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STANDARD OFFER #4  
POWER PURCHASE AGREEMENT  
FOR  
LONG-TERM ENERGY AND CAPACITY  
BETWEEN  
NEVADA POWER AUTHORITY  
AND  
PACIFIC GAS AND ELECTRIC COMPANY

AUGUST 1984



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STANDARD OFFER #4:  
LONG-TERM ENERGY AND CAPACITY  
POWER PURCHASE AGREEMENT

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1 LONG-TERM ENERGY AND CAPACITY  
2 POWER PURCHASE AGREEMENT  
3 BETWEEN  
4 NEVADA POWER AUTHORITY  
5 AND  
6 PACIFIC GAS AND ELECTRIC COMPANY  
7  
8  
9

10 NEVADA POWER AUTHORITY ("Seller"), and PACIFIC GAS AND  
11 ELECTRIC COMPANY ("PGandE"), referred to collectively as  
12 "Parties" and individually as "Party", agree as follows:  
13

14 ARTICLE 1 QUALIFYING STATUS  
15

16 Seller warrants that, at the date of first power  
17 deliveries from Seller's Facility<sup>1</sup> and during the term of  
18 agreement, its Facility shall meet the qualifying facility  
19 requirements established as of the effective date of this  
20 Agreement by the Federal Energy Regulatory Commission's  
21 rules (18 Code of Federal Regulations 292) implementing the  
22 Public Utility Regulatory Policies Act of 1978 (16 U.S.C.A.  
23 796, et seq.).  
24  
25

26 \_\_\_\_\_  
27 <sup>1</sup> Underlining identifies those terms which are defined in Section A-1  
28 of Appendix A.

ARTICLE 2 COMMITMENT OF PARTIES

1  
2  
3 The prices to be paid Seller for energy and/or capacity  
4 delivered pursuant to this Agreement have wholly or partly  
5 been fixed at the time of execution. Actual avoided costs  
6 at the time of energy and/or capacity deliveries may be  
7 substantially above or below the prices fixed in this  
8 Agreement. Therefore, the Parties expressly commit to the  
9 prices fixed in this Agreement for the applicable period of  
10 performance and shall not seek to or have a right to  
11 renegotiate such prices for any reason. As part of its  
12 consideration for the benefit of fixing part or all of the  
13 energy and/or capacity prices under this Agreement, Seller  
14 waives any and all rights to judicial or other relief from  
15 its obligations and/or prices set forth in Appendices B, D,  
16 and E, or modification of any other term or provision for  
17 any reasons whatsoever.

18  
19 This Agreement contains certain provisions which set  
20 forth methods of calculating damages to be paid to PGandE in  
21 the event Seller fails to fulfill certain performance  
22 obligations. The inclusion of such provisions is not  
23 intended to create any express or implied right in Seller to  
24 terminate this Agreement prior to the expiration of the term  
25 of agreement. Termination of this Agreement by Seller prior  
26 to its expiration date shall constitute a breach of this  
27 Agreement and the damages expressly set forth in this  
28

1 Agreement shall not constitute PGandE's sole remedy for such  
2 breach.

3  
4 ARTICLE 3 PURCHASE OF POWER

5  
6 (a) Seller shall sell and deliver and PGandE shall  
7 purchase and accept delivery of capacity and energy at the  
8 voltage level of 60 kV.

9  
10 (b) Seller shall provide capacity and energy from its  
11 3,600 kW Facility located at Bowman Dam, Nevada County,  
12 California.

13  
14 (c) The scheduled operation date of the Facility is  
15 January 1, 1987. At the end of each calendar quarter Seller  
16 shall give written notice to PGandE of any change in the  
17 scheduled operation date.

18  
19 (d) To avoid exceeding the physical limitations of the  
20 interconnection facilities, Seller shall limit the  
21 Facility's actual rate of delivery into the PGandE system to  
22 4,140 kW.

23  
24 (e) The primary energy source for the Facility is  
25 water.

1 (f) If Seller does not begin construction of its  
2 Facility by September 1985. PGandE may reallocate the  
3 existing capacity on PGandE's transmission and/or  
4 distribution system which would have been used to  
5 accommodate Seller's power deliveries to other uses. In the  
6 event of such reallocation, Seller shall pay PGandE for the  
7 cost of any upgrades or additions to PGandE's system  
8 necessary to accommodate the output from the Facility. Such  
9 additional facilities shall be installed, owned and  
10 maintained in accordance with the applicable PGandE tariff.

11  
12 (g) The transformer loss adjustment factor<sup>1</sup> and tap  
13 line loss adjustment factor will be determined in the later  
14 date.

15  
16 ARTICLE 4 ENERGY PRICE

17  
18 PGandE shall pay Seller for its net energy output<sup>2</sup>  
19 under the energy payment option checked below<sup>3</sup>:

20  
21 ~~Energy Payment Option 1 Forecasted Energy Prices~~

22  
23 <sup>1</sup> If Seller chooses to have meters placed on Seller's side of the  
24 transformer, an estimated transformer loss adjustment factor of 2  
25 percent, unless the Parties agree otherwise, will be applied. This  
estimated transformer loss figure will be adjusted to a measurement  
of actual transformer losses performed at Seller's request and  
expense.

26 <sup>2</sup> Insert either "net energy output" or "surplus energy output" to  
show the energy sale option selected by Seller.

27 <sup>3</sup> Energy Payment Option 2 is not available to oil or gas-fired  
28 cogenerators.

1            During the fixed price period, Seller shall be  
2 paid for energy delivered at prices equal to \_\_\_\_\_<sup>1</sup>  
3 percent of the prices set forth in Table B-1, Appen-  
4 dix B, plus \_\_\_\_\_<sup>2</sup> percent of PGandE's full short-run  
5 avoided operating costs.

6  
7            For the remaining years of the term of agreement,  
8 Seller shall be paid for energy delivered at prices  
9 equal to PGandE's full short-run avoided operating  
10 costs.

11  
12            If Seller's Facility is not an oil or gas-fired  
13 cogeneration facility, Seller may convert from Energy  
14 Payment Option 1 to Energy Payment Option 2 and be  
15 subject to the conditions therein, provided that Seller  
16 shall not change the percentage of energy prices to be  
17 based on PGandE's full short-run avoided operating  
18 costs. Such conversion must be made at least 90 days  
19 prior to the date of initial energy deliveries and must  
20 be made by written notice in accordance with  
21 Section A-17, Appendix A.

22  
23          X   Energy Payment Option 2 - Levelized Energy Prices

24  
25 \_\_\_\_\_  
26 <sup>1</sup> Insert either 0, 20, 40, 60, 80, or 100, at Seller's option. If  
27 Seller's Facility is an oil or gas-fired cogeneration facility,  
28 either 0 or 20 must be inserted.

<sup>2</sup> Insert the difference between 100 and the percentage selected under  
footnote 1 above.

1            During the fixed price period, Seller shall be  
2 paid for energy delivered at prices equal to 100<sup>1</sup>  
3 percent of the levelized energy prices set forth in  
4 Table B-2, Appendix B for the year in which energy  
5 deliveries begin and term of agreement, plus 0<sup>2</sup>  
6 percent of PGandE's full short-run avoided operating  
7 costs. During the fixed price period, Seller shall be  
8 subject to the conditions and terms set forth in  
9 Appendix B, Energy Payment Option 2.

10  
11            For the remaining years of the term of agreement,  
12 Seller shall be paid for energy delivered at prices  
13 equal to PGandE's full short-run avoided operating  
14 costs.

15  
16            Seller may convert from Energy Payment Option 2 to  
17 Energy Payment Option 1, provided that Seller shall not  
18 change the percentage of energy prices to be based on  
19 PGandE's full short-run avoided operating costs. Such  
20 conversion must be made at least 90 days prior to the  
21 date of initial energy deliveries and must be made by  
22 written notice in accordance with Section A-17,  
23 Appendix A.

24  
25  
26 \_\_\_\_\_  
27 <sup>1</sup> Insert either 20, 40, 60, 80, or 100, at Seller's option.

28 <sup>2</sup> Insert the difference between 100 and the percentage selected under  
footnote 1 above.



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\_\_\_\_\_ Energy Payment Option 3 - Incremental Energy Rate

Beginning with the date of initial energy deliveries and continuing until \_\_\_\_\_<sup>1</sup> Seller shall be paid monthly for energy delivered at prices equal to PGandE's full short-run avoided operating costs, provided that adjustments shall be made annually to the extent set forth in Appendix B, Energy Payment Option 3.

The Incremental Energy Rate Band Widths specified by Seller in Table I below shall be used in determining the annual adjustment, if any.

Table I

<u>Year</u>	<u>Incremental Energy Rate Band Widths</u> (must be multiples of 100 or zero)
1984	_____
1985	_____
1986	_____
1987	_____
1988	_____
1989	_____
1990	_____
1991	_____
1992	_____
1993	_____
1994	_____
1995	_____
1996	_____
1997	_____
1998	_____

<sup>1</sup> Specified by Seller. Must be December 31, 1998 or prior.

1 After \_\_\_\_\_, Seller shall be paid for  
2 energy delivered at prices equal to PGandE's full  
3 short-run avoided operating costs.

4  
5 ARTICLE 5 CAPACITY ELECTION AND CAPACITY PRICE

6  
7 Seller may elect to deliver either firm capacity or  
8 as-delivered capacity, and Seller's election is indicated  
9 below. PGandE's prices for firm capacity and as-delivered  
10 capacity are derived from PGandE's full avoided costs as  
11 approved by the CPUC.

12  
13 \_\_\_\_\_ Firm capacity - \_\_\_\_\_ kW for \_\_\_\_\_ years from the  
14 firm capacity availability date with payment determined  
15 in accordance with Appendix E. Except for hydro-  
16 electric facilities, PGandE shall pay Seller for  
17 capacity delivered in excess of firm capacity on an  
18 as-delivered capacity basis in accordance with  
19 As-Delivered Capacity Payment Option \_\_\_\_\_ set forth  
20 in Appendix D.

21  
22 OR

23  
24 X As-delivered capacity with payment determined in  
25 accordance with As-Delivered Capacity Payment Option 2  
26 set forth in Appendix D.

ARTICLE 6 LOSS ADJUSTMENT FACTORS

Capacity Loss Adjustment Factors shall be as shown in Appendix D and Appendix E, dependent upon Seller's capacity election set forth in Article 5 of this Agreement.

Energy Loss Adjustment Factors shall be considered as unity for all energy payments related to Energy Payment Options 1 and 2 set forth in Appendix B for the entire fixed price period of this Agreement, except for the percentage of payments that Seller elected in Article 4 to have calculated based on PGandE's full short-run avoided operating costs. Energy Loss Adjustment Factors for all payments related to PGandE's full short-run avoided operating costs are subject to CPUC rulings for the entire term of agreement.

ARTICLE 7 CURTAILMENT

Seller has two options regarding possible curtailment by PGandE of Seller's deliveries, and Seller's selection is indicated below:

  X   Curtailment Option A - Hydro Spill and Negative Avoided Cost

       Curtailment Option B - Adjusted Price Period

The two options are described in Appendix C.

1                   ARTICLE 8   RETROACTIVE APPLICATION OF CPUC ORDERS  
2

3                   Pursuant to Ordering Paragraph 1(f) of CPUC Decision  
4                   No. 83-09-054 (September 7, 1983), after the effective date  
5                   of the CPUC's Application 82-03-26 decision relating to line  
6                   loss factors, Seller has the option to retain the relevant  
7                   terms of this Agreement or have the results of that decision  
8                   incorporated into this Agreement. To retain the terms  
9                   herein, Seller shall provide written notice to PGandE within  
10                  30 days after the effective date of the relevant CPUC  
11                  decision on Application 82-03-26. Failure to provide such  
12                  notice will result in the amendment of this Agreement to  
13                  comply with that decision.  
14

15                  As soon as practicable following the issuance of a  
16                  decision in Application 82-03-26, PGandE shall notify Seller  
17                  of the effective date thereof and its results.  
18

19                                   ARTICLE 9   NOTICES  
20

21                  All written notices shall be directed as follows:

22                  To PGandE:       Pacific Gas and Electric Company  
23                                    Attention: Vice President -  
24                                    Electric Operations  
25                                    77 Beale Street  
26                                    San Francisco, CA 94106

27                  To Seller:       Nevada Power Authority  
28                                    P.O. Box 1019  
                                  Grass Valley, CA 95945

1 ARTICLE 10 DESIGNATED SWITCHING CENTER

2  
3 The designated PGandE switching center shall be, unless  
4 changed by PGandE:

5 Drum Powerhouse No. 1  
6 Alta  
7 (916) 389-2551

8 ARTICLE 11 TERMS AND CONDITIONS

9  
10 This Agreement includes the following appendices which  
11 are attached and incorporated by reference:

- 12 Appendix A - GENERAL TERMS AND CONDITIONS  
13 Appendix B - ENERGY PAYMENT OPTIONS  
14 Appendix C - CURTAILMENT OPTIONS  
15 Appendix D - AS-DELIVERED CAPACITY  
16 Appendix E - FIRM CAPACITY  
17 Appendix F.- INTERCONNECTION

18  
19 ARTICLE 12 TERM OF AGREEMENT

20  
21 This Agreement shall be binding upon execution and  
22 remain in effect thereafter for 30 years<sup>1</sup> from the date of  
23 initial energy deliveries<sup>2</sup>; provided, however, that it shall

24  
25 \_\_\_\_\_  
26 <sup>1</sup> The minimum contract term is 15 years and the maximum contract term  
is 30 years.

27 <sup>2</sup> Insert "firm capacity availability date" if Seller has elected to  
28 deliver firm capacity or "date of initial energy deliveries" if  
Seller has elected to deliver as-delivered capacity.

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terminate if energy deliveries do not start within five years of the execution date; and provided further that if Seller is unable to obtain in a form satisfactory to Seller financing necessary to construct the Facility, Seller and PGandE shall negotiate with respect to a different form of power purchase agreement which would supersede this Agreement; and, provided further, however, that this Agreement shall not apply to any deliveries to PGandE of energy or capacity prior to January 1, 1987.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives and it is effective as of the last date set forth below.

NEVADA POWER AUTHORITY  
BY: Carole Friedrich  
CAROLE FRIEDRICH

PACIFIC GAS AND ELECTRIC COMPANY  
BY: Nolan H. Daines  
NOLAN H. DAINES

TITLE: Chairman

Vice President -  
TITLE: Planning and Research

DATE SIGNED: 11/9/84

DATE SIGNED: 12/4/84