in Appendix E.

B. Energy Rates

Payments Prior to the Avoided Unit In-Service Date

1. The energy rate, in cents per kilowatt-hour (¢/kWh), shall be based on DEF's actual hourly avoided energy costs which are calculated by DEF in accordance with FPSC Rule 25-17.0825, F.A.C.

The calculation of payments to the RF/QF shall be based on the sum over all hours of the billing period, of the product of each hour's avoided energy cost times the amount of energy (kWh) delivered to DEF from the Facility for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

2. Upon request of the RF/QF, DEF shall provide the RF/QF the option of receiving energy payments based on DEF's year-by-year projection of system incremental costs prior to hourly economy energy sales to other utilities, based on normal weather and fuel conditions plus a mutually agreed upon market volatility risk premium.

Payments Starting on Avoided Unit In-Service Date

The calculation of payments to the RF/QF for energy delivered to DEF on and after the Avoided Unit In-Service Date shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's Firm Energy Rate (¢/kWh); and (b) the amount of energy (kWh) delivered to DEF from the Facility during that hour.



SECTION No. IX  
ELEVENTH REVISED SHEET NO. 9.457  
CANCELS TENTH REVISED SHEET NO. 9.457

For any period during which energy is delivered by the RF/QF to DEF, the Firm Energy Rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the As-Available Energy Rate and (b) the Avoided Unit Energy Cost. The Avoided Unit Energy Cost, in cents per kilowatt - hour (¢/kWh) shall be defined as the product of (a) the Avoided Unit Fuel Cost and (b) the Avoided Unit Heat Rate; plus (c) the Avoided Unit Variable O&M.

For the purposes of this agreement, the Avoided Unit Fuel Cost shall be determined from gas price published in Platts Inside FERC, Gas Market Report, first of the month posting for Florida Gas Transmission ("FGT") Zone 3, plus other charges, surcharges and percentages that are in effect from time to time.

The Parties may mutually agree to fix a minority portion of the base firm energy payments associated with the Avoided Unit and amortize that fixed portion, on a present value basis, over the term of the Contract. Such fixed firm energy payments may, at the option of the RF/QF, start as early as the Avoided Unit In-Service Date. For purposes of this paragraph, "base firm energy payments associated with the Avoided Unit" means the energy costs of the Avoided Unit to the extent that the Avoided Unit would have been operated. If this option is mutually agreed upon, it will be attached to this Contract in Appendix E.

#### **ESTIMATED AS-AVAILABLE ENERGY COST**

As required in Section 25-17.0825, F.A.C., information relating to as-available energy cost projections will be provided within 30 days of a written request for such projections by any interested person.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 13, 2017





SECTION No. IX  
FOURTEENTH REVISED SHEET NO. 9.458  
CANCELS THIRTEENTH REVISED SHEET NO. 9.458

#### **ESTIMATED UNIT FUEL COST**

As required in Section 25-17.0832, F.A.C., the estimated fuel costs associated with DEF's Avoided Unit are based on current estimates of the price of natural gas and will be provided within 30 days of a written request for such projections by any interested person.

#### **DELIVERY VOLTAGE ADJUSTMENT**

DEF'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 DEF's Procedures For Changing The Real Power Loss Factor (currently Attachment Q) in its Open Access Transmission Tariff and DEF's fuel cost recovery filing with the FPSC. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined energy costs if the RF/QF is within DEF's service territory to reflect the delivery voltage level at which RF/QF energy is received by the DEF.

The Delivery Voltage Adjustment will be calculated based on the current delivery efficiencies in conjunction with DEF's Open Access Transmission Tariff as approved by the FERC. The current Delivery Voltage Adjustment will be provided within 30 days of a written request by any interested person.

#### **PERFORMANCE CRITERIA**

Payments for firm Capacity are conditioned on the RF/QF's ability to maintain the following performance criteria:

A. **Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the Required Capacity Delivery Date.

B. **Availability and Capacity Factor**

The Facility's availability and capacity factor are used in the determination of firm Capacity Payments through a performance based calculation as detailed in Appendix A to the Contract.

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 9, 2019



SECTION No. IX  
THIRD REVISED SHEET NO. 9.459  
CANCELS SECOND REVISED SHEET NO. 9.459

### **METERING REQUIREMENTS**

The RF/QFs within the territory served by DEF shall be required to purchase from DEF hourly recording meters to measure their energy deliveries to DEF. Energy purchases from the RF/QFs outside the territory of DEF shall be measured as the quantities scheduled for interchange to DEF by the entity delivering Firm Capacity and Energy to DEF.

### **BILLING OPTIONS**

A RF/QF, upon entering into this Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to DEF, or net sales to DEF; provided, however, that no such arrangement shall cause the RF/QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a RF/QF selling as-available energy enters into this Contract for the sale of firm capacity and energy; 2) when a Contract expires or is lawfully terminated by either the RF/QF or DEF; 3) when the RF/QF is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of FPSC Rule 25-17.0832 or a contract between the RF/QF and DEF.

If a RF/QF elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written note to DEF; 2) the installation by DEF of any additional metering equipment reasonably required to effect the change in billing and upon payment by the RF/QF for such metering equipment and its installation; and 3) upon completion and approval by DEF of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the RF/QF for such alteration(s).

Payments due a RF/QF will be made monthly and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the RF/QF and the applicable avoided energy rates at which payment are being made shall accompany the payment to the RF/QF.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: July 13, 2017



SECTION No. IX  
FOURTH REVISED SHEET NO. 9.460  
CANCELS THIRD REVISED SHEET NO. 9.460

**CHARGES TO RENEWABLE ENERGY PROVIDER**

The RF/QF shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

A. Retail Service Charges

The RF/QF shall be responsible for all FPSC approved charges for any retail service that may be provided by DEF. The RF/QF 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 administrative costs.

B. Interconnection Charges

Applicable Interconnection Charges are included in the transmission arrangements entered into with the Transmission Provider. Notwithstanding the above, Interconnection Charges must be in accordance with the provisions of FPSC Rule 25-17.087.

C. Transmission Charges

Applicable Transmission Charges are included in the transmission arrangements entered into with the Transmission Provider. Notwithstanding the above, Transmission Charges must be in accordance with the provisions of FPSC Rule 25-17.087.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
SECOND REVISED SHEET NO. 9.461  
CANCELS FIRST REVISED SHEET NO. 9.461

**TERMS OF SERVICE**

- A. It shall be the RF/QF's responsibility to inform DEF of any change in its electric generation capability.
- B. Any electric service delivered by DEF to a RF/QF located in DEF's service area shall be subject to the following terms and conditions:
  - (1) A RF/QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (2) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the RF/QF's projected purchases from DEF exceed, by the greatest amount, DEF's estimated purchases from the RF/QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the RF/QF and DEF will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the RF/QF exceed the actual sales in DEF in that month.
  - (3) DEF shall specify the point of interconnection and voltage level.
  - (4) The RF/QF must enter into an agreement for interconnection to DEF's system. Specific features of the RF/QF and its interconnection to DEF's facilities will be considered by DEF in preparing the interconnection agreement. In order to assure timely completion of the interconnection facilities, the RF/QF cannot suspend the interconnection agreement or the construction of the interconnection facilities. Notwithstanding the above, interconnection with, and delivery into, the Company's system must be accomplished in accordance with the provisions of FPSC Rule 25-17.087.
- C. Service under this rate schedule is subject to the rules and regulations of the FPSC.

ISSUED BY: Javier Portuondo, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 9, 2020



SECTION No. IX  
FIRST REVISED SHEET NO. 9.462  
CANCELS ORIGINAL SHEET NO. 9.462

# **SCHEDULE 1 TO RATE SCHEDULE COG-2**

## **CALCULATION OF VALUE OF DEFERRAL PAYMENTS**

### **APPLICABILITY**

This Schedule 1 provides a detailed description of the methodology used by DEF to calculate the monthly values of deferring or avoiding the Avoided Unit identified in the Contract. When used in conjunction with the current FPSC-approved cost parameters associated with the Avoided Unit contained in Schedule 2, a RF/QF may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the RF/QF enter into a Contract with DEF.

Also contained in this Schedule 1 is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to DEF in the event of contractual default by a RF/QF.

### **CALCULATION OF VALUE OF DEFERRAL OPTION A**

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a RF/QF pursuant to Contract shall be defined as the year-by-year value of deferral of the Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = 1/12 [KI_n (1 - R) / (1 - R^L) + O_n]$$

Where, for a one year deferral:

- |         |   |   |
|---------|---|---|
| $VAC_m$ | = | utility's monthly value of avoided capacity, in dollars per kilowatt per month, for each month of year n;   |
| $K$     | = | present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;   |
| $R$     | = | $(1 + i_p) / (1 + r)$ ;   |
| $I_n$   | = | total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction for the Avoided Unit which would have been paid had the Avoided Unit been constructed; |

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013





SECTION No. IX  
FIRST REVISED SHEET NO. 9.463  
CANCELS ORIGINAL SHEET NO. 9.463

- $O_n$  = total fixed operation and maintenance expense for the year  $n$ , in mid-year dollars per kilowatt per year, of the Avoided Unit;
- $i_p$  = annual escalation rate associated with the plant cost of the Avoided Unit;
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of the Avoided Unit; and
- $n$  = year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY-OPTION B**

Under the fixed value of deferral Option A, payments for firm capacity shall not commence until the in-service date of the Avoided unit(s). At the option of the RF/QF, however, DEF may begin making payments for capacity consisting of the capital cost component of the value of a year-by-year deferral of the Avoided Unit prior to the anticipated in-service date of the Avoided Unit. When such payments for capacity are elected, the avoided capital cost component of Capacity Payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the RF/QF, and shall be calculated as follows:

$$A_M = [A_c (1 + i_p)^{(m-1)} + A_o (1 + i_o)^{(m-1)}] / 12 \quad \text{for } m = 1 \text{ to } t$$

Where:

- $A_M$  = monthly payments to be made to the RF/QF for each month of the contract year  $n$ , in dollars per kilowatt per month in which RF/QF delivers capacity pursuant to the early capacity option;
- $i_p$  = annual escalation rate associated with the plant cost of the Avoided Unit;
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
FIRST REVISED SHEET NO. 9.464  
CANCELS ORIGINAL SHEET NO. 9.464

$m$  = year for which the fixed value of deferral payments under the early capacity option are made to a RF/QF, starting in year one and ending in the year  $t$ ;

$t$  = the Term, in years, of the Contract;

$A_c$  =  $F [ (1 - R) / (1 - R^t) ]$

Where:

$F$  = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of Capacity Payments which would have been made had Capacity Payments commenced with the Avoided Unit In-Service Date;

$R$  =  $(1 + i_p) / (1 + r)$

$r$  = annual discount rate, defined as DEF's incremental after-tax cost of capital; and

$A_o$  =  $G [ (1 - R) / (1 - R^t) ]$

Where:

$G$  = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of Capacity Payments which would have been made had Capacity Payments commenced with the Avoided Unit In-Service Date.

$R$  =  $(1 + i_o) / (1 + r)$

The currently approved parameters applicable to the formulas above are found in Schedule 2.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS -  
LEVELIZED AND EARLY LEVELIZED CAPACITY - OPTION C & OPTION D,  
RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013





SECTION No. IX  
FIRST REVISED SHEET NO. 9.465  
CANCELS ORIGINAL SHEET NO. 9.465

$$P_L = (F / 12) [r / 1 - (1 + r)^{-t}] + O$$

Where:

- $P_L$  = the monthly levelized capacity payment, starting on or prior to the in-service date of DEF's Avoided Unit(s);
- $F$  = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the Capacity Payments which would have been made had the Capacity Payments not been levelized;
- $r$  = the annual discount rate, defined as DEF's incremental after-tax cost of capital;
- $t$  = the Term, in years of the Contract
- $O$  = the monthly fixed operation and maintenance component of the Capacity Payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

#### **RISK-RELATED GUARANTEES**

With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 (4)(e)10 requires that, when fixed value of deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the RF/QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the RF/QF is unable to meet the terms and conditions of its Contract. Depending on the nature of the RF/QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with DEF;
- (3) Unconditional, irrevocable, direct pay Letter of Credit;
- (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned RF/QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the RF/QF, parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantees acceptable to DEF.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013



SECTION No. IX  
FIRST REVISED SHEET NO. 9.466  
CANCELS ORIGINAL SHEET NO. 6.466

DEF will cooperate with each RF/QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the RF/QF. DEF will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the RF/QF and DEF's ratepayers.

ISSUED BY: **Javier Portuondo, Director, Rates & Regulatory Strategy - FL**  
EFFECTIVE: April 29, 2013



SECTION No. IX  
~~FOURTEENTH~~<sup>FIFTEENTH</sup> REVISED SHEET NO.  
9,467  
CANCELS ~~THIRTEENTH~~<sup>FOURTEENTH</sup> REVISED  
SHEET NO. 9,467

**SCHEDULE 2  
TO RATE SCHEDULE COG-2 CAPACITY OPTION PARAMETERS**

**FIXED VALUE OF DEFERRAL PAYMENTS -  
NORMAL CAPACITY OPTION PARAMETERS**

Where, for one year deferral:

		<u>Value</u>
VAC <sub>m</sub>	= DEF's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	<del>4.50</del> <sup>5.41</sup>
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	<del>1.28</del> <sup>4267</sup>
I <sub>n</sub>	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n;	<del>647.36</del> <sup>782.0</sup> <u>8</u>
O <sub>n</sub>	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Avoided Unit;	<del>1.95</del> <sup>2.21</sup>
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Avoided Unit;	<del>1.37</del> <sup>906</sup> %
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;	2.50%
r	= annual discount rate, defined as DEF's incremental after-tax cost of capital;	<del>7.16</del> <sup>70</sup> %
L	= expected life of the Avoided Unit;	35
n	= year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.	2027

ISSUED BY: ~~Javier Portuondo~~<sup>Geoff Foster</sup>, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~



SECTION No. IX  
~~FOURTEENTH-FIFTEENTH~~ REVISED SHEET NO.  
9.468  
CANCELS ~~THIRTEENTH-FOURTEENTH~~ REVISED  
SHEET NO. 9.468

**FIXED VALUE OF DEFERRAL PAYMENTS -  
EARLY CAPACITY OPTION PARAMETERS**

$A_m$	=	monthly avoided capital cost component of Capacity Payments to be made to the RF/QF starting as early as two years prior to the Avoided Unit In-Service Date, in dollars per kilowatt per month;	<del>3.36</del> <u>4.08</u>
$i_p$	=	annual escalation rate associated with the plant cost of the Avoided Unit;	<del>1.37</del> <u>9.06</u> %
$n$	=	year for which early Capacity Payments to a RF/QF are to begin;	2025
$F$	=	the cumulative present value of the avoided capital cost component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued for a period of 10 years;	<del>273.20</del> <u>358.95</u>
$r$	=	annual discount rate, defined as DEF's incremental after-tax cost of capital;	<del>7.106</del> <u>7.0</u> %
$t$	=	the Term, in years, of the Contract for the purchase of firm capacity commencing prior to the in-service date of the Avoided Unit;	13
$G$	=	the cumulative present value of the avoided fixed operation and maintenance expense component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued until the Termination Date.	<del>10.76</del> <u>13.59</u>

ISSUED BY: ~~Javier Portuondo~~Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: ~~June 9, 2020~~



SECTION No. IX  
SECOND REVISED SHEET NO. 9.470  
CANCELS FIRST SHEET NO. 9.470

**APPENDIX E**

**TO**  
**DUKE ENERGY FLORIDA, LLC**  
**RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW**  
**STANDARD OFFER CONTRACT**

**AGREED UPON PAYMENT SCHEDULES**  
**AND OTHER MUTUAL AGREEMENTS**

ISSUED BY: Javier Portuondo, Managing Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: June 5, 2018



SECTION No. IX  
FIRST REVISED SHEET NO. 9.475  
CANCELS ORIGINAL SHEET NO. 9.475

**APPENDIX F  
FPSC RULES 25-17.080 THROUGH 25-17.310  
ARE PROVIDED IN SECTION VIII  
ON THIS TARIFF BOOK**

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 29, 2013

# Item 5



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-**

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**DATE:** June 25, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Phillips, Ellis) *TB*  
Office of the General Counsel (Murphy) *TLT*

**RE:** Docket No. 20210066-EQ – Petition for approval of revised standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities, by Gulf Power Company.

**AGENDA:** 07/08/21 – 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 consider with Docket No. 20210067-EQ

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### Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 (TYSP). On April 1, 2021, Gulf Power Company (Gulf) filed a petition for approval of its revised standard offer contract, based on its 2021 TYSP. The Commission has jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

## Discussion of Issues

**Issue 1:** Should the Commission approve Gulf's revised standard offer contract and associated rate schedule QS-2?

**Recommendation:** Yes. The provisions of Gulf's revised standard offer contract and associated rate schedule QS-2 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. (Phillips)

**Staff Analysis:** Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that Gulf, as an IOU, continuously make 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 Rules 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 TYSP, or if no avoided unit is identified, its next avoidable planned purchase.

Similar to last year's standard offer filing, Gulf submitted a joint TYSP with Florida Power & Light Company (FPL) for 2021, with the companies planning to merge into a single remaining entity by 2022. While the joint TYSP does not feature an avoidable fossil-fueled generating unit or planned purchases that could be deferred during the planning period, Gulf has identified a 1,991 megawatt (MW) natural gas-fired combined cycle unit (CC) as the next planned generating unit, the same as identified in FPL's standard offer contract. The projected in-service date of the unit is June 1, 2031. The Commission has previously approved using a unit outside of the TYSP planning period as the avoided unit for standard offer contract purposes.<sup>1</sup>

Under Gulf's standard offer contract, the RF/QF operator commits 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

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<sup>1</sup>See Order No. PSC-2018-0316-PAA-EQ, issued June 20, 2018, in Docket No. 20180083-EQ, In re: *Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company*; Order No. PSC-2020-0212-PAA-EQ, issued June 26, 2020, in Docket No. 20200114-EQ, In re: *Florida Power & Light Company's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract*; Order No. PSC-2020-0213-PAA-EQ, issued June 26, 2020, in Docket No. 20200115-EQ, In re: *Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and rate schedule QS-2, by Gulf Power Company*.

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unit (in this case June 1, 2031), and thereafter, begin receiving capacity payments in addition to the energy payments. If either the early or early 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 payment 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 contains Gulf's estimates of 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 94 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin with the projected in-service date of the avoided unit (June 1, 2031) and continue for 10 years, while early and early levelized capacity payments begin five years prior to the in-service date, or 2027 for this example.

**Table 1 - Estimated Annual Payments to a 50 MW Renewable Facility  
(94% Capacity Factor)**

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2022	7,667	-	-	-	-
2023	6,793	-	-	-	-
2024	7,418	-	-	-	-
2025	8,347	-	-	-	-
2026	8,650	-	-	-	-
2027	8,862	-	-	1,203	1,351
2028	9,109	-	-	2,087	2,316
2029	9,419	-	-	2,131	2,316
2030	9,908	-	-	2,175	2,316
2031	9,607	2,025	2,203	2,222	2,316
2032	9,695	3,514	3,776	2,269	2,316
2033	10,171	3,588	3,776	2,316	2,316
2034	10,675	3,664	3,776	2,365	2,316
2035	11,053	3,741	3,776	2,415	2,316
2036	11,589	3,820	3,776	2,466	2,316
2037	11,935	3,900	3,776	2,518	2,316
2038	12,188	3,983	3,776	2,571	2,316
2039	12,315	4,067	3,776	2,625	2,316
2040	12,601	4,152	3,776	2,680	2,316
2041*	5,289	1,745	1,573	1,126	965
Total	193,291	38,199	37,762	33,169	32,430
Total (NPV)	97,871	14,128	14,128	14,128	14,128

Source: Gulf's Response to Staff's First Data Request and staff's calculations<sup>2</sup>

\*Payments end in May 2041, resulting in a partial year of energy and capacity payments.

Included as Attachment A to this recommendation is Gulf's standard offer contract in type-and-strike format. The changes made to Gulf's tariff sheets are consistent with the updated avoided unit. Revisions include updates to calendar dates and payment information which reflect the current economic and financial assumptions for the avoided unit. At this time Gulf and FPL operate as separate utilities; however they have requested to consolidate rates in the ongoing rate case.<sup>3</sup> The capacity payments differ between Gulf and FPL due to the different financial assumptions of the companies that must be used pursuant to the Commission's Rules.

<sup>2</sup>Document No. 03881-2021, filed May 4, 2021 in Docket No. 20210066-EQ.

<sup>3</sup>Document No. 02759-2021, filed March 12, 2021, in Docket No. 20210015-EQ.

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### **Conclusion**

Staff recommends that the revised standard offer contract and revised rate schedule QS-2 be approved as filed. The provisions of Gulf's revised standard offer contract and associated rate schedule 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.

**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.



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**STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR A QUALIFYING FACILITY  
WITH A DESIGN CAPACITY OF 100 KW OR LESS (~~2030-2031~~ AVOIDED UNIT)**

THIS STANDARD OFFER CONTRACT (the "Contract") is made and entered this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between \_\_\_\_\_ (herein after "Qualified Seller" or "QS") a corporation/limited liability company organized and existing under the laws of the State of \_\_\_\_\_ and owner of a Renewable Energy Facility as defined in section 25-17.210 (1) F.A.C. or a Qualifying Facility with a design capacity of 100 KW or less as defined in section 25-17.250, and Gulf Power Company (hereinafter "GULF POWER") a corporation organized and existing under the laws of the State of Florida. The QS and GULF POWER shall be jointly identified herein as the "Parties". This Contract contains five Appendices; Appendix A, QS-2 Standard Rate for Purchase of Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; Appendix D, Detailed Project Information and Appendix E, contract options to be selected by QS.

**WITNESSETH:**

WHEREAS, the QS desires to sell and deliver, and GULF POWER desires to purchase and receive, firm capacity and energy to be generated by the QS consistent with the terms of this Contract, Section 366.91, Florida Statutes, and/or Florida Public Service Commission ("FPSC") Rules 25-17.082 through 25-17.091, F.A.C. and FPSC Rules 25-17.200 through 25-17.310.F.A.C.

WHEREAS, the QS has signed an interconnection agreement with GULF POWER (the "Interconnection Agreement"), or it has entered into valid and enforceable interconnection/transmission service agreement(s) with the utility (or those utilities) whose transmission facilities are necessary for delivering the firm capacity and energy to GULF POWER (the "Wheeling Agreement(s)");

WHEREAS, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and

WHEREAS, the Facility is capable of delivering firm capacity and energy to GULF POWER for the term of this Contract in a manner consistent with the provisions of this Contract; and

WHEREAS, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a QS energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost-recovery clause mechanism" administered by the FPSC.

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1. QS Facility

The QS contemplates, installing operating and maintaining a \_\_\_\_\_ KVA \_\_\_\_\_ generating facility located at \_\_\_\_\_ (hereinafter called the "Facility"). The Facility is designed to produce a maximum of \_\_\_\_\_ kilowatts ("KW") of electric power at an 85% lagging to 85% leading power factor. The Facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Hydrogen produced from sources other than fossil fuels, biomass as defined in Section 25-17.210 (2) F.A.C., solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, waste heat from sulfuric acid manufacturing operations: or <100KW cogenerator)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (KW)	
Minimum Load	
Peaking Capability	
Net Output (KW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load KW	

The following sections (a) through (e) are applicable to Renewable Energy Facilities ("REFs") and section (e) is only applicable to Qualifying Facilities with a design capacity of 100 KW or less:

- (a) If the QS is a REF, the QS represents and warrants that (i) the sole source(s) of fuel or power used by the Facility to produce energy for sale to GULF POWER during the term of this Contract shall be such sources as are defined in and provided for pursuant to Sections 366.91(2) (a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C.; (ii) Fossil fuels shall be limited to the minimum quantities necessary for start-up, shut-down and for operating stability at minimum load; and (iii) the REF is capable of generating the amount of capacity pursuant to Section 5 of this Agreement without the use of fossil fuels.
- (b) The Parties agree and acknowledge that if the QS is a REF, the QS will not charge for, and GULF POWER shall have no obligation to pay for, any electrical energy produced by the Facility from a source of fuel or power except as specifically provided for in paragraph 1(a) above.

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- (c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to GULF POWER a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to GULF POWER during the Contract Year complies with Sections 1(a) and (b) of this Contract.
- (d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2)-, F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. GULF POWER shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that GULF POWER deems necessary to verify that the Facility meets such requirements.
- (e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. GULF POWER shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that GULF POWER deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to GULF POWER a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

## 2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties (the "Effective Date") and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the in-service date of the avoided unit, or such later date as may be permitted by GULF POWER pursuant to Section 5 of this Contract, GULF POWER will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

## 3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- The avoided unit ("Avoided Unit") options on which this Contract is based are detailed in Appendix A.
- This offer shall expire on April 1, ~~2021~~2022.
- The date by which firm capacity and energy deliveries from the QS to GULF POWER shall commence is the in-service date of the Avoided Unit (or such later date as may be permitted by GULF POWER pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this Contract.
- The period of time over which firm capacity and energy shall be delivered from the QS to GULF POWER is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
- The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

\* QS Performance and On Peak hours shall be as measured and/or described in GULF POWER's Rate Schedule QS-2 attached hereto as Appendix A

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**4. Sale of Energy and Capacity by the QS**

4.1 Consistent with the terms hereof, the QS shall sell and deliver to GULF POWER and GULF POWER shall purchase and receive from the QS at the Delivery Point (defined below) all of the energy and firm capacity generated by the Facility. GULF POWER shall have the sole and exclusive right to purchase all energy and capacity produced by the Facility. The purchase and sale of energy and firm capacity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QS to sell more energy and firm capacity than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of GULF POWER Rate Schedule QS-2. For purposes of this Contract, Delivery Point shall be defined as either: (a) the point of interconnection between GULF POWER's system and the transmission system of the final utility transmitting energy and firm capacity from the Facility to the GULF POWER system, as specifically described in the applicable Wheeling Agreement, or (b) the point of interconnection between the Facility and GULF POWER's transmission system, as specifically described in the Interconnection Agreement.

4.2 The QS shall not rely on interruptible standby service for the start up requirements (initial or otherwise) of the Facility.

4.3 The QS shall be responsible for all costs, charges and penalties associated with development and operation of the Facility.

4.4 The QS shall be responsible for all interconnection, electric losses, transmission and ancillary service arrangements and costs required to deliver, on a firm basis, the firm capacity and energy from the Facility to the Delivery Point.

**5. Committed Capacity/Capacity Delivery Date**

5.1 The QS commits to sell and deliver firm capacity to GULF POWER at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be

KW, delivery date no later than the in-service date of the Avoided Unit or as otherwise specified in Appendix E (the "Guaranteed Capacity Delivery Date").

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the Capacity Delivery Date and testing must be completed by 11:59 p.m. on the date prior to the Guaranteed Delivery Date. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to GULF POWER's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

5.3 GULF POWER shall have the right to require the QS, by notice no less than ten (10) business days prior to such proposed test, to validate the Committed Capacity of the Facility by means of subsequent Committed Capacity Tests as follows: (a) once per each Summer period and once per each Winter period at GULF POWER's sole discretion, (b) at any time the QS is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure, and (c) at any time the QS fails in three consecutive months to achieve an Annual Capacity Billing Factor, as defined in Appendix B (the "ACBF"), equal to or greater than 70%. The results of any such test shall be provided to GULF POWER within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be deemed as the lower of the tested capacity or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity shall not exceed the amount set forth in Section 5.1 without the prior written consent of GULF POWER, such consent not unreasonably withheld.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately after the date following the last to occur of (a) the Facility's successful completion of the first Committed Capacity Test but no earlier than the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and (b) the satisfaction by QS of the following Delivery Date Conditions (defined below).

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5.5.1 A certificate addressed to GULF POWER from a Licensed Professional Engineer (reasonably acceptable to GULF POWER in all respects) stating: (a) the nameplate capacity rating of the Facility at the anticipated time of commercial operation, which must be at least 94% of the Expected Nameplate Capacity Rating; (b) that the Facility is able to generate electric energy reliably in amounts expected by this Agreement and in accordance with all other terms and conditions hereof; (c) that Start-Up Testing of the Facility has been completed; and (d) that, pursuant to Section 8.4, all system protection and control and Automatic Generation Control devices are installed and operational.

5.5.2 A certificate addressed to GULF POWER from a Licensed Professional Engineer (reasonably acceptable to GULF POWER in all respects) stating, in conformance with the requirements of the Interconnection Agreement, that: (a) all required interconnection facilities have been constructed; (b) all required interconnection tests have been completed; and (c) the Facility is physically interconnected with the System in conformance with the Interconnection Agreement and able to deliver energy consistent with the terms of this Agreement.

5.5.3 A certificate addressed from a Licensed Professional Engineer (reasonably acceptable to GULF POWER in all respects) stating that QS has obtained or entered into all permits and agreements with respect to the Facility necessary for construction, ownership, operation, and maintenance of the Facility (the "Required Agreements"). QS must provide copies of any or all Required Agreements requested by GULF POWER.

5.5.4 An opinion from a law firm or attorney, registered or licensed in the State of Florida (reasonably acceptable to GULF POWER in all respects), stating, after all appropriate and reasonable inquiry, that: (a) QS has obtained or entered into all Required Agreements; (b) neither QS nor the Facility is in violation of or subject to any liability under any applicable law; and (c) QS has duly filed and had recorded all of the agreements, documents, instruments, mortgages, deeds of trust, and other writings described in Section 9.7.

5.5.5 GULF POWER has received the Completion/Performance Security ((a) through (e), the "Commercial Operation Conditions").

GULF POWER shall have ten (10) Business Days after receipt either to confirm to QS that all of the Delivery Date Conditions have been satisfied or have occurred, or to state with specificity what GULF POWER reasonably believes has not been satisfied.

5.6 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided, the Capacity Delivery Date occurs on or before the in-service date of the Avoided Unit (or such later date permitted by GULF POWER pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before the Guaranteed Capacity Delivery Date, GULF POWER shall be entitled to the Completion/Performance Security (as set forth in Section 9) in full, and in addition, has the right but not the obligation to allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either by (a) the Guaranteed Delivery Date or b) such later date as permitted by GULF POWER, GULF POWER shall have no obligation to make any capacity payments under this Contract and GULF POWER will be permitted to terminate this Contract, consistent with the terms herein, without further obligations, duties or liability to the QS.

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**6. Testing Procedures**

6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QS by means of a written notice to GULF POWER delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test required by GULF POWER under any of the provisions of this Contract. GULF POWER shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.

6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. If the QS is a REF the Committed Capacity Test shall be conducted utilizing as the sole fuel source fuels or energy sources included in the definition in Section 366.91, Florida Statutes. The Committed Capacity Test Period shall commence at the time designated by the QS pursuant to Section 6.1 or at such other time requested by GULF POWER pursuant to Section 5.3, provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that GULF POWER is notified of, and consents to, such earlier time.

6.3 For the avoidance of doubt, normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Further, the QS shall affect deliveries of any quantity and quality of contracted cogenerated steam to the steam host during the Committed Capacity Test Period.

6.4 The capacity of the Facility shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.

6.5 The Committed Capacity Test shall be performed according to prudent industry testing procedures satisfactory to GULF POWER for the appropriate technology of the QS.

6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to GULF POWER by the QS within seven (7) days of the conclusion of the Committed Capacity Test.

**7. Payment for Electricity Produced by the Facility**

**7.1 Energy**

GULF POWER agrees to pay the QS for energy produced by the Facility and delivered to the Delivery Point in accordance with the rates and procedures contained in GULF POWER's approved Rate Schedule QS-2, attached hereto as Appendix A, as it may be amended from time to time and pursuant to the election of energy payment options as specified in Appendix E. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule QS-2 as approved and on file with the FPSC.

**7.2 Firm Capacity**

GULF POWER agrees to pay the QS for the firm capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule QS-2, attached hereto as Appendix A, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of a capacity payment option as specified in Appendix E. The QS understands and agrees that capacity payments will be made under the early capacity payment options only if the QS has achieved the Capacity Delivery Date and is delivering firm capacity and energy to GULF POWER. Once elected by the QS, the capacity payment option cannot be changed during the term of this Contract.

**7.3 Payments**

Payments due the QS will be made monthly and normally by the twentieth business day following the end of the billing period. A statement of the kilowatt-hours sold by the QS and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QS.

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#### 8. Electricity Production and Plant Maintenance Schedule

8.1 During the term of this Contract, no later than sixty (60) days prior to the Capacity Delivery Date and prior to April 1 of each calendar year thereafter, the QS shall submit to GULF POWER in writing a detailed plan of: (a) the amount of firm capacity and energy to be generated by the Facility and delivered to the Delivery Point for each month of the following calendar year, and (b) the time, duration and magnitude of any scheduled maintenance period(s) and any anticipated reductions in capacity.

8.2 By October 31 of each calendar year, GULF POWER shall notify the QS in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If GULF POWER objects to any of the requested scheduled maintenance periods, GULF POWER shall advise the QS of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QS shall schedule maintenance outages only during periods approved by GULF POWER, such approval not unreasonably withheld. Once the schedule for maintenance has been established and approved by GULF POWER, either Party may request a subsequent change in such schedule and, except when such event is due to Force Majeure, request approval for such change from the other Party, such approval not to be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to seven (7) days per calendar year unless the manufacturer's recommendation of maintenance outage days for the technology and equipment used by the Facility exceeds such 7 day period, provided, such number of days is considered reasonable by prudent industry standards and does not exceed two (2) fourteen (14) day intervals, one in the Spring and one in the Fall, in any calendar year. The scheduled maintenance outage days applicable for the QS are \_\_\_\_\_ days in the Spring and \_\_\_\_\_ days in the Fall of each calendar year, provided the conditions specified in the previous sentence are satisfied. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including October 31st and December 1 through and including February 28 (or 29<sup>th</sup> as the case may be).

8.3 The QS shall comply with reasonable requests by GULF POWER regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

#### 8.4 Dispatch and Control

8.4.1 The power supplied by the QS hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_,000 volts ( \_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the Delivery Point to maintain system operating parameters, as specified by GULF POWER.

8.4.2 At all times during the term of this Contract, the QS shall operate and maintain the Facility: (a) in such a manner as to ensure compliance with its obligations hereunder, in accordance with prudent engineering and operating practices and applicable law, and (b) with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, GULF POWER's system. The QS shall install at the Facility those system protection and control devices necessary to ensure safe and protected operation of all energized equipment during normal testing and repair. The QS shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to GULF POWER prior to returning the Facility to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices.

8.4.3 If the Facility is separated from the GULF POWER system for any reason, under no circumstances shall the QS reconnect the Facility into GULF POWER's system without first obtaining GULF POWER's prior written approval.

8.4.4 During the term of this Contract, the QS shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with GULF POWER. If the Facility has a Committed Capacity greater than 10 MW then, the QS shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. If the Facility has a Committed Capacity equal to or less than 10 MW then the QS shall ensure that operating personnel are on duty at least eight (8) hours per day from 8 AM CST to 5 PM CST from Monday to Friday, with an operator on call at all other hours.

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8.4.6 After providing notice to the QS, GULF POWER shall not be required to purchase or receive energy from the QS during any period in which, due to operational circumstances, the purchase or receipt of such energy would result in GULF POWER's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. GULF POWER shall give the QS as much prior notice as practicable of its intent not to purchase or receive energy and firm capacity pursuant to this Section.

8.4.7 If the Facility has a Committed Capacity less than 75 MW, control, scheduling and dispatch of firm capacity and energy shall be the responsibility of the QS. If the Facility has a Committed Capacity greater than or equal to 75 MW, then control, scheduling and dispatch of firm capacity and energy shall be the responsibility of the QS, except during a "Dispatch Hour", i.e., any clock hour for which GULF POWER requests the delivery of such capacity and energy. During any Dispatch Hour: (a) control of the Facility will either be by Seller's manual control under the direction of GULF POWER (whether orally or in writing) or by Automatic Generation Control by GULF POWER's system control center as determined by GULF POWER, and (b) GULF POWER may request that the real power output be at any level up to the Committed Capacity of the Facility, provided, in no event shall GULF POWER require the real power output of the Facility to be below the Facility's Minimum Load without decommitting the Facility. The Facility shall deliver the capacity and energy requested by GULF POWER within \_\_\_\_\_ minutes, taking into account the operating limitations of the generating equipment as specified by the manufacturer, provided such time period specified herein is considered reasonable by prudent industry standards for the technology and equipment being utilized and assuming the Facility is operating at or above its Minimum Load. Start-up time from Cold Shutdown and Facility Turnaround time from Hot to Hot will be taken into consideration provided such are reasonable and consistent with prudent industry practices for the technology and equipment being utilized. The Facility's Operating Characteristics have been provided by the QS and are set forth in Appendix D, Section IV of Rate Schedule QS-2.

8.4.8 If the Facility has a Committed Capacity of less than 75 MW, GULF POWER may require during certain periods, by oral, written, or electronic notification that the QS cause the Facility to reduce output to a level below the Committed Capacity but not lower than the Facility's Minimum Load. GULF POWER shall provide as much notice as practicable, normally such notice will be of at least four (4) hours. The frequency of such request shall not exceed eighteen (18) times per calendar year and the duration of each request shall not exceed four (4) hours.

8.4.9 GULF POWER's exercise of its rights under this Section 8 shall not give rise to any liability or payment obligation on the part of GULF POWER, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing.

**9. Completion/Performance Security**

The security contemplated by this Section 9 constitutes security for, but is not a limitation of, QS's obligations hereunder and shall not be GULF POWER's exclusive remedy for QS's failure to perform in accordance with this Agreement.

9.1 As security for the achievement of the Guaranteed Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QS shall provide GULF POWER either: (a) an unconditional, irrevocable, standby letter of credit(s) with an expiration date no earlier than the end of the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a U.S. commercial bank or the U.S. branch of a foreign bank having a Credit Rating of A- or higher by S&P or A3 or higher by Moody's (a "Qualified Issuer"), in form and substance acceptable to GULF POWER (including provisions (i) permitting partial and full draws and (ii) permitting GULF POWER to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least thirty (30) business days prior to its expiration date) ("Letter of Credit"); (b) a bond, issued by a financially sound Company acceptable to GULF POWER and in a form and substance acceptable to GULF POWER, ("Bond"); or (c) a cash collateral deposited with GULF POWER ("Cash Collateral") (any of (a), (b), or (c), the "Completion/Performance Security"). Completion/Performance Security shall be provided in the amount and by the date listed below.

(a) \$50.00 per kW (for the number of kW of Committed Capacity set forth in Section 5.1) to be delivered to GULF POWER within five (5) business days of the Effective Date; and

(b) \$100.00 per kW (for the number of kW of Committed Capacity set forth in Section 5.1) to be delivered to GULF POWER two years before the Guaranteed Capacity Delivery Date.

"Credit Rating" means with respect to any entity, on any date of determination, the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) by S&P, Moody's or other specified rating agency or agencies or if such entity does not have a rating for its unsecured, senior long-term debt or deposit obligations, then the rating assigned to such entity as its "corporate credit rating" by S&P.

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"Moody's" means Moody's Investors Service, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.) or its successor.

9.2 The specific security instrument provided for purposes of this Contract is:

- ( ) Letter of Credit.
- ( ) Bond.
- ( ) Cash Collateral.

9.3 GULF POWER shall have the right to monitor (a) the financial condition of the issuer of a Letter of Credit in the event any Letter of Credit is provided by the QS, and (b) the insurer, in the case of any Bond. In the event the issuer of a Letter of Credit no longer qualifies as Qualified Issuer or the issuer of a Bond is no longer financially sound, GULF POWER may require the QS to replace the Letter of Credit or the Bond, as applicable. Such replacement Letter of Credit or bond must be issued by a Qualified Issuer or a financially sound issuer, as applicable, within ten (10) business days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for GULF POWER to draw in full on the existing Letter of Credit or bond and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured written commitment or promise to pay in a form reasonably acceptable to GULF POWER, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 GULF POWER shall be entitled to draw the Completion/Performance Security to satisfy any obligation or liability of QS arising pursuant to this Contract.

9.5.1 If the QS fails to achieve the Capacity Delivery Date on or before the in-service date of the Avoided Unit or such later date as permitted by GULF POWER pursuant to Section 5.6, GULF POWER shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. The Parties acknowledge that the injury that GULF POWER will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that GULF POWER may accept such sums as liquidated damages and resort to any other remedies which may be available to it under law or in equity.

9.5.2 In the event that GULF POWER requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, GULF POWER shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS.

9.5.3 QS shall promptly, but in no event more than five (5) business days following any draws on the Completion/Performance Security, replenish the Completion/Performance Security to the amounts required herein.

9.6 The QS, as the Pledgor of the Completion/Performance Security, hereby pledges to GULF POWER, as the secured Party, as security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, and grants to GULF POWER a first priority continuing security interest in, lien on and right of set-off against all Completion/Performance Security transferred to or received by GULF POWER hereunder. Upon the transfer or return by GULF POWER to the QS of Completion/Performance Security, the security interest and lien granted hereunder on that Completion/Performance Security will be released immediately and, to the extent possible, without any further action by either party.

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9.7 In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Cash Collateral held by GULF POWER (all of which may be retained by GULF POWER), GULF POWER will transfer to the QS on a monthly basis the Interest Amount, as calculated by GULF POWER.

"Interest Amount" means, with respect to each monthly period, the aggregate sum of the amounts of interest calculated for each day in that monthly period on the principal amount of Cash Collateral held by GULF POWER on that day, determined by GULF POWER for each such day as follows:

- (x) the amount of that Cash Collateral on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

"Interest Rate" means: the Federal Funds Overnight rate as from time to time in effect.

"Federal Funds Overnight Rate" means, for the relevant determination date, the rate opposite the caption "Federal Funds (Effective)" as set forth for that day in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System. If on the determination date such rate is not yet published in H.15 (519), the rate for that date will be the rate set in Composite 3:30 P.M. Quotations for U.S. Government Securities for that day under the caption "Federal Funds/Effective Rate." If on the determination date such rate is not yet published in either H.15 (519) or Composite 3:30 P.M. Quotations for U.S. Government Securities, the rate for that date will be determined as if the Parties had specified "USD-Federal Funds-Reference Dealers" as the applicable rate.

**10. Termination Fee**

10.1 In the event that the QS receives capacity payments pursuant to Option B, Option C, Option D or Option E (as such options are defined in Appendix A and elected by the QS in Appendix E) or receives energy payments pursuant to the Fixed Firm Energy Payment Option (as such option is defined in Appendix A and elected by the QS in Appendix E) then, upon the termination of this Contract, the QS shall owe and be liable to GULF POWER for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QS's obligation to pay the Termination Fee shall survive the termination of this Contract. GULF POWER shall provide the QS, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091 in which case the QS may use an unsecured written commitment or promise to pay, in a form reasonably acceptable to GULF POWER, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to pay the Termination Fee) by the QS by: (a) an unconditional, irrevocable, standby letter(s) of credit issued by Qualified Issuer in form and substance acceptable to GULF POWER (including provisions (a) permitting partial and full draws and (b) permitting GULF POWER to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least thirty (30) business days prior to its expiration date, ("Termination Fee Letter of Credit"); (b) a bond, issued by a financially sound Company and in a form and substance acceptable to GULF POWER, ("Termination Fee Bond"); or (c) a cash collateral deposit with GULF POWER ("Termination Fee Cash Collateral") (any of (a), (b), or (c), the "Termination Security").

10.1.2 The specific security instrument selected by the QS for purposes of this Contract is:

- ( ) Termination Fee Letter of Credit
- ( ) Termination Fee Bond
- ( ) Termination Fee Cash Collateral

10.1.3 GULF POWER shall have the right to monitor the financial condition of (i) the issuer of a Termination Fee Letter of Credit in the case of any Termination Fee Letter of Credit and (ii) the insurer(s), in the case of any Termination Fee Bond. In the event the issuer of a Termination Fee Letter of Credit is no longer a Qualified Issuer or the issuer of a Termination Fee Bond is no longer financially sound, GULF POWER may require the QS to replace the Termination Fee Letter of Credit or the Termination Fee Bond, as applicable. In the event that GULF POWER notifies the QS that it requires such a replacement, the replacement Termination Fee Letter of Credit or Termination Fee Bond, as applicable, must be issued by a Qualified Issuer or financially sound company within ten (10) business days following such notification. Failure by the QS to comply with the requirements of this Section 10.1.2 shall be grounds for GULF POWER to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond and to exercise any other remedies it may have hereunder.

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10.1.4 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, the QS shall provide to GULF POWER within ten (10) business days of the close of such calendar quarter with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to GULF POWER, that the amount of the most recently provided Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, GULF POWER shall have the right to request, and the QS shall be obligated to deliver within five (5) business days of such request, such Security Documentation. Failure by the QS to comply with the requirements of this Section 10.1.3 shall be grounds for GULF POWER to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond or to retain any Termination Fee Cash Collateral, and to exercise any other remedies it may have hereunder to be applied against any Termination Fee that may be due and owing to GULF POWER or that may in the future be due and owing to GULF POWER.

10.1.5 Upon any termination of this Contract following the Capacity Delivery Date, GULF POWER shall be entitled to receive (and in the case of the Termination Fee Letter of Credit or Termination Fee Bond, draw upon such Termination Fee Letter of Credit or Termination Fee Bond) and retain one- hundred percent (100%) of the Termination Security to be applied against any Termination Fee that may be due and owing to GULF POWER or that may in the future be due and owing to GULF POWER. GULF POWER will transfer to the QS any proceeds and Termination Security remaining after liquidation, set-off and/or application under this Article after satisfaction in full of all amounts payable by the QS with respect to any Termination Fee or other obligations due to GULF POWER; the QS in all events will remain liable for any amounts remaining unpaid after any liquidation, set-off and/or application under this Article.

10.2 The QS, as the Pledgor of the Termination Security, hereby pledges to GULF POWER, as the secured Party, as security for the Termination Fee, and grants to GULF POWER a first priority continuing security interest in, lien on and right of set-off against all Termination Security transferred to or received by GULF POWER hereunder. Upon the transfer or return by GULF POWER to the QS of Termination Security, the security interest and lien granted hereunder on that Termination Security will be released immediately and, to the extent possible, without any further action by either party.

10.3 In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Termination Fee Cash Collateral held by GULF POWER (all of which may be retained by GULF POWER), GULF POWER will transfer to the QS on a monthly basis the Interest Amount, Pursuant to Section 9.7.

#### 11. Performance Factor

GULF POWER desires to provide an incentive to the QS to operate the Facility during on-peak and off-peak periods in a manner which approximates the projected performance of GULF POWER's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

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12. **Default**

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

- 12.1 The QS fails to meet the applicable requirements specified in Section 1 of this Contract.;
- 12.2 The QS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from GULF POWER.;
- 12.3 After the Capacity Delivery Date, the Facility fails, for twelve (12) consecutive months, to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 80%.;
- 12.4 The QS fails to comply with any of the provisions of Section 9.0 hereof (Completion/Performance Security).
- 12.5 The QS fails to comply with any of the provisions of Section 10.0 hereof (Termination Security).;
- 12.6 The QS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QS or if a receiver shall be appointed for the QS or any of its assets or properties; or if any part of the QS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due.
- 12.7 The QS fails to give proper assurance acceptable to GULF POWER of adequate performance as specified under this Contract within 30 days after GULF POWER, with reasonable grounds for insecurity, has requested in writing such assurance-.
- 12.8 The QS materially fails to perform as specified under this Contract, including, but not limited to, the QS's obligations under any part of Sections 8, and 18.
- 12.9 The QS fails to achieve the permitting, licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than one year prior to Guaranteed Capacity Date.
- 12.10 The QS fails to comply with any of the provisions of Section 18.3 hereof (Project Management).
- 12.11 Any of the representations or warranties made by the QS in this Contract is false or misleading in any material respect.
- 12.12 The occurrence of an event of default by the QS under the Interconnection Agreement or any applicable Wheeling Agreement;
- 12.13 The QS fails to satisfy its obligations under Section 18.14 hereof (Assignment).
- 12.14 The QS fails to deliver to GULF POWER in accordance with this Contract any energy or firm capacity required to be delivered hereunder or the delivery or sale of any such energy and firm capacity to an entity other than GULF POWER.
- 12.15 The QS fails to perform any material covenant or obligation under this Contract not specifically mentioned in this Section 12.
- 12.16 If at any time after the Capacity Delivery Date, the QS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

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**13. GULF POWER's Rights in the Event of Default**

13.1 Upon the occurrence of any of the Events of Default in Section 12, GULF POWER may:

- (a) terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QS, and offset against any payment(s) due from GULF POWER to the QS, any monies otherwise due from the QS to GULF POWER;
- (b) draw on the Completion/Performance Security pursuant to Section 9 or collect the Termination Fee pursuant to Section 10 as applicable; and
- (c) exercise any other remedy(ies) which may be available to GULF POWER at law or in equity.

13.2 In the case of an Event of Default, the QS recognizes that any remedy at law may be inadequate because this Contract is unique and/or because the actual damages of GULF POWER may be difficult to reasonably ascertain. Therefore, the QS agrees that GULF POWER shall be entitled to pursue an action for specific performance, and the QS waives all of its rights to assert as a defense to such action that GULF POWER's remedy at law is adequate.

13.3 Termination shall not affect the liability of either party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

**14. Indemnification/Limits**

14.1 GULF POWER and the QS shall each be responsible for its own facilities. GULF POWER and the QS shall each be responsible for ensuring adequate safeguards for other GULF POWER customers, GULF POWER's and the QS's personnel and equipment, and for the protection of its own generating system. Each party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "GULF POWER Entities" and "QS Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from: (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder; (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system; (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system; (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or (e) any other event, act or incident, including the transmission and use of electricity, that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.

14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

14.3 Limitation on Consequential, Incidental and Indirect Damages. TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE QS NOR GULF POWER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS CONTRACT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS CONTRACT, INCLUDING WITHOUT LIMITATION, ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, AND SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE MEASURE OF DAMAGES AND

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ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED; PROVIDED, HOWEVER, THE PARTIES AGREE THAT THE FOREGOING LIMITATIONS WILL NOT IN ANY WAY LIMIT LIABILITY OR DAMAGES UNDER ANY THIRD PARTY CLAIMS OR THE LIABILITY OF A PARTY WHOSE ACTIONS GIVING RISE TO SUCH LIABILITY CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS CONTRACT. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE DEEMED TO BE A WAIVER OF A PARTY'S RIGHT TO SEEK INJUNCTIVE RELIEF.

**15. Insurance**

15.1 The QS shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to GULF POWER on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QS Insurance"). A certificate of insurance shall be delivered to GULF POWER at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QS Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QS's equipment or by the QS's failure to maintain the Facility or the QS's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with GULF POWER's system, the QS Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QS Insurance must be reasonably acceptable to GULF POWER. Any premium assessment or deductible shall be for the account of the QS and not GULF POWER.

15.2 The QS Insurance shall have a minimum limit of one million dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.

15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but GULF POWER and the QS shall enter into negotiations to develop substitute protection which the Parties in their reasonable judgment deem adequate.

15.4 To the extent that the QS Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the GULF POWER Entities and the QS Entities. Furthermore, to the extent the QS Insurance is on a "claims made" basis, the QS's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QS Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QS during the term of this Contract.

15.5 The QS Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to GULF POWER. The QS shall provide GULF POWER with a copy of any material communication or notice related to the QS Insurance within ten (10) business days of the QS's receipt or issuance thereof.

15.6 The QS shall be designated as the named insured and GULF POWER shall be designated as an additional named insured under the QS Insurance. The QS Insurance shall be endorsed to be primary to any coverage maintained by GULF POWER.

**16. Force Majeure**

Force Majeure is defined as an event or circumstance that is not within the reasonable control of, or the result of the negligence of, the affected party, and which, by the exercise of due diligence, the affected party is unable to overcome, avoid, or cause to be avoided in a commercially reasonable manner. Such events or circumstances may include, but are not limited to, acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes, difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement), or actions or restraints by court order or governmental authority or arbitration award. Force Majeure shall not include (a) the QS's ability to sell capacity and energy to another market at a more advantageous price; (b) equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility; (c) a failure of performance of any other entity, including any entity providing electric transmission service to the QS, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; (d) failure of the QS to timely apply for or obtain permits.

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16.1 Except as otherwise provided in this Contract, each party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the party claiming Force Majeure shall notify the other party in writing within two (2) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The party claiming Force Majeure shall notify the other party of the cessation of the event of Force Majeure or of the conclusion of the affected party's cure for the event of Force Majeure, in either case within two (2) business days thereof.

16.3 The party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected party, and such party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such party deems to be unfavorable.

16.4 If the QS suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QS may, upon notice to GULF POWER, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following GULF POWER's receipt of the notice or such later date as may be specified by the QS. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QS shall temporarily set the Committed Capacity equal to 0 KW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 KW, GULF POWER shall have no obligation to make capacity payments hereunder.

16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QS shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, GULF POWER shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by GULF POWER under this Section shall be additional to any Committed Capacity Test under Section 5.3.

16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

16.9 The QS agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with GULF POWER's system if the same is (are) rendered inoperative due to actions of the QS, its agents, or Force Majeure events affecting the QS, the Facility or the interconnection with GULF POWER. GULF POWER agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by GULF POWER or its agents.

**17. Representations, Warranties, and Covenants of QS**

The QS represents and warrants that as of the Effective Date and for the term of this Contract:

**17.1 Organization, Standing and Qualification**

The QS is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QS is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on GULF POWER.

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#### 17.2 Due Authorization, No Approvals, No Defaults, etc.

Each of the execution, delivery and performance by the QS of this Contract has been duly authorized by all necessary action on the part of the QS, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the QS or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QS, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the QS, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QS, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract. This Contract constitutes QS's legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy laws from time to time in effect that affect creditors' rights generally or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

#### 17.3 Compliance with Laws

The QS has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QS is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QS or GULF POWER.

#### 17.4 Governmental Approvals

Except as expressly contemplated herein, neither the execution and delivery by the QS of this Contract, nor the consummation by the QS of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of \_\_\_\_\_ permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QS has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

#### 17.5 No Suits, Proceedings

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QS, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QS's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QS has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment. The QS is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any authorization, or in breach of, in default under, or in violation of, or in conflict with any provision of any promissory note, indenture or any evidence of indebtedness or security therefore, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults, violations or conflicts which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of Buyer or its ability to perform its obligations hereunder.

#### 17.6 Environmental Matters

##### 17.6.1 QS Representations

To the best of its knowledge after diligent inquiry, the QS knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

##### 17.6.2 Ownership and Offering For Sale Of Renewable Energy Attributes

The QS retains any and all rights to own and to sell any and all environmental attributes associated with the electric generation of the Facility, including but not limited to, any and all renewable energy certificates, "green tags" or other tradable environmental interests (collectively "RECs"), of any description.

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**17.6.3 Changes in Environmental and Governmental Regulations**

If new environmental and other regulatory requirements enacted during the term of the Contract change GULF POWER's full avoided cost of the unit on which the Contract is based, either party can elect to have the contract reopened.

**17.7 Interconnection/Wheeling Agreement**

The QS has executed an interconnection agreement with GULF POWER, or represents or warrants that it has entered into a valid and enforceable Interconnection Agreement with the utility in whose service territory the Facility is located, pursuant to which the QS assumes contractual responsibility to make any and all transmission-related arrangements (including control area services) between the QS and the transmitting utility for delivery of the Facility's capacity and energy to GULF POWER.

**17.8 Technology and Generator Capabilities**

That for the term of this Contract the Technology and Generator Capabilities table set forth in Section 1 is accurate and complete.

**18. General Provisions**

**18.1 Project Viability**

To assist GULF POWER in assessing the QS's financial and technical viability, the QS shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by GULF POWER must be submitted at the time this Contract is presented to GULF POWER. Failure to provide the following such documents may result in a determination of non-viability by GULF POWER.

**18.2 Permits; Site Control**

The QS hereby agrees to obtain and maintain Permits which the QS is required to obtain as a prerequisite to engaging in the activities specified in this Contract. QS shall also obtain and maintain Site Control for the Term of the Contract.

**18.3 Project Management**

18.3.1 If requested by GULF POWER, the QS shall submit to GULF POWER its integrated project schedule for GULF POWER's review within sixty calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by GULF POWER, the QS shall submit progress reports in a form satisfactory to GULF POWER every calendar month until the Capacity Delivery Date and shall notify GULF POWER of any changes in such schedules within ten calendar days after such changes are determined. GULF POWER shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. GULF POWER's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

18.3.2 The QS shall provide GULF POWER with the final designer's/manufacture's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at GULF POWER no later than one hundred eighty calendar days prior to the initial synchronization date.

**18.4 Assignment**

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, such consent to be granted or withheld in such other Party's sole discretion. Any direct or indirect change of control of QS (whether voluntary or by operation of law) shall be deemed an assignment and shall require the prior written consent of GULF POWER. Notwithstanding the foregoing, either Party may, without the consent of the other Party, assign or transfer this Agreement: (a) to any lender as collateral security for obligations under any financing documents entered into with such lender provided, QS shall be responsible for GULF POWER's reasonable costs and expenses associated with the review, negotiation, execution and delivery of any documents or information pursuant to such collateral assignment, including reasonable attorneys' fees (b) to an affiliate of such Party, *provided*, that such affiliate's creditworthiness is equal to or better than that of such Party (and in no event less than Investment Grade) as determined reasonably by the non-assigning or non-transferring Party and; *provided, further*, that any such affiliate shall agree in writing to be bound by and to assume the terms and conditions hereof and any and all obligations to the non-assigning or non-transferring Party arising or accruing hereunder from and after the date of such assumption. "Investment Grade" means BBB- or above from Standard & Poor's Corporation or Baa2 or above from Moody's Investor Services.

**18.5 Disclaimer**

In executing this Contract, GULF POWER 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 QS or any assignee of this Contract.

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**18.6 Notification**

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals 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 the QS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For GULF POWER:

Gulf Power Company

700 Universe Boulevard  
Juno Beach, FL 33408  
Attn: EMT Contracts Department

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Gulf Power Company  
700 Universe Boulevard, Juno Beach, FL 33408  
Attention: Contracts Manager/Coordinator  
EMT Contracts Department

**18.7 Applicable Law**

This Contract shall be construed in accordance with and governed by, and the rights of the Parties shall be construed in accordance with, the laws of the State of Florida as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies, without regard to conflict of law rules thereof.

**18.8 Venue**

The Parties hereby irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of Florida or, in the event that jurisdiction for any matter cannot be established in the United States District Court for the Southern District of Florida, in the state court for Palm Beach County, Florida, solely in respect of the interpretation and enforcement of the provisions of this Contract and of the documents referred to in this Contract, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Contract or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The Parties hereby consent to and grant any such court jurisdiction over the persons of such Parties solely for such purpose and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 18.8 hereof or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

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18.9. Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS CONTRACT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT A PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RESULTING FROM, ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (c) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (d) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS CONTRACT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.9

**18.10 Taxation**

In the event that GULF POWER becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that GULF POWER's payments to the QS for capacity under Options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), GULF POWER may bill the QS monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. GULF POWER, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place GULF POWER in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If GULF POWER decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with GULF POWER.

**18.11 Severability**

If any part of this Contract, for any reason, is declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.

**18.12 Complete Agreement and Amendments**

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

**18.13 Survival of Contract**

This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

**18.14 Record Retention**

The QS agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QS Entities to retain for the same period all such records.

**18.15 No Waiver**

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

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18.16 Set-Off

GULF POWER may at any time, but shall be under no obligation to, set off any and all sums due from the QS against sums due to the QS hereunder.

18.17 Assistance With GULF POWER's evaluation of FIN 46R

Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require GULF POWER to evaluate whether the QS must be consolidated, as a variable interest entity (as defined in FIN 46R), in the consolidated financial statements of GULF POWER. The QS agrees to fully cooperate with GULF POWER and make available to GULF POWER all financial data and other information, as deemed necessary by GULF POWER, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of an evaluation under FIN 46R indicates that the QS must be consolidated in the financial statements of GULF POWER, the QS agrees to provide financial statements, together with other required information, as determined by GULF POWER, for inclusion in disclosures contained in the footnotes to the financial statements and in GULF POWER's required filings with the Securities and Exchange Commission ("SEC"). The QS shall provide this information to GULF POWER in a timeframe consistent with GULF POWER's earnings release and SEC filing schedules, to be determined at GULF POWER's discretion. The QS also agrees to fully cooperate with GULF POWER and GULF POWER's independent auditors in completing an assessment of the QS's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of GULF POWER. GULF POWER will treat any information provided by the QS in satisfying Section 18.17 as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

IN WITNESS WHEREOF, the QS and GULF POWER executed this Contract this \_\_\_\_\_ day of \_\_\_\_\_.

WITNESS:

GULF POWER COMPANY

\_\_\_\_\_

\_\_\_\_\_

Date \_\_\_\_\_

WITNES:

\_\_\_\_\_ (QS)

\_\_\_\_\_

Date \_\_\_\_\_

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**RATE SCHEDULE QS-  
2 APPENDIX A  
TO THE STANDARD OFFER CONTRACT  
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A RENEWABLE ENERGY FACILITY  
OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS**

**SCHEDULE**

QS-2, Firm Capacity and Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17- 0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company will petition the FPSC for closure upon any of the following as related to the generating unit upon which this standard offer contract is based i.e. the Avoided Unit : (a) a request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued, (b) the Company files a petition for a need determination or commences construction of the Avoided Unit when the generating unit is not subject to Rule 25-22.082, F.A.C., or (c) the generating unit upon which the standard offer contract is based is no longer part of the utility's generation plan, as evidenced by a petition to that effect filed with the Commission or by the utility's most recent Ten Year Site Plan.

**APPLICABLE**

To Renewable Energy Facilities as specified in Section 366.91, Florida Statutes producing capacity and energy from qualified renewable resources for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Renewable Capacity and Renewable Energy are capacity and energy produced and sold by a QS pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

To Qualifying Facilities ("QF"), with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) 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 "Standard Offer Contract", Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

**CHARACTER OF SERVICE**

Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz alternating current at the voltage level available at the interchange point between the Company and the entity delivering the Firm Energy and Capacity from the QS.

**LIMITATION**

Purchases under this schedule are subject to Section 366.91, Florida Statutes and/or FPSC Rules 25-17.0832 through 25-17.091, F.A.C., and 25-17.200 through 25-17.310 F.A.C and are limited to those Facilities which:

- A. Commit to commence deliveries of firm capacity and energy no later than the in-service date of the Avoided Unit, as detailed in Appendix II, and to continue such deliveries for a period of at least 10 years up to a maximum of the life of the avoided unit;
- B. Are not currently under contract with the Company or with any other entity for the Facility's output for the period specified above

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#### **RATES FOR PURCHASES BY THE COMPANY**

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company, and is detailed in Appendix II to this Schedule. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

#### **A. Firm Capacity Rates**

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond the in-service date of the Avoided Unit. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon the methodologies described in Appendix I. The currently approved parameters used to calculate the schedule of payments are found in Appendix II to this Schedule.

#### **Adjustment to Capacity Payment**

The firm capacity rates will be adjusted to reflect the impact that the location of the QS will have on GULF POWER system reliability due to constraints imposed on the operation of GULF POWER transmission tie lines.

Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QS within sixty days of GULF POWER execution of the signed Standard Offer Contract.

#### **Option A - Fixed Value of Deferral Payments - Normal Capacity**

Payment schedules under this option are based on the value of a single year purchase with an in-service date of the Avoided Unit, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

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**Option B - Fixed Value of Deferral Payments - Early Capacity**

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit provided; however, that under no circumstances may payments begin before the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QS and calculated using the methodology shown on Appendix I.

The QS shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

**Option C - Fixed Value of Deferral Payment - Levelized Capacity**

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I.

I. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. The methodology used to calculate this option is shown in Appendix I. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

**Option D - Fixed Value of Deferral Payment - Early Levelized Capacity**

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of the capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QS, payments for early levelized capacity shall commence at any time before the anticipated in-service date of the Company's Avoided Unit as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

**Option E - Flexible Payment Option**

Payment schedules under this option are based upon a payment stream elected by the QS consisting of the capital component of the Company's avoided unit. Payments can commence at any time after the actual in-service date of the QS and before the anticipated in-service date of the utility's avoided unit, as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. Regardless of the payment stream elected by the QS, the cumulative present value of capital cost payments made to the QS over the term of the contract shall not exceed the cumulative present value of the capital cost payments which would have been made to the QS had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)1, F.A.C. Fixed operation and maintenance expense shall be calculated in conformance with Rule 25-17.0832(6), F.A.C. The Company will provide the QS with a schedule of capacity payment rates based on the information specified in Appendix E.

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**B. Energy Rates**

**(1) Payments Associated with As-Available Energy Costs prior to the In-Service Date of the Avoided Unit.**

Options A or B are available for payment of energy which is produced by the QS and delivered to the Company prior to the in-service date of the Avoided Unit. The QS shall indicate its selection in Appendix E. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company.

**Option A – Energy Payments based on Actual Energy Costs**

The energy rate, in cents per kilowatt-hour (¢/KWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the Delivery Point of the QS is located. When economy transactions take place, the incremental costs are calculated as described in GULF POWER's Rate Schedule COG-1.

The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.

**Option B – Energy Payments based on the year by year projection of As-Available energy costs**

The energy rate, in cents per kilowatt-hour (¢/KWh), shall be based on the Company's year by year projection of system incremental fuel costs, prior to hourly economy sales to other utilities, based on normal weather and fuel market conditions (annual As-Available Energy Cost Projection which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. and with FPSC Rule 25-17.250(6) (a) F.A.C.) plus a fuel market volatility risk premium mutually agreed upon by the utility and the QS. Prior to the start of each applicable calendar year, the Company and the QS shall mutually agree on the fuel market volatility risk premium for the following calendar year, normally no later than November 15. The Company will provide its projection of the applicable annual As-Available Energy Cost prior to the start of the calendar year, normally no later than November 15 of each applicable calendar year. In addition to the applicable As-Available Energy Cost projection the energy payment will include identifiable operation and maintenance expenses, an adjustment for line losses reflecting delivery voltage and a factor that reflects in the calculation of the Company's Avoided Energy Costs the delivery of energy from the region of the Company in which the Delivery Point of the QS is located.

The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's applicable Projected Avoided Energy Cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.

**(2) Payments Associated with Applicable Avoided Energy Costs after the In-Service Date of the Avoided Unit.**

Option C is available for payment of energy which is produced by the QS and delivered to the Company after the in-service date of the avoided unit. In addition, Option D is available to the QS which elects to fix a portion of the firm energy payment. The QS shall indicate its selection of Option D in Appendix E, once selected, Option D shall remain in effect for the term of the Standard Offer Contract.

**Option C- Energy Payments based on Actual Energy Costs starting on the in-service date of the Avoided Unit, as detailed in Appendix II.**

The calculation of payments to the QS for energy delivered to GULF POWER on and after the in-service date of the Avoided Unit shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/KWh); and (b) the amount of energy (KWH) delivered to GULF POWER from the Facility during that hour.

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For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to GULF POWER, the firm energy rate in cents per kilowatt hour (¢/KWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by GULF POWER in accordance with FPSC Rule 25-17.0825, FAC, and GULF POWER's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/KWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) the average annual heat rate of the Avoided Unit, plus (c) an additional payment for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

Option D- Fixed Firm Energy Payments Starting as early as the In-Service Date of the QS Facility

The calculation of payments to the QS for energy delivered to GULF POWER may include an adjustment at the election of the QS in order to implement the provisions of Rule 25-17.250 (6) (b), F.A.C. Subsequent to the determination of full avoided cost and subject to the provisions of Rule 25-17.0832(3) (a) through (d), F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the utility and renewable energy generator, shall be fixed and amortized on a present value basis over the term of the contract starting, at the election of the QS, as early as the in-service date of the QS. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have operated. The portion of the base energy costs mutually agreed to by the Company and the QS shall be specified in Appendix E. The Company will provide the QS with a schedule of "Fixed Energy Payments" over the term of the Standard Offer Contract based on the applicable information specified in Appendix E.

**ESTIMATED AS-AVAILABLE ENERGY COST**

As required in Section 25-17.0832, F.A.C. as-available energy cost projections until the in-service date of the avoided unit will be provided within 30 days of receipt by GULF POWER of a written request for such projections by any interested person.

**ESTIMATED UNIT FUEL COST**

As required in Section 25-17.0832, F.A.C. the estimated unit fuel costs associated with the Company's Avoided Unit and based on current estimates of the price of natural gas will be provided within 30 days of a written request for such an estimate.

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**DELIVERY VOLTAGE ADJUSTMENT**

Energy payments to a QS within the Company's service territory shall be adjusted according to the delivery voltage by the multipliers provided in Appendix II.

**PERFORMANCE CRITERIA**

Payments for Firm Capacity are conditioned on the QS's ability to maintain the following performance criteria:

**A. Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit, as detailed in Appendix II.

**B. Availability and Capacity Factor**

The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to the Company's Standard Offer Contract.

**METERING REQUIREMENTS**

A QS within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from a QS outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Renewable Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 pm. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Central time excluding Thanksgiving Day, Christmas Day, and New Year's Day. GULF POWER shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.

**BILLING OPTIONS**

A QS, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QS selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QS or the Company; 3) when the QS is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene this Tariff or the contract between the QS and the Company.

If a QS elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QS for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the QS for such alteration(s).

Payments due a QS will be made monthly and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the QS and the applicable avoided energy rates at which payments are being made shall accompany the payment to the QS.

A statement covering the charges and payments due the QS is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

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**CHARGES TO ENERGY FACILITY**

The QS shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

**A. Customer Charges:**

Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

**B. Interconnection Charge for Non-Variable Utility Expenses**

The QS shall bear the cost required for interconnection, including the metering. The QS shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a Bond, Letter of Credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QS.

**C. Interconnection Charge for Variable Utility Expenses**

The QS shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QS if no sales to the Company were involved.

In lieu of payment for actual charges, the QS may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities as provided in Appendix II.

**D. Taxes and Assessments**

In the event that GULF POWER becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that GULF POWER's payments to the QS for capacity under options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), GULF POWER may bill the QS monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. GULF POWER, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place GULF POWER in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments or the Fixed Firm Energy Payment had been deductible in the period in which the payments were made. If GULF POWER decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with GULF POWER.

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**TERMS OF SERVICE**


- (1) It shall be the QS's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QS located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QS shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QS's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QS. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QS and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QS exceed the actual sales to the Company in that month.
  - (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QS must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QS or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

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**APPENDIX I**  
**TO RATE SCHEDULE QS-2**  
**CALCULATION OF VALUE OF**  
**DEFERRAL PAYMENTS**

**APPLICABILITY**

Appendix I provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Company's Avoided Unit identified in Schedule QS-2. When used in conjunction with the current FPSC-approved cost parameters associated with the Company's Avoided Unit contained in Appendix II, a QS may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QS enter into a Standard Offer Contract with the Company.

**CALCULATION OF VALUE OF DEFERRAL OPTION A**

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QS pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

Where, for a one-year deferral:

$VAC_m$	=	utility's monthly value of avoided capacity and O&M, in dollars per kilowatt per month, for each month of year n;
$K$	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;
$R$	=	$(1 + i_p) / (1 + r)$ ;
$I_n$	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
$O_n$	=	total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
$i_p$	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
$i_o$	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
$r$	=	annual discount rate, defined as the utility's incremental after-tax cost of capital;
$L$	=	expected life of the Company's Avoided Unit(s); and
$n$	=	year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

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**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – EARLY CAPACITY- OPTION B**

Normally, payments for firm capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the QS, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as the in-service date of the QS facility. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QS, and shall be calculated as follows:

$$A_m = A_c \frac{(1+i_p)^{(m-1)}}{12} + A_o \frac{(1+i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

Where:

- $A_m$  = monthly payments to be made to the QS for each month of the contract year  $n$ , in dollars per kilowatt per month in which QS delivers capacity the early capacity option;
- $i_p$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $m$  = year for which the fixed value of deferral payments under the early option are made to a QS, starting in year one and ending in the year  $t$ ;
- $t$  = the term, in years, of the Standard Offer Contract;

$$A_c = F \left[ (1-R)/(1-R^t) \right]$$

Where:

- $F$  = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- $R$  =  $(1+i_p)/(1+r)$
- $r$  = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G \left[ (1-R)/(1-R^t) \right]$$

Where:

- $G$  = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- $R$  =  $(1+i_o)/(1+r)$

The currently approved parameters applicable to the formulas above are found in Appendix II.

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**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – LEVELIZED AND EARLY LEVELIZED CAPACITY  
– OPTION C & OPTION D, RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1-(1+r)^{-t}} + O$$

Where:

- $P_L$  = the monthly levelized capacity payment, starting on or prior to the in- service date of the Company's Avoided Unit(s);
- $F$  = the cumulative present value, in the year that the contractual will begin, of the avoided capital cost component of the payments which would have been made had the capacity been levelized;
- $r$  = the annual discount rate, defined as the Company's incremental cost of capital;
- $t$  = the term, in years, of the Standard Offer Contract;
- $O$  = the monthly fixed operation and maintenance component of the payments, calculated in accordance with calculation of the fixed deferral payments for the levelized capacity or the early levelized capacity options.

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APPENDIX II

TO RATE SCHEDULE QS-2  
~~2030-2031~~ AVOIDED UNIT INFORMATION

The Company's Avoided Unit has been determined to be a 1,991 MW Combined Cycle Unit with an in-service date of June 1, ~~2030-2031~~ and a contract heat rate of ~~6,996~~ 5,990 Btu/kWh.

EXAMPLE STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
FOR A CONTRACT TERM OF TEN YEARS FROM THE IN-SERVICE DATE OF THE AVOIDED UNIT

Contract Year For the 12 Month Period Starting June 1 of Each Year	(\$/KW/MONTH)			
	Option A	Option B	Option C	Option D
	Normal Capacity Payment	Early Capacity Payment	Levelized Capacity Payment	Early Levelized Capacity Payment
2022	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -
2025	\$ -	\$ -	\$ -	\$ -
2026	\$ -	<del>\$ 3.28</del> \$ -	\$ -	<del>\$ 3.68</del> \$ -
2027	\$ -	\$ <del>3.34</del> <u>3.44</u>	\$ -	\$ <del>3.68</del> <u>86</u>
2028	\$ -	\$ <del>3.41</del> <u>3.51</u>	\$ -	\$ <del>3.68</del> <u>86</u>
2029	\$ -	\$ <del>3.48</del> <u>3.58</u>	\$ -	\$ <del>3.68</del> <u>86</u>
2030	<del>\$ 5.34</del> \$ -	\$ <del>3.54</del> <u>3.66</u>	<del>\$ 5.86</del> \$ -	\$ <del>3.68</del> <u>86</u>
2031	\$ <del>5.45</del> <u>5.79</u>	\$ <del>3.62</del> <u>3.74</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2032	\$ <del>5.57</del> <u>5.91</u>	\$ <del>3.69</del> <u>3.81</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2033	\$ <del>5.69</del> <u>6.03</u>	\$ <del>3.76</del> <u>3.89</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2034	\$ <del>5.81</del> <u>6.16</u>	\$ <del>3.84</del> <u>3.98</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2035	\$ <del>5.93</del> <u>6.29</u>	\$ <del>3.91</del> <u>4.06</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2036	\$ <del>6.05</del> <u>6.42</u>	\$ <del>3.99</del> <u>4.15</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2037	\$ <del>6.18</del> <u>6.56</u>	\$ <del>4.07</del> <u>4.23</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2038	\$ <del>6.31</del> <u>6.70</u>	\$ <del>4.15</del> <u>4.32</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2039	\$ <del>6.44</del> <u>6.84</u>	\$ <del>4.24</del> <u>4.41</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>
2040	\$ <del>6.58</del> <u>6.98</u>	\$ <del>4.32</del> <u>4.51</u>	\$ <del>5.86</del> <u>6.29</u>	\$ <del>3.68</del> <u>86</u>

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes, the most recent estimated incremental avoided energy costs for the next ten years will be provided within thirty (30) days of written request.

ESTIMATED UNIT FUEL COSTS (\$/MMBtu):

The most recent estimated unit fuel costs for the Company's avoided unit will be provided within thirty (30) days of written request.

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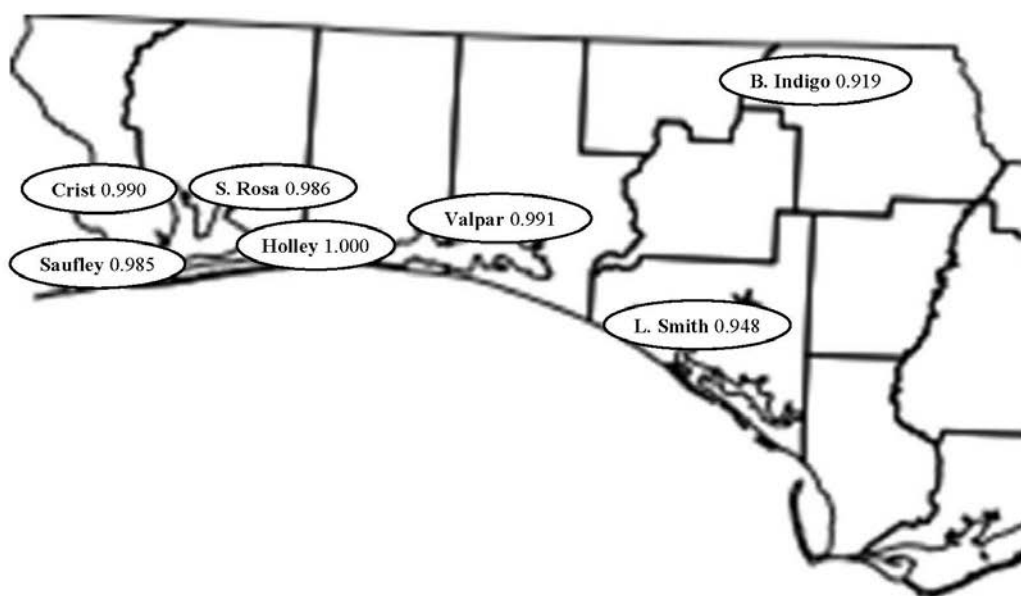
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EFFECTIVE DATE  
**June 9, 2020**

**VALUE OF CAPACITY LOCATION**



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**Gulf Power®**

Section No. IX

First Revised Sheet No. 9.81.13

Cancelling Original Sheet No. 9.81.13

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**2030-2031 AVOIDED UNIT FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS**

Where, for a one-year deferral:		Value
VAC <sub>m</sub>	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	<del>\$5,242</del> <u>\$5,785.9</u>
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	<del>1.4846</del> <u>1.4840</u>
I <sub>n</sub>	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWTP, of the Company's Avoided Unit with an in-service date of year n;	<del>\$635.926</del> <u>\$76.37</u>
O <sub>n</sub>	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	<del>\$12.69</del> <u>\$14.76</u>
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.00%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	6.95%
L	= expected life of the Company's Avoided Unit;	40
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	<del>2030</del> <u>2031</u>

**FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS**

A <sub>m</sub>	= monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.00%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
n	= year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	<del>\$366.64</del> <u>\$16.8</u>
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	6.95%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	<del>\$98.74</del> <u>\$114.8</u>

\*From Appendix E

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**APPENDIX B**  
**TO THE STANDARD OFFER CONTRACT**  
**FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM RENEWABLE ENERGY FACILITIES**  
**OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS**  
**PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

- B. In the event that the ACBF is equal to or greater than 80% but less than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [1 + 4 \times (ACBF - 94\%)] \times CC$$

- C. In the event that the ACBF is equal to or greater than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/KW/Month as specified in GULF POWER's Rate Schedule QS-2.

CC = Committed Capacity in KW.

ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12 months rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor. Periods during which the Facility has temporarily set its Committed Capacity equal to 0 KW due to a Force Majeure event pursuant to Section 16 shall be excluded from the applicable capacity factor calculation.

MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the Hourly factors of the hours when GULF POWER requested reduced deliveries pursuant to Sections 8.4.6 and 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.

HFNDH = Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.

HFDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.

On-Peak Hours = Those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 p.m. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Central time excluding Thanksgiving Day, Christmas Day and New Year's Day. GULF POWER shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance notice.

Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

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APPENDIX C  
TO THE STANDARD OFFER  
CONTRACT TERMINATION FEE

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

**Termination Fee = Termination Fee applicable to Capacity Payment Option plus Termination Fee applicable to Fixed Firm Energy**

**Option Termination Fee applicable to Capacity Payment Options B, C, D and E**

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with:  $MCPC_i = 0$  for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- $i$  = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2, etc.)
- $n$  = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- $t$  = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal GULF POWER's incremental after-tax avoided cost of capital (defined as  $r$  in QS-2). For any Monthly Billing Period in which  $MCPC_i$  is greater than  $MCP_i$ ,  $t$  shall equal 1.
- $MCP_i$  = Monthly Capacity Payment paid to QS corresponding to the Monthly Billing Period  $i$ , calculated in accordance with Appendix B.
- $MCPC_i$  = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period  $i$ , calculated in accordance with QS-2

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Capacity Payment Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Capacity Payment Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is less than 80%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Capacity Payment Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 94%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.04 \times (\text{ACBF} - 94\%)]$$

For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.

In no event shall GULF POWER be liable to the QS at any time for any amount by which the Capacity Payment Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

**Termination Fee applicable to the Fixed Firm Energy Payment Option D**

Prior to in-service date of avoided unit:

The Termination Fee for the Fixed Firm Energy Option shall be equal to the cumulative sum of the Fixed Firm Energy Payments made to the QS pursuant to Option D, starting with the in-service date of the QS facility, for each billing cycle. Such number shall reach the maximum amount on the billing cycle immediately preceding the billing cycle associated with the in-service date of the Avoided Unit.

After in-service date of avoided unit:

The Termination Fee shall be decreased each billing cycle following the in-service date of the avoided unit by an amount equal to the difference between the projected Fixed Energy Cost that was used in the calculation to determine the base energy cost to be fixed and amortized pursuant to Option D for such billing cycle and the amortized Fixed Firm Energy Payment in cents/KWH times the energy delivered by the QS not to exceed the MWH block specified in Appendix E.

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**APPENDIX D  
TO THE STANDARD OFFER  
CONTRACT DETAILED PROJECT  
INFORMATION**

Each eligible Contract received by GULF POWER will be evaluated to determine if the underlying QS project is financially and technically viable. The QS shall, to the extent available, provide GULF POWER with a detailed project proposal which addresses the information requested below.

**I. FACILITY DESCRIPTION**

- Project Name
- Project Location
  - ◆ Street Address
  - ◆ Site Plot Plan
  - ◆ Legal Description of Site
- Generating Technology
- Facility Classification (include types from statute)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - ◆ Street Address
  - ◆ Legal Description of Steam Host
  - ◆ Host's annual steam requirements (lbs/yr)
- Contact Person
  - ◆ Individual's Name and Title
  - ◆ Company Name
  - ◆ Address
  - ◆ Telephone Number
  - ◆ Telecopy Number

**II. PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
  - ◆ Project Development
  - ◆ Siting and Licensing the Facility
  - ◆ Designing the Facility
  - ◆ Constructing the Facility
  - ◆ Securing the Fuel Supply
  - ◆ Operating the Facility
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QS.
- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

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III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support the requirements pursuant to Section 366.91, Florida Statutes, and the planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the ARFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category Description of Fuel Supply Arrangement fuel is from a fully developed owned = source owned by one or more of the project participants contract = fully executed firm fuel contract exists between the developer(s) and fuel supplier(s) LOI = a letter of intent for the fuel supply exists between developer(s) and fuel supplier(s) REF = renewable energy facility will burn biomass, waste, or another renewable resource spot = fuel supply will be purchased on the spot market none = no firm fuel supply arrangement currently in place other = fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Energy Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Energy Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned = fuel transport via a fully developed system owned by one or more of the project participants contract = fully executed firm transportation contract exists between the developer(s) and fuel transporter(s) LOI = a letter of intent for fuel transport exists between developer(s) and fuel transporter(s) Spot = fuel transportation will be purchased on the spot market none = no firm fuel transportation arrangement currently in place other = fuel transportation arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

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#### IV. PLANT DISPATCHABILITY/CONTROLLABILITY

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
  - ◆ Ramp Rate (MW/minute)
  - ◆ Peak Capability (% above Committed Capacity)
  - ◆ Minimum power level (% of Committed Capacity)
  - ◆ Facility Turnaround Time, Hot to Hot (hours)
  - ◆ Start-up Time from Cold Shutdown (hours)
  - ◆ Unit Cycling (# cycles/yr)
  - ◆ MW and MVAR Control (AGC, Manual, Other (please explain))

#### V. SITING AND LICENSING

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

#### VI. FACILITY DEVELOPMENT AND PERFORMANCE

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one-line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- [NOTE: add any requirements related to demonstrating that the facility meets the requirements under the statute or applicable rules]

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## VII. FINANCIAL

- Provide GULF POWER with assurances that the proposed QS project is financially viable consistent with FPSC Rule 25-17.0832(4) (c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.

### ◆ Annual Project Revenues

- Capacity Payments (\$ and \$/KW/Mo)
- Variable O&M (\$ and \$/MWh)
- Energy (\$ and \$/MWh)
- Steam Revenues (\$ and %/lb.)
- Tipping Fees (\$ and \$/ton)
- Interest Income
- Other Revenues
- Variable O&M Escalation (%/yr)
- Energy Escalation (%/yr)
- Steam Escalation (%/yr)
- Tipping Fee Escalation (%/yr)

### ◆ Annual Project Expenses

- Fixed O&M (\$ and \$/KW/Mo)
- Variable O&M (\$ and \$/MWh)
- Energy (\$ and \$/MWh)
- Property Taxes (\$)
- Insurance (\$)
- Emission Compliance (\$ and \$/MWh)
- Depreciation (\$ and %/yr)
- Other Expenses (\$)
- Fixed O&M Escalation (%/yr)
- Variable O&M Escalation (%/yr)
- Energy Escalation (%/yr)

### ◆ Other Project Information

- Installed Cost of the Energy Facility (\$ and \$/KW)
- Committed Capacity (KW)
- Average Heat Rate - HHV (MBTU/KWh)
- Federal Income Tax Rate (%)
- Facility Capacity Factor (%)
- Energy Sold to GULF POWER (MWH)

### ◆ Permanent Financing

- Permanent Financing Term (yrs)
- Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)
- Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)
- Annual Interest Expense
- Annual Debt Service (\$)
- Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)

- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed, please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

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APPENDIX E  
TO THE STANDARD OFFER CONTRACT  
CONTRACT OPTIONS TO BE SELECTED BY QS

Avoided Unit Selected

Term of Contract

Execution date  
Termination date

Firm Capacity Rates

Commencement date for deliveries of Firm Energy and Capacity \_\_\_\_\_

Capacity Payment Option Selected (from available Options A through E) \_\_\_\_\_

If Option E is selected proposed payment stream:

Schedule of Capacity Payments to be provided by the Company based on applicable parameters follows:

Year      \$/KW/Month

Energy Rates

Energy payment Options selected applicable to energy produced by the QS and delivered to the Company (from available Option A or B **and** D)

Select from Option A or B

**And**

Select D

If Option D is selected by the QS; the Company and the QS mutually agree on fixing and amortizing the following portion of the Base Energy Costs associated with the Avoided Unit

\_\_\_\_\_ % which yields \_\_\_\_\_ MWH

Projected Energy Cost of Energy Produced by Avoided Unit (provided by the Company):

Year      Projected Fixed Energy Cost (in Cents/KWH or in Dollars)

Based on the projections of Energy Costs Produced by the Avoided Unit and the mutually agreed upon Portion of the Base Energy Costs associated with the Avoided Unit the Fixed Energy Payment shall be

\_\_\_\_\_ \$/MWH or \$ \_\_\_\_\_ (as applicable).

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# Item 6

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:** June 25, 2021**TO:** Office of Commission Clerk (Teitzman)**FROM:** Division of Engineering (Phillips, Ellis) *TB*  
Office of the General Counsel (Murphy) *TLT***RE:** Docket No. 20210067-EQ – Petition for approval of revised standard offer contract and a revised accompanying rate schedule QS-2, by Florida Power & Light Company.**AGENDA:** 07/08/21 – 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 consider with Docket No. 20210066-EQ**Case Background**

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility (IOU) to continuously offer to purchase capacity and energy from renewable generating facilities 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 revised 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 (TYSP). On April 1, 2021, Florida Power & Light Company (FPL) filed a petition for approval of its revised standard offer contract, based on its 2021 TYSP. The Commission has jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.055, and 366.91, F.S.

## Discussion of Issues

**Issue 1:** Should the Commission approve the revised standard offer contract and associated rate schedule QS-2 filed by Florida Power & Light Company?

**Recommendation:** Yes. The provisions of FPL's revised standard offer contract and associated rate schedule QS-2 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. (Phillips)

**Staff Analysis:** Section 366.91(3), F.S., and Rule 25-17.250, F.A.C., require that FPL, as an IOU, continuously make 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 Rules 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 TYSP, or if no avoided unit is identified, its next avoidable planned purchase.

Similar to last year's standard offer contract, FPL submitted a joint TYSP with Gulf Power Company (Gulf) for 2021, with the companies planning to merge into a single remaining entity by 2022. While the joint 2021 TYSP does not feature an avoidable fossil-fueled generating unit or planned purchases that could be deferred during the planning period, FPL has identified a 1,991 megawatt (MW) natural gas-fired combined cycle unit (CC) as the next planned generating unit. The projected in-service date of the unit is June 1, 2031. The Commission has previously approved using a unit outside of the TYSP planning period as the avoided unit for standard offer contract purposes.<sup>1</sup>

Under FPL's standard offer contract, the RF/QF operator commits 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

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<sup>1</sup>See Order No. PSC-2018-0316-PAA-EQ, issued June 20, 2018, in Docket No. 20180083-EQ, In re: *Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company*; Order No. PSC-2020-0212-PAA-EQ, issued June 26, 2020, in Docket No. 20200114-EQ, In re: *Florida Power & Light Company's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract*; and Order No. PSC-2020-0213-PAA-EQ, issued June 26, 2020, in Docket No. 20200115-EQ, In re: *Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and rate schedule QS-2, by Gulf Power Company*.

Date: June 25, 2021

options, it will receive as-available energy payments only until the in-service date of the avoided unit (in this case June 1, 2031), and thereafter, begin receiving capacity payments in addition to the energy payments. If either the early or early 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 payment 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 contains FPL's estimates of 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 94 percent, which is the minimum capacity factor required under the contract to qualify for full capacity payments. Normal and levelized capacity payments begin with the projected in-service date of the avoided unit (June 1, 2031) and continue for 10 years, while early and early levelized capacity payments begin five years prior to the in-service date, or 2027 for this example.

**Table 1 - Estimated Annual Payments to a 50 MW Renewable Facility  
(94% Capacity Factor)**

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
2022	7,667	-	-	-	-
2023	6,793	-	-	-	-
2024	7,418	-	-	-	-
2025	8,347	-	-	-	-
2026	8,650	-	-	-	-
2027	8,862	-	-	1,210	1,357
2028	9,109	-	-	2,100	2,326
2029	9,419	-	-	2,144	2,326
2030	9,908	-	-	2,189	2,326
2031	9,607	2,063	2,242	2,235	2,326
2032	9,695	3,581	3,844	2,282	2,326
2033	10,171	3,656	3,844	2,330	2,326
2034	10,675	3,733	3,844	2,379	2,326
2035	11,053	3,812	3,844	2,429	2,326
2036	11,589	3,892	3,844	2,480	2,326
2037	11,935	3,974	3,844	2,532	2,326
2038	12,188	4,057	3,844	2,583	2,326
2039	12,315	4,143	3,844	2,640	2,326
2040	12,601	4,230	3,844	2,695	2,326
2041*	5,289	1,778	1,602	1,133	969
Total	193,291	38,919	38,439	33,364	32,564
Total (NPV)	93,259	13,319	13,319	13,319	13,319

Source: FPL's Response to Staff's First Data Request and staff calculation<sup>2</sup>

\*Payments end in May 2041, resulting in a partial year of energy capacity and payments.

FPL's standard offer contract, in type-and-strike format, is included as Attachment A to this recommendation. The changes made to FPL's tariff sheets are consistent with the updated avoided unit. Revisions include updates to calendar dates and payment information which reflect the current economic and financial assumptions for the avoided unit. At this time FPL and Gulf operate as separate utilities; however they have requested to consolidate rates in the ongoing rate case.<sup>3</sup>

<sup>2</sup>Document No. 03880-2021, filed May 1, 2021, in Docket No. 20210067-EQ.

<sup>3</sup>Document No. 02759-2021, filed March 12, 2021, in Docket No. 20210015-EQ.



Date: June 25, 2021

### **Conclusion**

Staff recommends that FPL's revised standard offer contract and associated rate schedule QS-2 be approved as filed. The provisions of FPL's revised standard offer contract 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.

**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, FPL'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, FPL's standard offer contract may subsequently be revised.

FLORIDA POWER & LIGHT COMPANY

~~Thirteenth-Fourteenth~~ Revised Sheet No. 9.030  
Cancels ~~Twelfth-Thirteenth~~ Revised Sheet No. 9.030

STANDARD OFFER CONTRACT FOR THE PURCHASE OF  
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR A QUALIFYING  
FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (~~2030-2031~~ AVOIDED UNIT)

THIS STANDARD OFFER CONTRACT (the "Contract") is made and entered this \_\_\_\_\_ day of \_\_\_\_\_, by and between \_\_\_\_\_ (herein after "Qualified Seller" or "QS") a corporation/ limited liability company organized and existing under the laws of the State \_\_\_\_\_ of and owner of a Renewable Energy Facility as defined in section 25-17.210 (1) F.A.C. or a Qualifying Facility with a design capacity of 100KW or less defined in section 25-17.250, and Florida Power & Light Company (herein after "FPL") a corporation organized and existing under the laws of the State of Florida. The QS and FPL shall be jointly identified herein as the "Parties". This Contract contains five Appendices; Appendix A, QS-2 Standard Rate for Purchase of Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; Appendix D, Detailed Project Information and Appendix E, contract option to be selected by QS.

WITNESSETH:

WHEREAS, the QS desires to sell and deliver, and FPL desires to purchase and receive, firm capacity and energy to be generated by the QS consistent with the terms of this Contract, Section 366.91, Florida Statutes, and/or Florida Public Service Commission ("FPSC") Rules 25-17.082 through 25-17.091, F.A.C. and FPSC Rules 25-17.200 through 25.17.310.F.A.C.

WHEREAS, the QS has signed an interconnection agreement with FPL (the "Interconnection Agreement"), or it has entered into valid and enforceable interconnection/transmission service agreement(s) with the utility (or those utilities) whose transmission facilities are necessary for delivering the firm capacity and energy to FPL (the "Wheeling Agreement(s)");

WHEREAS, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and

WHEREAS, the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract; and

WHEREAS, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a QS energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost-recovery clause mechanism" administered by the FPSC.

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

(Continued on Sheet No. 9.031)

Issued by: Tiffany Cohen, ~~Senior Director, Regulatory Rates, Cost of Service and Systems~~ ~~Director, Rates and Tariffs~~  
Effective: ~~June 9, 2020~~

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.031  
Cancels First Sheet No. 9.031

(Continued from Sheet No. 9.030)

**1. QS Facility**

The QS contemplates, installing operating and maintaining a \_\_\_\_\_ KVA \_\_\_\_\_ generating facility located at \_\_\_\_\_ (hereinafter called the "Facility"). The Facility is designed to produce a maximum of \_\_\_\_\_ kilowatts ("KW") of electric power at an 85% lagging to 85% leading power factor. The Facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Hydrogen produced from sources other than fossil fuels, biomass as defined in Section 25-17.210 (2) F.A.C. , solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, waste heat from sulfuric acid manufacturing operations: or <100KW cogenerator)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (KW)	
Minimum Load	
Peaking Capability	
Net Output (KW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load KW	

The following sections (a) through (e) are applicable to Renewable Energy Facilities ("REFs") and section (e) is only applicable to Qualifying Facilities with a design capacity of 100 KW or less:

- (a) If the QS is a REF, the QS represents and warrants that (i) the sole source(s) of fuel or power used by the Facility to produce energy for sale to FPL during the term of this Contract shall be such sources as are defined in and provided for pursuant to Sections 366.91(2) (a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C.; (ii) Fossil fuels shall be limited to the minimum quantities necessary for start-up, shut-down and for operating stability at minimum load; and (iii) the REF is capable of generating the amount of capacity pursuant to Section 5 of this Agreement without the use of fossil fuels.
- (b) The Parties agree and acknowledge that if the QS is a REF, the QS will not charge for, and FPL shall have no obligation to pay for, any electrical energy produced by the Facility from a source of fuel or power except as specifically provided for in paragraph 1(a) above.

(Continued on Sheet No. 9.032)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: July 13, 2017

FLORIDA POWER & LIGHT COMPANY

~~Fifteenth~~ ~~Sixteenth~~ Revised Sheet No. 9.032  
Cancels ~~Fourteenth~~ ~~Fifteenth~~ Revised Sheet No. 9.032

(Continued from Sheet No. 9.031)

- (c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.
- (d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2)-, F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.
- (e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

## 2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties (the "Effective Date") and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the in-service date of the avoided unit, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

## 3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- 1. The avoided unit ("Avoided Unit") options on which this Contract is based are detailed in Appendix A.
- 2. This offer shall expire on April 1, ~~2021~~ 2022.
- 3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is the in-service date of the Avoided Unit (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this Contract.
- 4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
- 5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

\* QS Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule QS-2 attached hereto as Appendix A

(Continued on Sheet No. 9.032.1)

Issued by: Tiffany Cohen, ~~Senior Director, Regulatory Rates, Cost of Service and Systems~~ Director, Rates and Tariffs  
Effective: ~~June 9, 2020~~

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.032.1  
Cancels Original Sheet No. 9.032.1

(Continued from Sheet No. 9.032)

3.2 QS, at no cost to FPL, shall be responsible to:

3.2.1 Design, construct, and maintain the Facility in accordance with this Contract, applicable law, regulatory, and governmental approvals, any requirements of warranty agreements or similar agreements, prudent industry practice, insurance policies, and the Interconnection Agreement or Wheeling Agreement.

3.2.2 Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements (including the Interconnection Agreement or the Wheeling Agreement(s)) in order to schedule and deliver the firm capacity and energy to FPL.

3.2.3 Obtain and maintain all permits, certifications, licenses, consents or approvals of any governmental or regulatory authority necessary for the construction, operation, and maintenance of the Facility (the "Permits"). QS shall keep FPL reasonably informed as to the status of its permitting efforts and shall promptly inform FPL of any Permits it is unable to obtain, that are delayed, limited, suspended, terminated, or otherwise constrained in a way that could limit, reduce, interfere with, or preclude QS's ability to perform its obligations under this Contract (including a statement of whether and to what extent this circumstance may limit or preclude QS's ability to perform under this Contract.)

3.2.4 Demonstrate to FPL's reasonable satisfaction that QS has established Site Control, an agreement for the ownership or lease of the Facility's site, for the Term of the Contract.

3.2.5 Complete all environmental impact studies and comply with applicable environmental laws necessary for the construction, operation, and maintenance of the Facility.

3.2.6 At FPL's request, provide to FPL electrical specifications and design drawings pertaining to the Facility for FPL's review prior to finalizing design of the Facility and before beginning construction work based on such specifications and drawings, provided FPL's review of such specifications and design shall not be construed as endorsing the specification, and design thereof, or as any express or implied warranties including performance, safety, durability or reliability of the Facility. QS shall provide to FPL reasonable advance notice of any changes in the Facility and provide to FPL specifications and design drawings of any such changes.

3.2.7 Within fifteen (15) days after the close of each month from the first month following the Effective Date until the Capacity Delivery Date, provide to FPL a monthly progress report (in a form reasonably satisfactory to FPL) and agree to regularly scheduled meetings between representatives of QS and FPL to review such monthly reports and discuss QS's construction progress. The Monthly Progress Report shall indicate whether QS is on target to meet the Capacity Delivery Date. If, for any reason, FPL has reason to believe that QS may fail to achieve the Capacity Delivery Date, then, upon FPL's request, QS shall submit to FPL, within ten (10) business days of such request, a remedial action plan ("Remedial Action Plan") that sets forth a detailed description of QS's proposed course of action to promptly achieve the Capacity Delivery Date. Delivery of a Remedial Action Plan does not relieve QS of its obligation to meet the Capacity Delivery Date.

3.3 FPL shall have the right, but not the obligation, to:

3.3.1 Inspect during business hours upon reasonable notice, or obtain copies of all Permits held by QS.

3.3.2 Consistent with Section 3.2.6, notify QS in writing of the results of the review within thirty (30) days of FPL's receipt of all specifications for the Facility, including a description of any flaws perceived by FPL in the design.

3.3.3 Inspect the Facility's construction site or on-site QS data and information pertaining to the Facility during business hours upon reasonable notice.

(Continued on Sheet No. 9.033)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016



FLORIDA POWER & LIGHT COMPANY

Ninth Revised Sheet No. 9.033  
Cancels Eighth Sheet No. 9.033

(Continued from Sheet No. 9.032.1)

**4. Sale of Energy and Capacity by the QS**

4.1 Consistent with the terms hereof, the QS shall sell and deliver to FPL and FPL shall purchase and receive from the QS at the Delivery Point (defined below) all of the energy and firm capacity generated by the Facility. FPL shall have the sole and exclusive right to purchase all energy and capacity produced by the Facility. The purchase and sale of energy and firm capacity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QS to sell more energy and firm capacity than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of FPL Rate Schedule QS-2. For purposes of this Contract, Delivery Point shall be defined as either: (a) the point of interconnection between FPL's system and the transmission system of the final utility transmitting energy and firm capacity from the Facility to the FPL system, as specifically described in the applicable Wheeling Agreement, or (b) the point of interconnection between the Facility and FPL's transmission system, as specifically described in the Interconnection Agreement.

4.2 The QS shall not rely on interruptible standby service for the start up requirements (initial or otherwise) of the Facility.

4.3 The QS shall be responsible for all costs, charges and penalties associated with development and operation of the Facility.

4.4 The QS shall be responsible for all interconnection, electric losses, transmission and ancillary service arrangements and costs required to deliver, on a firm basis, the firm capacity and energy from the Facility to the Delivery Point.

**5. Committed Capacity/Capacity Delivery Date**

5.1 The QS commits to sell and deliver firm capacity to FPL at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be \_\_\_\_\_ KW, delivery date no later than the in-service date of the Avoided Unit or as otherwise specified in Appendix E (the "Guaranteed Capacity Delivery Date").

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the Capacity Delivery Date and testing must be completed by 11:59 p.m. on the date prior to the Guaranteed Delivery Date. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to FPL's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

5.3 FPL shall have the right to require the QS, by notice no less than ten (10) business days prior to such proposed test, to validate the Committed Capacity of the Facility by means of subsequent Committed Capacity Tests as follows: (a) once per each Summer period and once per each Winter period at FPL's sole discretion, (b) at any time the QS is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure, and (c) at any time the QS fails in three consecutive months to achieve an Annual Capacity Billing Factor, as defined in Appendix B (the "ACBF"), equal to or greater than 70%. The results of any such test shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be deemed as the lower of the tested capacity or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity shall not exceed the amount set forth in Section 5.1 without the prior written consent of FPL, such consent not unreasonably withheld.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately after the date following the last to occur of (a) the Facility's successful completion of the first Committed Capacity Test but no earlier than the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and (b) the satisfaction by QS of the following Delivery Date Conditions (defined below).

(Continued on Sheet No. 9.033.1)

Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 5, 2018

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 9.033.1

(Continue from Sheet No. 9.033)

5.5.1 A certificate addressed to FPL from a Licensed Professional Engineer (reasonably acceptable to FPL in all respects) stating: (a) the nameplate capacity rating of the Facility at the anticipated time of commercial operation, which must be at least 94% of the Expected Nameplate Capacity Rating; (b) that the Facility is able to generate electric energy reliably in amounts expected by this Agreement and in accordance with all other terms and conditions hereof; (c) that Start-Up Testing of the Facility has been completed; and (d) that, pursuant to Section 8.4, all system protection and control and Automatic Generation Control devices are installed and operational.

5.5.2 A certificate addressed to FPL from a Licensed Professional Engineer (reasonably acceptable to FPL in all respects) stating, in conformance with the requirements of the Interconnection Agreement, that: (a) all required interconnection facilities have been constructed; (b) all required interconnection tests have been completed; and (c) the Facility is physically interconnected with the System in conformance with the Interconnection Agreement and able to deliver energy consistent with the terms of this Agreement.

5.5.3 A certificate addressed from a Licensed Professional Engineer (reasonably acceptable to FPL in all respects) stating that QS has obtained or entered into all permits and agreements with respect to the Facility necessary for construction, ownership, operation, and maintenance of the Facility (the "Required Agreements"). QS must provide copies of any or all Required Agreements requested by FPL.

5.5.4 An opinion from a law firm or attorney, registered or licensed in the State of Florida (reasonably acceptable to FPL in all respects), stating, after all appropriate and reasonable inquiry, that: (a) QS has obtained or entered into all Required Agreements; (b) neither QS nor the Facility is in violation of or subject to any liability under any applicable law; and (c) QS has duly filed and had recorded all of the agreements, documents, instruments, mortgages, deeds of trust, and other writings described in Section 9.7.

5.5.5 FPL has received the Completion/Performance Security ((a) through (e), the "Commercial Operation Conditions").

FPL shall have ten (10) Business Days after receipt either to confirm to QS that all of the Delivery Date Conditions have been satisfied or have occurred, or to state with specificity what FPL reasonably believes has not been satisfied.

5.6 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided, the Capacity Delivery Date occurs on or before the in-service date of the Avoided Unit (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before the Guaranteed Capacity Delivery Date, FPL shall be entitled to the Completion/Performance Security (as set forth in Section 9) in full, and in addition, has the right but not the obligation to allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either by (a) the Guaranteed Delivery Date or b) such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and FPL will be permitted to terminate this Contract, consistent with the terms herein, without further obligations, duties or liability to the QS.

(Continue on Sheet No. 9.034)

Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 5, 2018

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.034  
Cancels Second Sheet No. 9.034

(Continued from Sheet No. 9.033.1)

**6. Testing Procedures**

6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QS by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test required by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.

6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. If the QS is a REF the Committed Capacity Test shall be conducted utilizing as the sole fuel source fuels or energy sources included in the definition in Section 366.91, Florida Statutes. The Committed Capacity Test Period shall commence at the time designated by the QS pursuant to Section 6.1 or at such other time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.

6.3 For the avoidance of doubt, normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Further, the QS shall affect deliveries of any quantity and quality of contracted cogenerated steam to the steam host during the Committed Capacity Test Period.

6.4 The capacity of the Facility shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.

6.5 The Committed Capacity Test shall be performed according to prudent industry testing procedures satisfactory to FPL for the appropriate technology of the QS.

6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QS within seven (7) days of the conclusion of the Committed Capacity Test.

**7. Payment for Electricity Produced by the Facility**

**7.1 Energy**

FPL agrees to pay the QS for energy produced by the Facility and delivered to the Delivery Point in accordance with the rates and procedures contained in FPL's approved Rate Schedule QS-2, attached hereto as Appendix A, as it may be amended from time to time and pursuant to the election of energy payment options as specified in Appendix E. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule QS-2 as approved and on file with the FPSC.

**7.2 Firm Capacity**

FPL agrees to pay the QS for the firm capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule QS-2, attached hereto as Appendix A, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of a capacity payment option as specified in Appendix E. The QS understands and agrees that capacity payments will be made under the early capacity payment options only if the QS has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once elected by the QS, the capacity payment option cannot be changed during the term of this Contract.

**7.3 Payments**

Payments due the QS will be made monthly and normally by the twentieth business day following the end of the billing period. A statement of the kilowatt-hours sold by the QS and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QS.

(Continued on Sheet No. 9.035)

Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 9, 2020

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.035  
Cancels First Sheet No. 9.035

(Continued from Sheet No. 9.034)

**8. Electricity Production and Plant Maintenance Schedule**

8.1 During the term of this Contract, no later than sixty (60) days prior to the Capacity Delivery Date and prior to April 1 of each calendar year thereafter, the QS shall submit to FPL in writing a detailed plan of: (a) the amount of firm capacity and energy to be generated by the Facility and delivered to the Delivery Point for each month of the following calendar year, and (b) the time, duration and magnitude of any scheduled maintenance period(s) and any anticipated reductions in capacity.

8.2 By October 31 of each calendar year, FPL shall notify the QS in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL objects to any of the requested scheduled maintenance periods, FPL shall advise the QS of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QS shall schedule maintenance outages only during periods approved by FPL, such approval not unreasonably withheld. Once the schedule for maintenance has been established and approved by FPL, either Party may request a subsequent change in such schedule and, except when such event is due to Force Majeure, request approval for such change from the other Party, such approval not to be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to seven (7) days per calendar year unless the manufacturer's recommendation of maintenance outage days for the technology and equipment used by the Facility exceeds such 7 day period, provided, such number of days is considered reasonable by prudent industry standards and does not exceed two (2) fourteen (14) day intervals, one in the Spring and one in the Fall, in any calendar year. The scheduled maintenance outage days applicable for the QS are \_\_\_\_\_ days in the Spring and \_\_\_\_\_ days in the Fall of each calendar year, provided the conditions specified in the previous sentence are satisfied. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including October 31st and December 1 through and including February 28 (or 29<sup>th</sup> as the case may be).

8.3 The QS shall comply with reasonable requests by FPL regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

**8.4 Dispatch and Control**

8.4.1 The power supplied by the QS hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_,000 volts ( \_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the Delivery Point to maintain system operating parameters, as specified by FPL.

8.4.2 At all times during the term of this Contract, the QS shall operate and maintain the Facility: (a) in such a manner as to ensure compliance with its obligations hereunder, in accordance with prudent engineering and operating practices and applicable law, and (b) with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system. The QS shall install at the Facility those system protection and control devices necessary to ensure safe and protected operation of all energized equipment during normal testing and repair. The QS shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to FPL prior to returning the Facility to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices.

8.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the QS reconnect the Facility into FPL's system without first obtaining FPL's prior written approval.

8.4.4 During the term of this Contract, the QS shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. If the Facility has a Committed Capacity greater than 10 MW then, the QS shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. If the Facility has a Committed Capacity equal to or less than 10 MW then the QS shall ensure that operating personnel are on duty at least eight (8) hours per day from 8 AM EST to 5 PM EST from Monday to Friday, with an operator on call at all other hours.

8.4.5 FPL shall at all times be excused from its obligation to purchase and receive energy and capacity hereunder, and FPL shall have the ability to require the QS to curtail or reduce deliveries of energy, to the extent necessary (a) to maintain the reliability and integrity of any part of FPL's system, (b) in the event that FPL determines that a failure to do so is likely to endanger life or property, or (c) is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QS prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy and firm capacity pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

(Continued on Sheet No. 9.036)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.036  
Cancels Second Sheet No. 9.036

(Continued from Sheet No. 9.035)

8.4.6 After providing notice to the QS, FPL shall not be required to purchase or receive energy from the QS during any period in which, due to operational circumstances, the purchase or receipt of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QS as much prior notice as practicable of its intent not to purchase or receive energy and firm capacity pursuant to this Section.

8.4.7 If the Facility has a Committed Capacity less than 75 MW, control, scheduling and dispatch of firm capacity and energy shall be the responsibility of the QS. If the Facility has a Committed Capacity greater than or equal to 75 MW, then control, scheduling and dispatch of firm capacity and energy shall be the responsibility of the QS, except during a "Dispatch Hour", i.e., any clock hour for which FPL requests the delivery of such capacity and energy. During any Dispatch Hour: (a) control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL, and (b) FPL may request that the real power output be at any level up to the Committed Capacity of the Facility, provided, in no event shall FPL require the real power output of the Facility to be below the Facility's Minimum Load without decommitting the Facility. The Facility shall deliver the capacity and energy requested by FPL within \_\_\_\_\_ minutes, taking into account the operating limitations of the generating equipment as specified by the manufacturer, provided such time period specified herein is considered reasonable by prudent industry standards for the technology and equipment being utilized and assuming the Facility is operating at or above its Minimum Load. Start-up time from Cold Shutdown and Facility Turnaround time from Hot to Hot will be taken into consideration provided such are reasonable and consistent with prudent industry practices for the technology and equipment being utilized. The Facility's Operating Characteristics have been provided by the QS and are set forth in Appendix D, Section IV of Rate Schedule QS-2.

8.4.8 If the Facility has a Committed Capacity of less than 75 MW, FPL may require during certain periods, by oral, written, or electronic notification that the QS cause the Facility to reduce output to a level below the Committed Capacity but not lower than the Facility's Minimum Load. FPL shall provide as much notice as practicable, normally such notice will be of at least four (4) hours. The frequency of such request shall not exceed eighteen (18) times per calendar year and the duration of each request shall not exceed four (4) hours.

8.4.9 FPL's exercise of its rights under this Section 8 shall not give rise to any liability or payment obligation on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing.

**9. Completion/Performance Security**

The security contemplated by this Section 9 constitutes security for, but is not a limitation of, QS's obligations hereunder and shall not be FPL's exclusive remedy for QS's failure to perform in accordance with this Agreement.

9.1 As security for the achievement of the Guaranteed Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QS shall provide FPL either: (a) an unconditional, irrevocable, standby letter of credit(s) with an expiration date no earlier than the end of the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a U.S. commercial bank or the U.S. branch of a foreign bank having a Credit Rating of A- or higher by S&P or A3 or higher by Moody's (a "Qualified Issuer"), in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least thirty (30) business days prior to its expiration date) ("Letter of Credit"); (b) a bond, issued by a financially sound Company acceptable to FPL and in a form and substance acceptable to FPL, ("Bond"); or (c) a cash collateral deposited with FPL ("Cash Collateral") (any of (a), (b), or (c), the "Completion/Performance Security"). Completion/Performance Security shall be provided in the amount and by the date listed below:

(a) \$50.00 per kW (for the number of kW of Committed Capacity set forth in Section 5.1) to be delivered to FPL within five (5) business days of the Effective Date; and

(b) \$100.00 per kW (for the number of kW of Committed Capacity set forth in Section 5.1) to be delivered to FPL two years before the Guaranteed Capacity Delivery Date.

"Credit Rating" means with respect to any entity, on any date of determination, the respective ratings then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) by S&P, Moody's or other specified rating agency or agencies or if such entity does not have a rating for its unsecured, senior long-term debt or deposit obligations, then the rating assigned to such entity as its "corporate credit rating" by S&P.

(Continued on Sheet No. 9.037)

Issued by: **Tiffany Cohen, Director, Rates and Tariffs**  
Effective: **June 5, 2018**

FLORIDA POWER & LIGHT COMPANY

Ninth Revised Sheet No. 9.037  
Cancels Eighth Revised Sheet No. 9.037

(Continued from Sheet No. 9.036)

"Moody's" means Moody's Investors Service, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.) or its successor.

9.2 The specific security instrument provided for purposes of this Contract is:

- ☐ Letter of Credit.
- ☐ Bond.
- ☐ Cash Collateral.

9.3 FPL shall have the right to monitor (a) the financial condition of the issuer of a Letter of Credit in the event any Letter of Credit is provided by the QS, and (b) the insurer, in the case of any Bond. In the event the issuer of a Letter of Credit no longer qualifies as Qualified Issuer or the issuer of a Bond is no longer financially sound, FPL may require the QS to replace the Letter of Credit or the Bond, as applicable. Such replacement Letter of Credit or bond must be issued by a Qualified Issuer or a financially sound issuer, as applicable, within ten (10) business days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing Letter of Credit or bond and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured written commitment or promise to pay in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 FPL shall be entitled to draw the Completion/Performance Security to satisfy any obligation or liability of QS arising pursuant to this Contract.

9.5.1 If the QS fails to achieve the Capacity Delivery Date on or before the in-service date of the Avoided Unit or such later date as permitted by FPL pursuant to Section 5.6, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages and resort to any other remedies which may be available to it under law or in equity.

9.5.2 In the event that FPL requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS.

9.5.3 QS shall promptly, but in no event more than five (5) business days following any draws on the Completion/Performance Security, replenish the Completion/Performance Security to the amounts required herein.

9.6 The QS, as the Pledgor of the Completion/Performance Security, hereby pledges to FPL, as the secured Party, as security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, and grants to FPL a first priority continuing security interest in, lien on and right of set-off against all Completion/Performance Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Completion/Performance Security, the security interest and lien granted hereunder on that Completion/Performance Security will be released immediately and, to the extent possible, without any further action by either party.

(Continued on Sheet No. 9.038)

Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 5, 2018



FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.038  
Cancels Original Sheet No. 9.038

(Continued from Sheet No. 9.037)

9.7 In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Cash Collateral held by FPL (all of which may be retained by FPL), FPL will transfer to the QS on a monthly basis the Interest Amount, as calculated by FPL.

"Interest Amount" means, with respect to each monthly period, the aggregate sum of the amounts of interest calculated for each day in that monthly period on the principal amount of Cash Collateral held by FPL on that day, determined by FPL for each such day as follows:

- (x) the amount of that Cash Collateral on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

"Interest Rate" means: the Federal Funds Overnight rate as from time to time in effect.

"Federal Funds Overnight Rate" means, for the relevant determination date, the rate opposite the caption "Federal Funds (Effective)" as set forth for that day in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System. If on the determination date such rate is not yet published in H.15 (519), the rate for that date will be the rate set in Composite 3:30 P.M. Quotations for U.S. Government Securities for that day under the caption "Federal Funds/Effective Rate." If on the determination date such rate is not yet published in either H.15 (519) or Composite 3:30 P.M. Quotations for U.S. Government Securities, the rate for that date will be determined as if the Parties had specified "USD-Federal Funds-Reference Dealers" as the applicable rate.

**10. Termination Fee**

10.1 In the event that the QS receives capacity payments pursuant to Option B, Option C, Option D or Option E (as such options are defined in Appendix A and elected by the QS in Appendix E) or receives energy payments pursuant to the Fixed Firm Energy Payment Option (as such option is defined in Appendix A and elected by the QS in Appendix E) then, upon the termination of this Contract, the QS shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QS's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QS, on a monthly basis, a calculation of the Termination Fee.

10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091 in which case the QS may use an unsecured written commitment or promise to pay, in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to pay the Termination Fee) by the QS by: (a) an unconditional, irrevocable, standby letter(s) of credit issued by Qualified Issuer in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least thirty (30) business days prior to its expiration date, ("Termination Fee Letter of Credit"); (b) a bond, issued by a financially sound Company and in a form and substance acceptable to FPL, ("Termination Fee Bond"); or (c) a cash collateral deposit with FPL ("Termination Fee Cash Collateral") (any of (a), (b), or (c), the "Termination Security").

10.1.2 The specific security instrument selected by the QS for purposes of this Contract is:

- ☐ Termination Fee Letter of Credit
- ☐ Termination Fee Bond
- ☐ Termination Fee Cash Collateral

10.1.3 FPL shall have the right to monitor the financial condition of (i) the issuer of a Termination Fee Letter of Credit in the case of any Termination Fee Letter of Credit and (ii) the insurer(s), in the case of any Termination Fee Bond. In the event the issuer of a Termination Fee Letter of Credit is no longer a Qualified Issuer or the issuer of a Termination Fee Bond is no longer financially sound, FPL may require the QS to replace the Termination Fee Letter of Credit or the Termination Fee Bond, as applicable. In the event that FPL notifies the QS that it requires such a replacement, the replacement Termination Fee Letter of Credit or Termination Fee Bond, as applicable, must be issued by a Qualified Issuer or financially sound company within ten (10) business days following such notification. Failure by the QS to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond and to exercise any other remedies it may have hereunder.

(Continued on Sheet No. 9.039)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.039  
Cancels Original Sheet No. 9.039

(Continued from Sheet No. 9.038)

10.1.4 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, the QS shall provide to FPL within ten (10) business days of the close of such calendar quarter with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the most recently provided Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QS shall be obligated to deliver within five (5) business days of such request, such Security Documentation. Failure by the QS to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond or to retain any Termination Fee Cash Collateral, and to exercise any other remedies it may have hereunder to be applied against any Termination Fee that may be due and owing to FPL or that may in the future be due and owing to FPL.

10.1.5 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the Termination Fee Letter of Credit or Termination Fee Bond, draw upon such Termination Fee Letter of Credit or Termination Fee Bond) and retain one- hundred percent (100%) of the Termination Security to be applied against any Termination Fee that may be due and owing to FPL or that may in the future be due and owing to FPL. FPL will transfer to the QS any proceeds and Termination Security remaining after liquidation, set-off and/or application under this Article after satisfaction in full of all amounts payable by the QS with respect to any Termination Fee or other obligations due to FPL; the QS in all events will remain liable for any amounts remaining unpaid after any liquidation, set-off and/or application under this Article.

10.2 The QS, as the Pledgor of the Termination Security, hereby pledges to FPL, as the secured Party, as security for the Termination Fee, and grants to FPL a first priority continuing security interest in, lien on and right of set-off against all Termination Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Termination Security, the security interest and lien granted hereunder on that Termination Security will be released immediately and, to the extent possible, without any further action by either party.

10.3 In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Termination Fee Cash Collateral held by FPL (all of which may be retained by FPL), FPL will transfer to the QS on a monthly basis the Interest Amount, Pursuant to Section 9.7.

#### **11. Performance Factor**

FPL desires to provide an incentive to the QS to operate the Facility during on-peak and off-peak periods in a manner which approximates the projected performance of FPL's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

(Continued on Sheet No. 9.040)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

Fourth Revised Sheet No. 9.040  
Cancels Third Revised Sheet No. 9.040

(Continued from Sheet No. 9.039)

**12. Default**

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

- 12.1 The QS fails to meet the applicable requirements specified in Section 1 of this Contract.;
- 12.2 The QS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL.;
- 12.3 After the Capacity Delivery Date, the Facility fails, for twelve (12) consecutive months, to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 70%.;
- 12.4 The QS fails to comply with any of the provisions of Section 9.0 hereof (Completion/Performance Security).
- 12.5 The QS fails to comply with any of the provisions of Section 10.0 hereof (Termination Security).;
- 12.6 The QS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QS or if a receiver shall be appointed for the QS or any of its assets or properties; or if any part of the QS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due.
- 12.7 The QS fails to give proper assurance acceptable to FPL of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance.
- 12.8 The QS materially fails to perform as specified under this Contract, including, but not limited to, the QS's obligations under any part of Sections 8, and 18.
- 12.9 The QS fails to achieve the permitting, licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than one year prior to Guaranteed Capacity Date.
- 12.10 The QS fails to comply with any of the provisions of Section 18.3 hereof (Project Management).
- 12.11 Any of the representations or warranties made by the QS in this Contract is false or misleading in any material respect.
- 12.12 The occurrence of an event of default by the QS under the Interconnection Agreement or any applicable Wheeling Agreement;
- 12.13 The QS fails to satisfy its obligations under Section 18.14 hereof (Assignment).
- 12.14 The QS fails to deliver to FPL in accordance with this Contract any energy or firm capacity required to be delivered hereunder or the delivery or sale of any such energy and firm capacity to an entity other than FPL.
- 12.15 The QS fails to perform any material covenant or obligation under this Contract not specifically mentioned in this Section 12.
- 12.16 If at any time after the Capacity Delivery Date, the QS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.041)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.041  
Cancels Original Sheet No. 9.041

(Continued from Sheet No. 9.040)

**13. FPL's Rights in the Event of Default**

13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may:

- (a) terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QS, and offset against any payment(s) due from FPL to the QS, any monies otherwise due from the QS to FPL;
- (b) draw on the Completion/Performance Security pursuant to Section 9 or collect the Termination Fee pursuant to Section 10 as applicable; and
- (c) exercise any other remedy(ies) which may be available to FPL at law or in equity.

13.2 In the case of an Event of Default, the QS recognizes that any remedy at law may be inadequate because this Contract is unique and/or because the actual damages of FPL may be difficult to reasonably ascertain. Therefore, the QS agrees that FPL shall be entitled to pursue an action for specific performance, and the QS waives all of its rights to assert as a defense to such action that FPL's remedy at law is adequate.

13.3 Termination shall not affect the liability of either party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.

**14. Indemnification/Limits**

14.1 FPL and the QS shall each be responsible for its own facilities. FPL and the QS shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QS's personnel and equipment, and for the protection of its own generating system. Subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company – Governmental, FPL's General Rules and Regulations of Tariff Sheet No.6.020 each party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QS Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from: (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder; (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system; (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system; (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or (e) any other event, act or incident, including the transmission and use of electricity, that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.

14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

14.3 Limitation on Consequential, Incidental and Indirect Damages. TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE QS NOR FPL, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS CONTRACT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS CONTRACT, INCLUDING WITHOUT LIMITATION, ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, AND SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE MEASURE OF DAMAGES AND

(Continued on Sheet No. 9.042)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: June 25, 2013

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.042  
Cancels First Sheet No. 9.042

(Continued from Sheet No. 9.041)

ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED; PROVIDED, HOWEVER, THE PARTIES AGREE THAT THE FOREGOING LIMITATIONS WILL NOT IN ANY WAY LIMIT LIABILITY OR DAMAGES UNDER ANY THIRD PARTY CLAIMS OR THE LIABILITY OF A PARTY WHOSE ACTIONS GIVING RISE TO SUCH LIABILITY CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS CONTRACT. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE DEEMED TO BE A WAIVER OF A PARTY'S RIGHT TO SEEK INJUNCTIVE RELIEF.

**15. Insurance**

15.1 The QS shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QS Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QS Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QS's equipment or by the QS's failure to maintain the Facility or the QS's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QS Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QS Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QS and not FPL.

15.2 The QS Insurance shall have a minimum limit of one million dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.

15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QS shall enter into negotiations to develop substitute protection which the Parties in their reasonable judgment deem adequate.

15.4 To the extent that the QS Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QS Entities. Furthermore, to the extent the QS Insurance is on a "claims made" basis, the QS's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QS Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QS during the term of this Contract.

15.5 The QS Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QS shall provide FPL with a copy of any material communication or notice related to the QS Insurance within ten (10) business days of the QS's receipt or issuance thereof.

15.6 The QS shall be designated as the named insured and FPL shall be designated as an additional named insured under the QS Insurance. The QS Insurance shall be endorsed to be primary to any coverage maintained by FPL.

**16. Force Majeure**

Force Majeure is defined as an event or circumstance that is not within the reasonable control of, or the result of the negligence of, the affected party, and which, by the exercise of due diligence, the affected party is unable to overcome, avoid, or cause to be avoided in a commercially reasonable manner. Such events or circumstances may include, but are not limited to, acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes, difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement), or actions or restraints by court order or governmental authority or arbitration award. Force Majeure shall not include (a) the QS's ability to sell capacity and energy to another market at a more advantageous price; (b) equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility; (c) a failure of performance of any other entity, including any entity providing electric transmission service to the QS, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; (d) failure of the QS to timely apply for or obtain permits.

(Continued on Sheet No. 9.043)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

**FLORIDA POWER & LIGHT COMPANY**

**First Revised Sheet No. 9.043  
Cancels Original Sheet No. 9.043**

(Continued from Sheet No. 9.042)

16.1 Except as otherwise provided in this Contract, each party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.

16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the party claiming Force Majeure shall notify the other party in writing within two (2) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The party claiming Force Majeure shall notify the other party of the cessation of the event of Force Majeure or of the conclusion of the affected party's cure for the event of Force Majeure, in either case within two (2) business days thereof.

16.3 The party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected party, and such party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such party deems to be unfavorable.

16.4 If the QS suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QS may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QS. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QS shall temporarily set the Committed Capacity equal to 0 KW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 KW, FPL shall have no obligation to make capacity payments hereunder.

16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QS shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.

16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.

16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.

16.9 The QS agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same is (are) rendered inoperable due to actions of the QS, its agents, or Force Majeure events affecting the QS, the Facility or the interconnection with FPL. FPL agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.

**17. Representations, Warranties, and Covenants of QS**

The QS represents and warrants that as of the Effective Date and for the term of this Contract:

**17.1 Organization, Standing and Qualification**

The QS is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QS is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.

(Continued on Sheet No. 9.044)

**Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: August 18, 2009**



FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 9.044  
Cancels First Sheet No. 9.044

(Continued from Sheet No. 9.043)

17.2 Due Authorization, No Approvals, No Defaults, etc.

Each of the execution, delivery and performance by the QS of this Contract has been duly authorized by all necessary action on the part of the QS, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the QS or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QS, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the QS, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QS, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract. This Contract constitutes QS's legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy laws from time to time in effect that affect creditors' rights generally or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).

17.3 Compliance with Laws

The QS has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QS is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QS or FPL.

17.4 Governmental Approvals

Except as expressly contemplated herein, neither the execution and delivery by the QS of this Contract, nor the consummation by the QS of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QS has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

17.5 No Suits, Proceedings

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QS, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QS's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QS has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment. The QS is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any authorization, or in breach of, in default under, or in violation of, or in conflict with any provision of any promissory note, indenture or any evidence of indebtedness or security therefore, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults, violations or conflicts which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of Buyer or its ability to perform its obligations hereunder.

17.6 Environmental Matters

17.6.1 QS Representations

To the best of its knowledge after diligent inquiry, the QS knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

17.6.2 Ownership and Offering For Sale Of Renewable Energy Attributes

The QS retains any and all rights to own and to sell any and all environmental attributes associated with the electric generation of the Facility, including but not limited to, any and all renewable energy certificates, "green tags" or other tradable environmental interests (collectively "RECs"), of any description.

(Continued on Sheet No. 9.045)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: August 18, 2009

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 9.045  
Cancels Second Revised Sheet No. 9.045

(Continued from Sheet No. 9.044)

17.6.3 Changes in Environmental and Governmental Regulations

If new environmental and other regulatory requirements enacted during the term of the Contract change FPL's full avoided cost of the unit on which the Contract is based, either party can elect to have the contract reopened.

17.7 Interconnection/Wheeling Agreement

The QS has executed an interconnection agreement with FPL, or represents or warrants that it has entered into a valid and enforceable Interconnection Agreement with the utility in whose service territory the Facility is located, pursuant to which the QS assumes contractual responsibility to make any and all transmission-related arrangements (including control area services) between the QS and the transmitting utility for delivery of the Facility's capacity and energy to FPL.

17.8 Technology and Generator Capabilities

That for the term of this Contract the Technology and Generator Capabilities table set forth in Section 1 is accurate and complete.

18. General Provisions

18.1 Project Viability

To assist FPL in assessing the QS's financial and technical viability, the QS shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by FPL must be submitted at the time this Contract is presented to FPL. Failure to provide the following such documents may result in a determination of non-viability by FPL.

18.2 Permits; Site Control

The QS hereby agrees to obtain and maintain Permits which the QS is required to obtain as a prerequisite to engaging in the activities specified in this Contract. QS shall also obtain and maintain Site Control for the Term of the Contract.

18.3 Project Management

18.3.1 If requested by FPL, the QS shall submit to FPL its integrated project schedule for FPL's review within sixty calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPL, the QS shall submit progress reports in a form satisfactory to FPL every calendar month until the Capacity Delivery Date and shall notify FPL of any changes in such schedules within ten calendar days after such changes are determined. FPL shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPL's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.

18.3.2 The QS shall provide FPL with the final designer's/manufacture's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at FPL no later than one hundred eighty calendar days prior to the initial synchronization date.

18.4 Assignment

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, such consent to be granted or withheld in such other Party's sole discretion. Any direct or indirect change of control of QS (whether voluntary or by operation of law) shall be deemed an assignment and shall require the prior written consent of FPL. Notwithstanding the foregoing, either Party may, without the consent of the other Party, assign or transfer this Agreement: (a) to any lender as collateral security for obligations under any financing documents entered into with such lender provided, QS shall be responsible for FPL's reasonable costs and expenses associated with the review, negotiation, execution and delivery of any documents or information pursuant to such collateral assignment, including reasonable attorneys' fees (b) to an affiliate of such Party; *provided*, that such affiliate's creditworthiness is equal to or better than that of such Party (and in no event less than Investment Grade) as determined reasonably by the non-assigning or non-transferring Party and; *provided, further*, that any such affiliate shall agree in writing to be bound by and to assume the terms and conditions hereof and any and all obligations to the non-assigning or non-transferring Party arising or accruing hereunder from and after the date of such assumption. "Investment Grade" means BBB- or above from Standard & Poor's Corporation or Baa2 or above from Moody's Investor Services.

18.5 Disclaimer

In executing this Contract, FPL 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 QS or any assignee of this Contract.

(Continued on Sheet No. 9.046)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

**FLORIDA POWER & LIGHT COMPANY**

**First Revised Sheet No. 9.046  
Cancels Original Sheet No. 9.046**

(Continued from Sheet No. 9.045)

**18.6 Notification**

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals 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 the QS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For PPL:

Florida Power & Light Company

700 Universe Boulevard  
Juno Beach, FL 33408  
Attn: EMT Contracts Department

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power & Light Company  
700 Universe Boulevard, Juno Beach, FL 33408  
Attention: Contracts Manager/Coordinator  
EMT Contracts Department

**18.7 Applicable Law**

This Contract shall be construed in accordance with and governed by, and the rights of the Parties shall be construed in accordance with, the laws of the State of Florida as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies, without regard to conflict of law rules thereof.

**18.8 Venue**

The Parties hereby irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of Florida or, in the event that jurisdiction for any matter cannot be established in the United States District Court for the Southern District of Florida, in the state court for Palm Beach County, Florida, solely in respect of the interpretation and enforcement of the provisions of this Contract and of the documents referred to in this Contract, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Contract or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The Parties hereby consent to and grant any such court jurisdiction over the persons of such Parties solely for such purpose and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 18.8 hereof or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

(Continued on Sheet No. 9.047)

**Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: October 4, 2011**

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.047  
Cancels Original Sheet No. 9.047

(Continued from Sheet No. 9.046)

18.9. Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS CONTRACT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT A PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RESULTING FROM, ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (c) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (d) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS CONTRACT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.9

18.10 Taxation

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QS for capacity under Options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

18.11 Severability

If any part of this Contract, for any reason, is declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.

18.12 Complete Agreement and Amendments

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

18.13 Survival of Contract

This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

18.14 Record Retention

The QS agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QS Entities to retain for the same period all such records.

18.15 No Waiver

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

(Continued on Sheet No. 9.048)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 9.048  
Cancels Original Sheet No. 9.048

(Continued from Sheet No. 9.047)

18.16 Set-Off

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QS against sums due to the QS hereunder.

18.17 Assistance With FPL's evaluation of FIN 46R

Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require FPL to evaluate whether the QS must be consolidated, as a variable interest entity (as defined in FIN 46R), in the consolidated financial statements of FPL. The QS agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of an evaluation under FIN 46R indicates that the QS must be consolidated in the financial statements of FPL, the QS agrees to provide financial statements, together with other required information, as determined by FPL, for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission ("SEC"). The QS shall provide this information to FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at FPL's discretion. The QS also agrees to fully cooperate with FPL and FPL's independent auditors in completing an assessment of the QS's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of FPL. FPL will treat any information provided by the QS in satisfying Section 18.17 as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

IN WITNESS WHEREOF, the QS and FPL executed this Contract this \_\_\_\_\_ day of \_\_\_\_\_.

WITNESS:

FLORIDA POWER & LIGHT COMPANY

\_\_\_\_\_  
Date \_\_\_\_\_

WITNESS:

\_\_\_\_\_  
(QS)

\_\_\_\_\_  
Date \_\_\_\_\_

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: July 29, 2008

FLORIDA POWER & LIGHT COMPANY

Sixth Revised Sheet No. 10.300  
Cancels Fifth Revised Sheet No. 10.300

RATE SCHEDULE QS-2  
APPENDIX A  
TO THE STANDARD OFFER CONTRACT  
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A RENEWABLE ENERGY FACILITY  
OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS

**SCHEDULE**

QS-2, Firm Capacity and Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17-0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company will petition the FPSC for closure upon any of the following as related to the generating unit upon which this standard offer contract is based i.e. the Avoided Unit : (a) a request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued, (b) the Company files a petition for a need determination or commences construction of the Avoided Unit when the generating unit is not subject to Rule 25-22.082, F.A.C., or (c) the generating unit upon which the standard offer contract is based is no longer part of the utility's generation plan, as evidenced by a petition to that effect filed with the Commission or by the utility's most recent Ten Year Site Plan.

**APPLICABLE**

To Renewable Energy Facilities as specified in Section 366.91, Florida Statutes producing capacity and energy from qualified renewable resources for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Renewable Capacity and Renewable Energy are capacity and energy produced and sold by a QS pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

To Qualifying Facilities ("QF"), with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) 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 "Standard Offer Contract", Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

**CHARACTER OF SERVICE**

Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz alternating current at the voltage level available at the interchange point between the Company and the entity delivering the Firm Energy and Capacity from the QS.

**LIMITATION**

Purchases under this schedule are subject to Section 366.91, Florida Statutes and/or FPSC Rules 25-17.0832 through 25-17.091, F.A.C., and 25-17.200 through 25-17.310 F.A.C and are limited to those Facilities which:

- A. Commit to commence deliveries of firm capacity and energy no later than the in-service date of the Avoided Unit, as detailed in Appendix II, and to continue such deliveries for a period of at least 10 years up to a maximum of the life of the avoided unit;
- B. Are not currently under contract with the Company or with any other entity for the Facility's output for the period specified above

(Continued on Sheet No. 10.301)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: June 25, 2013



FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 10.301  
Cancels Sixth Revised Sheet No. 10.301

(Continued from Sheet No. 10.300)

**RATES FOR PURCHASES BY THE COMPANY**

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company, and is detailed in Appendix II to this Schedule. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

**A. Firm Capacity Rates**

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond the in-service date of the Avoided Unit. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon the methodologies described in Appendix I. The currently approved parameters used to calculate the schedule of payments are found in Appendix II to this Schedule.

**Adjustment to Capacity Payment**

The firm capacity rates will be adjusted to reflect the impact that the location of the QS will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tie lines.

Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QS within sixty days of FPL execution of the signed Standard Offer Contract.

**Option A - Fixed Value of Deferral Payments - Normal Capacity**

Payment schedules under this option are based on the value of a single year purchase with an in-service date of the Avoided Unit, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

(Continued on Sheet No. 10.302)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: June 25, 2013

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.302

(Continued from Sheet No. 10.301)

**Option B - Fixed Value of Deferral Payments - Early Capacity**

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit provided; however, that under no circumstances may payments begin before the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QS and calculated using the methodology shown on Appendix I.

The QS shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

**Option C - Fixed Value of Deferral Payment - Levelized Capacity**

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. The methodology used to calculate this option is shown in Appendix I. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

**Option D - Fixed Value of Deferral Payment - Early Levelized Capacity**

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of the capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QS, payments for early levelized capacity shall commence at any time before the anticipated in-service date of the Company's Avoided Unit as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.

**Option E - Flexible Payment Option**

Payment schedules under this option are based upon a payment stream elected by the QS consisting of the capital component of the Company's avoided unit. Payments can commence at any time after the actual in-service date of the QS and before the anticipated in-service date of the utility's avoided unit, as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. Regardless of the payment stream elected by the QS, the cumulative present value of capital cost payments made to the QS over the term of the contract shall not exceed the cumulative present value of the capital cost payments which would have been made to the QS had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)1, F.A.C. Fixed operation and maintenance expense shall be calculated in conformance with Rule 25-17.0832(6), F.A.C. The Company will provide the QS with a schedule of capacity payment rates based on the information specified in Appendix E.

(Continued on Sheet No. 10.303)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Sixth Revised Sheet No. 10.303  
Cancels Fifth Revised Sheet No. 10.303

(Continued from Sheet No. 10.302)

**B. Energy Rates**

**(1) Payments Associated with As-Available Energy Costs prior to the In-Service Date of the Avoided Unit.**

Options A or B are available for payment of energy which is produced by the QS and delivered to the Company prior to the in-service date of the Avoided Unit. The QS shall indicate its selection in Appendix E. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company.

**Option A – Energy Payments based on Actual Energy Costs**

The energy rate, in cents per kilowatt-hour ( $\text{¢/KWh}$ ), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the Delivery Point of the QS is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.

The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.

**Option B – Energy Payments based on the year by year projection of As-Available energy costs**

The energy rate, in cents per kilowatt-hour ( $\text{¢/KWh}$ ), shall be based on the Company's year by year projection of system incremental fuel costs, prior to hourly economy sales to other utilities, based on normal weather and fuel market conditions (annual As-Available Energy Cost Projection which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. and with FPSC Rule 25-17.250(6) (a) F.A.C.) plus a fuel market volatility risk premium mutually agreed upon by the utility and the QS. Prior to the start of each applicable calendar year, the Company and the QS shall mutually agree on the fuel market volatility risk premium for the following calendar year, normally no later than November 15. The Company will provide its projection of the applicable annual As-Available Energy Cost prior to the start of the calendar year, normally no later than November 15 of each applicable calendar year. In addition to the applicable As-Available Energy Cost projection the energy payment will include identifiable operation and maintenance expenses, an adjustment for line losses reflecting delivery voltage and a factor that reflects in the calculation of the Company's Avoided Energy Costs the delivery of energy from the region of the Company in which the Delivery Point of the QS is located.

The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's applicable Projected Avoided Energy Cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.

**(2) Payments Associated with Applicable Avoided Energy Costs after the In-Service Date of the Avoided Unit.**

Option C is available for payment of energy which is produced by the QS and delivered to the Company after the in-service date of the avoided unit. In addition, Option D is available to the QS which elects to fix a portion of the firm energy payment. The QS shall indicate its selection of Option D in Appendix E, once selected, Option D shall remain in effect for the term of the Standard Offer Contract.

**Option C- Energy Payments based on Actual Energy Costs starting on the in-service date of the Avoided Unit, as detailed in Appendix II.**

The calculation of payments to the QS for energy delivered to FPL on and after the in-service date of the Avoided Unit shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate ( $\text{¢/KWh}$ ); and (b) the amount of energy (KWH) delivered to FPL from the Facility during that hour.

(Continued on Sheet No. 10.304)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: June 25, 2013

**FLORIDA POWER & LIGHT COMPANY**

**Eighth Revised Sheet No. 10.304  
Cancels Seventh Revised Sheet No. 10.304**

(Continued from Sheet No. 10.303)

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to FPL, the firm energy rate in cents per kilowatt hour (\$/KWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (\$/KWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) the average annual heat rate of the Avoided Unit, plus (c) an additional payment for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

Option D- Fixed Firm Energy Payments Starting as early as the In-Service Date of the QS Facility

The calculation of payments to the QS for energy delivered to FPL may include an adjustment at the election of the QS in order to implement the provisions of Rule 25-17.250 (6) (b), F.A.C. Subsequent to the determination of full avoided cost and subject to the provisions of Rule 25-17.0832(3) (a) through (d), F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the utility and renewable energy generator, shall be fixed and amortized on a present value basis over the term of the contract starting, at the election of the QS, as early as the in-service date of the QS. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have operated. The portion of the base energy costs mutually agreed to by the Company and the QS shall be specified in Appendix E. The Company will provide the QS with a schedule of "Fixed Energy Payments" over the term of the Standard Offer Contract based on the applicable information specified in Appendix E.

**ESTIMATED AS-AVAILABLE ENERGY COST**

As required in Section 25-17.0832, F.A.C. as-available energy cost projections until the in-service date of the avoided unit will be provided within 30 days of receipt by FPL of a written request for such projections by any interested person.

**ESTIMATED UNIT FUEL COST**

As required in Section 25-17.0832, F.A.C. the estimated unit fuel costs associated with the Company's Avoided Unit and based on current estimates of the price of natural gas will be provided within 30 days of a written request for such an estimate.

(Continued on Sheet No. 10.305)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: September 13, 2016

**FLORIDA POWER & LIGHT COMPANY**

**Sixth Revised Sheet No. 10.305**  
**Cancels Fifth Revised Sheet No. 10.305**

(Continued from Sheet No. 10.304)

**DELIVERY VOLTAGE ADJUSTMENT**

Energy payments to a QS within the Company's service territory shall be adjusted according to the delivery voltage by the multipliers provided in Appendix II.

**PERFORMANCE CRITERIA**

Payments for Firm Capacity are conditioned on the QS's ability to maintain the following performance criteria:

**A. Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit, as detailed in Appendix II.

**B. Availability and Capacity Factor**

The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to the Company's Standard Offer Contract.

**METERING REQUIREMENTS**

A QS within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from a QS outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Renewable Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 pm. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day, and New Years Day.. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.

**BILLING OPTIONS**

A QS, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QS selling as-available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QS or the Company; 3) when the QS is selling as-available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene this Tariff or the contract between the QS and the Company.

If a QS elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QS for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the QS for such alteration(s).

Payments due a QS will be made monthly and normally by the twentieth business day following the end of the billing period. The kilowatt-hours sold by the QS and the applicable avoided energy rates at which payments are being made shall accompany the payment to the QS.

A statement covering the charges and payments due the QS is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

(Continued on Sheet No. 10.306)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: June 25, 2013

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 10.306  
Cancels Sixth Revised Sheet No. 10.306

(Continued from Sheet No. 10.305)

**CHARGES TO ENERGY FACILITY**

The QS shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

**A. Customer Charges:**

Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

**B. Interconnection Charge for Non-Variable Utility Expenses**

The QS shall bear the cost required for interconnection, including the metering. The QS shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a Bond, Letter of Credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QS.

**C. Interconnection Charge for Variable Utility Expenses**

The QS shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QS if no sales to the Company were involved.

In lieu of payment for actual charges, the QS may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities as provided in Appendix II.

**D. Taxes and Assessments**

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QS for capacity under options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments or the Fixed Firm Energy Payment had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

(Continued on Sheet No. 10.307)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: June 25, 2013



FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.307

(Continued from Sheet No. 10.306)

**TERMS OF SERVICE**

- (1) It shall be the QS's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QS located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QS shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QS's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QS. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QS and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QS exceed the actual sales to the Company in that month.
  - (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QS must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QS or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.308

APPENDIX I  
TO RATE SCHEDULE QS-2  
CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

Appendix I provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Company's Avoided Unit identified in Schedule QS-2. When used in conjunction with the current FPSC-approved cost parameters associated with the Company's Avoided Unit contained in Appendix II, a QS may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QS enter into a Standard Offer Contract with the Company.

CALCULATION OF VALUE OF DEFERRAL OPTION A

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QS pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

Where, for a one year deferral:

$VAC_m$	=	utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;
$K$	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;
$R$	=	$(1 + ip) / (1 + r)$ ;
$I_n$	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
$O_n$	=	total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
$i_p$	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
$i_o$	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
$r$	=	annual discount rate, defined as the utility's incremental after-tax cost of capital;
$L$	=	expected life of the Company's Avoided Unit(s); and
$n$	=	year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

(Continued on Sheet No. 10.309)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.309

(Continued from Sheet No. 10.308)

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – EARLY CAPACITY–OPTION B**

Normally, payments for firm capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the QS, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as the in-service date of the QS facility. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QS, and shall be calculated as

$$A_m = A_c \frac{(1 + i_p)^{(m-1)}}{12} + A_o \frac{(1 + i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

follows:

Where:

- $A_{en}$  = monthly payments to be made to the QS for each month of the contract year n, in dollars per kilowatt per month in which QS delivers capacity pursuant to the early capacity option;
- $i_p$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $m$  = year for which the fixed value of deferral payments under the early capacity option are made to a QS, starting in year one and ending in the year t;
- $t$  = the term, in years, of the Standard Offer Contract;

$$A_e = F \left[ (1 - R)/(1 - R^{-1}) \right]$$

Where:

- $F$  = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- $R$  =  $(1 + i_p)/(1 + r)$
- $r$  = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G \left[ (1 - R)/(1 - R^{-1}) \right]$$

Where:

- $G$  = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- $R$  =  $(1 + i_o)/(1 + r)$

The currently approved parameters applicable to the formulas above are found in Appendix II.

(Continued on Sheet No. 10.310)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.310

(Continued from Sheet No. 10.309)

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – LEVELIZED AND EARLY LEVELIZED CAPACITY –  
OPTION C & OPTION D, RESPECTIVELY**

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1 - (1 + r)^{-t}} + O$$

Where:

- $P_L$  = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit(s);
- $F$  = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;
- $r$  = the annual discount rate, defined as the Company's incremental after-tax cost of capital;
- $t$  = the term, in years, of the Standard Offer Contract;
- $O$  = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

~~Fifteenth-Sixteenth~~ Revised Sheet No. 10.311  
Cancels ~~Fourteenth-Fifteenth~~ Revised Sheet No. 10.311

APPENDIX II  
TO RATE SCHEDULE QS-2  
~~2030-2031~~ AVOIDED UNIT INFORMATION

The Company's Avoided Unit has been determined to be a 1,991 MW Combined Cycle Unit with an in-service date of June 1, ~~2030-2031~~ and a contract heat rate of ~~\$,996.5,990~~ Btu/kWh.

EXAMPLE STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
FOR A CONTRACT TERM OF TEN YEARS FROM THE IN-SERVICE DATE OF THE AVOIDED UNIT

	Option A	Option B	Option C	Option D
	Normal Capacity	Early Capacity	Levelized Capacity	Early Levelized Capacity
	Payment	Payment	Payment	Payment
<u>Contract-</u> <u>Year 12 Month</u> <u>Period Starting</u> <u>June 1 of each</u> <u>Year</u>				
2022	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -
2025	\$ -	\$ -	\$ -	\$ -
2026	\$ -	<del>\$3,290</del>	\$ -	<del>\$2,690</del>
2027	\$ -	<del>\$3,263.46</del>	\$ -	<del>\$3,693.88</del>
2028	\$ -	<del>\$3,423.53</del>	\$ -	<del>\$3,693.88</del>
2029	\$ -	<del>\$3,493.60</del>	\$ -	<del>\$3,693.88</del>
2030	<del>\$5,440</del>	<del>\$3,563.68</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2031	<del>\$5,555.90</del>	<del>\$3,633.76</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2032	<del>\$5,676.02</del>	<del>\$3,743.84</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2033	<del>\$5,796.15</del>	<del>\$3,783.92</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2034	<del>\$5,946.28</del>	<del>\$3,864.00</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2035	<del>\$6,036.41</del>	<del>\$3,934.08</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2036	<del>\$6,166.54</del>	<del>\$4,014.17</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2037	<del>\$6,296.68</del>	<del>\$4,094.26</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2038	<del>\$6,426.82</del>	<del>\$4,174.35</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2039	<del>\$6,566.96</del>	<del>\$4,264.44</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>
2040	<del>\$6,697.11</del>	<del>\$4,344.53</del>	<del>\$5,966.41</del>	<del>\$3,693.88</del>

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes, the most recent estimated incremental avoided energy costs for the next ten years will be provided within thirty (30) days of written request.

ESTIMATED UNIT FUEL COSTS (\$/MMBtu):

The most recent estimated unit fuel costs for the Company's avoided unit will be provided within thirty (30) days of written request.

Issued by: Tiffany Cohen, ~~Senior Director, Regulatory Rates, Cost of Service and Systems~~ Director, Rates and Tariffs  
Effective: ~~June 9, 2020~~

FLORIDA POWER & LIGHT COMPANY

~~Eighth-Ninth~~ Revised Sheet No. 10.311.1  
Cancels ~~Seventh-Eighth~~ Revised Sheet No. 10.311.1

~~2030-2031~~ AVOIDED UNIT FIXED VALUE OF DEFERRAL PAYMENTS

NORMAL CAPACITY OPTION PARAMETERS

		Value
Where, for a one-year deferral:		
VAC <sub>m</sub>	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	<del>\$5,439</del> <u>\$5,895</u>
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	<del>1,419</del> <u>1,418</u>
I <sub>n</sub>	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year "n";	<del>\$635,926</del> <u>\$676,37</u>
O <sub>n</sub>	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	<del>\$12,491</del> <u>\$14,64</u>
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.00%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.52%
L	= expected life of the Company's Avoided Unit;	40
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	<del>2030</del> <u>2031</u>

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A <sub>m</sub>	= monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments in dollars per kilowatt per month	*
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.00%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
n	= year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated	*
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	<del>\$486,141</del> <u>\$6,32</u>
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.52%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	<del>\$94,561</del> <u>\$10,791</u>

\*From Appendix E

Issued by: Tiffany Cohen, ~~Senior Director, Regulatory Rates, Cost of Service and Systems Director, Rates and Tariffs~~  
Effective: ~~June 9, 2020~~



FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 10.311.2  
Cancels Original Sheet No. 10.311.2

**RESERVED FOR FUTURE USE**

Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 11, 2019

FLORIDA POWER & LIGHT COMPANY

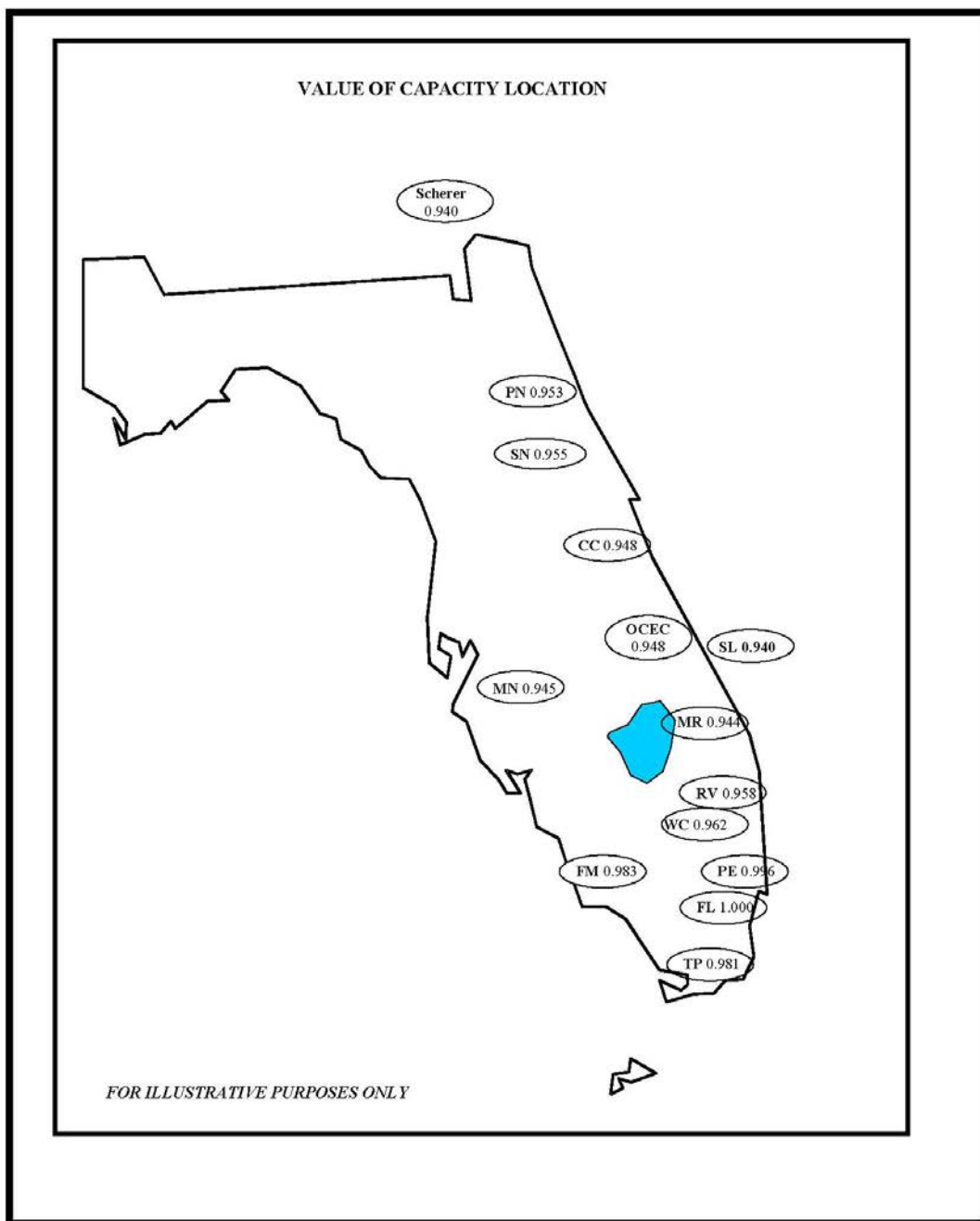
First Revised Sheet No. 10.311.3  
Cancels Original Sheet No. 10.311.3

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Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 11, 2019

FLORIDA POWER & LIGHT COMPANY

Eighth Revised Sheet No. 10.312  
Cancels Seventh Revised Sheet No. 10.312



Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 9, 2020

FLORIDA POWER & LIGHT COMPANY

Second Revised Sheet No. 10.313  
Cancels First Revised Sheet No. 10.313

APPENDIX B  
TO THE STANDARD OFFER CONTRACT  
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM RENEWABLE ENERGY FACILITIES  
OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS  
PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
  - A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly Capacity Payment shall be due. That is:  
$$MCP = 0$$
  - B. In the event that the ACBF is equal to or greater than 80% but less than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:  
$$MCP = BCP \times [1 + 4 \times (ACBF - 94\%)] \times CC$$
  - C. In the event that the ACBF is equal to or greater than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:  
$$MCP = BCP \times CC$$

Where:

- |                        |   |   |
|------------------------|---|---|
| MCP                    | = | Monthly Capacity Payment in dollars.  |
| BCP                    | = | Base Capacity Payment in \$/KW/Month as specified in FPL's Rate Schedule QS-2.  |
| CC                     | = | Committed Capacity in KW.   |
| ACBF                   | = | Annual Capacity Billing Factor. This factor is calculated using the 12 months rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor. Periods during which the Facility has temporarily set its Committed Capacity equal to 0 KW due to a Force Majeure event pursuant to Section 16 shall be excluded from the applicable capacity factor calculation. |
| MCF                    | = | Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the Hourly factors of the hours when FPL requested reduced deliveries pursuant to Sections 8.4.6 and 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.  |
| HFNDH                  | = | Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.  |
| HFDH                   | = | Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.   |
| On-Peak Hours          | = | Those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 p.m. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day and New Year's Day. FPL shall have the right to change such On- Peak Hours by providing the QS a minimum of thirty calendar days' advance notice.  |
| Monthly Billing Period | = | The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.  |

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: August 27, 2015

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 10.314  
Cancels Original Sheet No. 10.314

APPENDIX C  
TO THE STANDARD OFFER CONTRACT  
TERMINATION FEE

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

Termination Fee = Termination Fee applicable to Capacity Payment Option plus Termination Fee applicable to Fixed Firm Energy Option

Termination Fee applicable to Capacity Payment Options B, C, D and E

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with:  $MCPC_i = 0$  for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- i = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after-tax avoided cost of capital (defined as r in QS-2). For any Monthly Billing Period in which  $MCPC_i$  is greater than  $MCP_i$ , t shall equal 1.
- $MCP_i$  = Monthly Capacity Payment paid to QS corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.
- $MCPC_i$  = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with QS-2

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Capacity Payment Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Capacity Payment Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 80%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Capacity Payment Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 94%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.04 \times (\text{ACBF} - 94\%)]$$

For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.

In no event shall FPL be liable to the QS at any time for any amount by which the Capacity Payment Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

Termination Fee applicable to the Fixed Firm Energy Payment Option D

Prior to in-service date of avoided unit:

The Termination Fee for the Fixed Firm Energy Option shall be equal to the cumulative sum of the Fixed Firm Energy Payments made to the QS pursuant to Option D, starting with the in-service date of the QS facility, for each billing cycle. Such number shall reach the maximum amount on the billing cycle immediately preceding the billing cycle associated with the in-service date of the Avoided Unit.

After in-service date of avoided unit:

The Termination Fee shall be decreased each billing cycle following the in-service date of the avoided unit by an amount equal to the difference between the projected Fixed Energy Cost that was used in the calculation to determine the base energy cost to be fixed and amortized pursuant to Option D for such billing cycle and the amortized Fixed Firm Energy Payment in cents/KWH times the energy delivered by the QS not to exceed the MWH block specified in Appendix E.

Issued by: Tiffany Cohen, Director, Rates and Tariffs  
Effective: June 9, 2020

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.315

**APPENDIX D  
TO THE STANDARD OFFER CONTRACT  
DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPL will be evaluated to determine if the underlying QS project is financially and technically viable. The QS shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.

**I. FACILITY DESCRIPTION**

- Project Name
- Project Location
  - ◆ Street Address
  - ◆ Site Plot Plan
  - ◆ Legal Description of Site
- Generating Technology
- Facility Classification ( include types from statute)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - ◆ Street Address
  - ◆ Legal Description of Steam Host
  - ◆ Host's annual steam requirements (lbs/yr)
- Contact Person
  - ◆ Individual's Name and Title
  - ◆ Company Name
  - ◆ Address
  - ◆ Telephone Number
  - ◆ Telecopy Number

**II. PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
  - ◆ Project Development
  - ◆ Siting and Licensing the Facility
  - ◆ Designing the Facility
  - ◆ Constructing the Facility
  - ◆ Securing the Fuel Supply
  - ◆ Operating the Facility
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QS.
- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

(Continued on Sheet No. 10.316)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007



FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.316

(Continued from Sheet No. 10.315)

**III. FUEL SUPPLY**

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support the requirements pursuant to Section 366.91, Florida Statutes, and the planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the ARFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for the fuel supply exists between developer(s) and fuel supplier(s)
REF =	renewable energy facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Energy Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Energy Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

(Continued on Sheet No. 10.317)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.317

(Continued from Sheet No. 10.316)

**IV. PLANT DISPATCHABILITY/CONTROLLABILITY**

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
  - ◆ Ramp Rate (MW/minute)
  - ◆ Peak Capability (% above Committed Capacity)
  - ◆ Minimum power level (% of Committed Capacity)
  - ◆ Facility Turnaround Time, Hot to Hot (hours)
  - ◆ Start-up Time from Cold Shutdown (hours)
  - ◆ Unit Cycling (# cycles/yr)
  - ◆ MW and MVAR Control (AGC, Manual, Other (please explain))

**V. SITING AND LICENSING**

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

**VI. FACILITY DEVELOPMENT AND PERFORMANCE**

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- [NOTE: add any requirements related to demonstrating that the facility meets the requirements under the statute or applicable rules]

(Continued on Sheet No. 10.318)

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.318

(Continued from Sheet No. 10.317)

**VII. FINANCIAL**

- Provide FPL with assurances that the proposed QS project is financially viable consistent with FPSC Rule 25-17.0832(4) (c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.
  - ♦ Annual Project Revenues
    - Capacity Payments (\$ and \$/KW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Steam Revenues (\$ and %/lb.)
    - Tipping Fees (\$ and \$/ton)
    - Interest Income
    - Other Revenues
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
    - Steam Escalation (%/yr)
    - Tipping Fee Escalation (%/yr)
  - ♦ Annual Project Expenses
    - Fixed O&M (\$ and \$/KW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Property Taxes (\$)
    - Insurance (\$)
    - Emission Compliance (\$ and \$/MWh)
    - Depreciation (\$ and %/yr)
    - Other Expenses (\$)
    - Fixed O&M Escalation (%/yr)
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
  - ♦ Other Project Information
    - Installed Cost of the Energy Facility (\$ and \$/KW)
    - Committed Capacity (KW)
    - Average Heat Rate - HHV (MBTU/KWh)
    - Federal Income Tax Rate (%)
    - Facility Capacity Factor (%)
    - Energy Sold to FPL (MWh)
  - ♦ Permanent Financing
    - Permanent Financing Term (yrs)
    - Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)
    - Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)
    - Annual Interest Expense
    - Annual Debt Service (\$)
    - Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)
- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007

FLORIDA POWER & LIGHT COMPANY

Original Sheet No. 10.319

APPENDIX E  
TO THE STANDARD OFFER CONTRACT  
CONTRACT OPTIONS TO BE SELECTED BY QS

**Term of Contract**

Execution date \_\_\_\_\_  
Termination date \_\_\_\_\_

**Firm Capacity Rates**

Commencement date for deliveries of Firm Energy and Capacity \_\_\_\_\_

Capacity Payment Option Selected (from available Options A through E) \_\_\_\_\_

If Option E is selected proposed payment stream:

\_\_\_\_\_  
\_\_\_\_\_

Schedule of Capacity Payments to be provided by the Company based on applicable parameters follows:

Year      \$/KW/Month

**Energy Rates**

Energy payment Options selected applicable to energy produced by the QS and delivered to the Company (from available Option A or B **and** D)

Select from Option A or B

**And** \_\_\_\_\_

Select D \_\_\_\_\_

If Option D is selected by the QS; the Company and the QS mutually agree on fixing and amortizing the following portion of the Base Energy Costs associated with the Avoided Unit

\_\_\_\_\_ % which yields \_\_\_\_\_ MWH

Projected Energy Cost of Energy Produced by Avoided Unit (provided by the Company):

Year      Projected Fixed Energy Cost (in Cents/KWH or in Dollars)

Based on the projections of Energy Costs Produced by the Avoided Unit and the mutually agreed upon Portion of the Base Energy Costs associated with the Avoided Unit the Fixed Energy Payment shall be \_\_\_\_\_ \$/MWH or \$ \_\_\_\_\_ (as applicable).

Issued by: S. E. Romig, Director, Rates and Tariffs  
Effective: May 22, 2007