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SCE STANDARD CONTRACT  
LONG TERM POWER PURCHASE  
  
POWER PURCHASE CONTRACT  
BETWEEN  
SOUTHERN CALIFORNIA EDISON COMPANY  
AND  
RENEWABLE ENERGY VENTURES INCORPORATED  
  
BUCK WIND PARK  
ADDITION "D"

QF ID NO. 6213

Document No. 3301H

CLD NO. 384193

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
1	1	
2	PROJECT SUMMARY	1
3	2	
4	DEFINITIONS	2
5	3	
6	TERM	8
7	4	
8	GENERATING FACILITY	8
9	5	
10	OPERATING OPTIONS	19
11	6	
12	INTERCONNECTION FACILITIES	21
13	7	
14	ELECTRIC LINES AND ASSOCIATED EASEMENTS	22
15	8	
16	METERING	24
17	9	
18	POWER PURCHASE PROVISIONS	26
19	10	
20	PAYMENT AND BILLING PROVISIONS	50
21	11	
22	TAXES	55
23	12	
24	TERMINATION	55
25	13	
26	LIABILITY	56
27	14	
28	INSURANCE	58
29	15	
30	UNCONTROLLABLE FORCES	60
31	16	
32	NONDEDICATION OF FACILITIES	62
33	17	
34	PRIORITY OF DOCUMENTS	62
35	18	
36	NOTICES AND CORRESPONDENCE	63
37	19	
38	PREVIOUS COMMUNICATIONS	63
39	20	
40	NONWAIVER	63
41	21	
42	SUCCESSORS AND ASSIGNS	64
43	22	
44	EFFECT OF SECTION HEADINGS	64
45	23	
46	GOVERNING LAW	64
47	//	

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
24	MULTIPLE ORIGINALS	65
	SIGNATURES	65
	INTERCONNECTION FACILITIES AGREEMENT	APPENDIX A
	CAPACITY PAYMENT SCHEDULE FOR STANDARD OFFER NO. 1 AND NO. 2	APPENDIX B
	FORECAST OF ANNUAL MARGINAL COST OF ENERGY	APPENDIX C
	TOU-8 RATE SCHEDULE: RULE 21	APPENDIX D
11	//	
12	//	
13	//	
14	//	
15	//	
16	//	
17	//	
18	//	
19	//	
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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1. PROJECT SUMMARY

This Contract is entered into between Southern California Edison Company, a California corporation ("Edison") and Renewable Energy Ventures Incorporated, a District of Columbia corporation, acting in its own behalf and as managing general partner for one or more partnerships that may be formed for the implementation of this Agreement ("Seller").

Seller is willing to construct, own, and operate a Qualifying Facility and sell electric power to Edison and Edison is willing to purchase electric power delivered by Seller to Edison at the Point of Interconnection pursuant to the terms and conditions set forth as follows:

1.1 All notices shall be sent to Seller at the following address: Renewable Energy Ventures Incorporated  
2150 E. Tahquitz-McCallum Way, Suite 2  
Palm Springs, CA 92262

1.2 Seller's Generating Facility:

- a. Nameplate Rating: 10,080 kW.
- b. Location: Section 9 and 15, Township 3 South, Range 4 East, SBB&M.

In the unincorporated area of the County of Riverside, State of California.

c. Type:

  X   Small Power Production Facility

//

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

- 1 d. Delivery of power to Edison at a nominal  
2 33,000 volts.  
3 e. Seller shall commence construction of the  
4 Generating Facility by December 31, 1986.

5 1.3 Edison Customer Service District:

6 Palm Springs  
7 36100 Cathedral Canyon  
8 Palm Springs, CA 92234

9 1.4 Location of Edison Operating Switching Center:

10 Devers Substation  
11 62030 16th Street  
12 North Palm Springs, California

13 1.5 Contract Capacity: 4,032 kW

14 1.5.1 Estimated as-available capacity: 6,048 kW.

15 1.6 Expected annual production: 28,350,000 kWh.

16 1.7 Expected Firm Operation for each generating  
17 unit(s): March 31, 1987.

18 1.8 Contract Term: 30 years.

19 1.9 Operating Options pursuant to Section 5: (Check One)

20  Operating Option I. Entire Generator output  
21 dedicated to Edison. No electric service or  
22 standby service required.

23  Operating Option II. Entire Generator output  
24 dedicated to Edison with separate electric  
25 service required.

26 //

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

- 1 a. Electric service Tariff Schedule No. GS-1  
2 pursuant to Section 10.2.
- 3 b. Contract demand: 0 kW.
- 4 \_\_\_\_\_ Operating Option III. Excess generator output  
5 dedicated to Edison with Seller serving own  
6 load.
- 7 a. Electric service Tariff Schedule No. \_\_\_\_\_  
8 pursuant to Section 10.2.
- 9 b. Contract demand: \_\_\_\_\_ kW.
- 10 c. Standby Demand: \_\_\_\_\_ kW pursuant to  
11 Section 10.2.
- 12 d. Maximum electrical requirements  
13 expected: \_\_\_\_\_ kW.
- 14 e. Standby electric service Tariff Schedule  
15 No. \_\_\_\_\_ pursuant to Section 10.2.
- 16 f. Minimum monthly charge for standby  
17 service: \_\_\_\_\_.

18 1.10 Interconnection Facilities Agreement pursuant to  
19 Section 6 shall be:

- 20 \_\_\_\_\_ - Added Facilities Basis (Appendix A)  
21 X - Capital Contribution Basis (Appendix A)  
22 \_\_\_\_\_ - Seller Owned and Operated Basis (Appendix A)

23 1.11 The Capacity Payment Option selected by Seller  
24 pursuant to Section 9.1 shall be:

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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       Option A - As-available capacity based upon:

       Standard Offer No. 1 Capacity Payment  
Schedule, or

       Forecast of Annual As-Available Capacity  
Payment Schedule. The as-available  
capacity price (first year):

\$        /kW-yr. (Appendix B)

  X   Option B - Firm Capacity

  X   Standard Offer No. 2 Capacity Payment  
Schedule in effect at time of Contract  
execution.

       Standard Offer No. 2 Capacity Payment  
Schedule in effect at time of Firm  
Operation of first generating unit.

Contract Capacity Price: \$155/kW-yr.  
(Firm Capacity).

1.12 The Energy Payment Option selected by Seller  
pursuant to Section 9.2 shall be: (Check One)

  X   Option 1 - Forecast of Annual Marginal Cost of  
Energy in effect at date of execution of this  
Contract. (Appendix C)

       Option 2 - Levelized Forecast of Marginal Cost  
of Energy in effect at date of execution of  
this Contract. Levelized Forecast for the  
expected date of Firm Operation is        ¢/kWh.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 For the energy payment refund pursuant to  
2 Section 9.5 under Option 2, Edison's  
3 Incremental Cost of Capital is 14%.  
4 Seller may change once between Options 1 and 2,  
5 provided Seller delivers written notice of such  
6 change at least 90 days prior to the date of  
7 Firm Operation.

8 For Option 1 or 2, Seller elects to receive the  
9 following percentages in 20% increments, the  
10 total of which shall equal 100%:

11 100 Percent of Forecast of Marginal Cost of  
12 Energy (Annual or Levelized), not to  
13 exceed 20% of the annual forecast for  
14 oil/natural gas fueled cogenerators, and  
15 0 Percent of Edison's published avoided cost  
16 of energy based on Edison's full avoided  
17 operating costs as updated periodically  
18 and accepted by the Commission.

19        Option 3 - Incremental Energy Rate. Seller may  
20 select:

21        Forecast of Incremental Energy Rate in  
22 effect at date of execution of this  
23 Contract

24 or

25        A range in increments of 100 Btu/kWh above  
26 and below the forecast of incremental



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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energy rates for each year during the  
First Period of the Contract Term as  
follows:

Year	Range	Year	Range	Year	Range
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

1.13 Metering Location:

Seller elects metering location pursuant to  
Section 8 as follows:

Edison's side of the Interconnection Facilities  
 Seller's side of the Interconnection  
Facilities. Loss compensation factor is equal  
to \_\_\_\_\_, pursuant to Section 8.3.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

GENERAL TERMS & CONDITIONS

2. DEFINITIONS

When used with initial capitalizations, whether in the singular or in the plural, the following terms shall have the following meanings:

2.1 Adjusted Capacity Price: The \$/kW-yr capacity purchase price based on the Capacity Payment Schedule in effect at time of Contract execution for the time period beginning on the date of Firm Operation for the first generating unit and ending on the date of termination or reduction of Contract Capacity under Capacity Payment Option B.

2.2 Appendix A: Interconnection Facilities Agreement-- Capital Contribution Basis

2.3 Appendix B: Annual Capacity Payment Schedule for Standard Offer No. 2

2.4 Appendix C: Forecast of Annual Marginal Cost of Energy

2.5 Appendix D: TOU-8 Rate Schedule: Rule 21

2.6 Capacity Payment Schedule(s): Published capacity payment schedule(s) as authorized by the Commission for as-available or firm capacity.

2.7 Commission: The Public Utilities Commission of the State of California.

2.8 Contract: This document and Appendices, as amended from time to time.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

- 1       2.9 Contract Capacity: The electric power producing  
2            capability of the Generating Facility which is  
3            committed to Edison.
- 4       2.10 Contract Capacity Price: The capacity purchase  
5            price from the Capacity Payment Schedule approved by  
6            the Commission for Capacity Payment Option B.
- 7       2.11 Contract Term: Period in years commencing with date  
8            of Firm Operation for the first generating unit(s)  
9            during which Edison shall purchase electric power  
10           from Seller.
- 11       2.12 Current Capacity Price: The \$/kW-yr capacity price  
12            provided in the Capacity Payment Schedule determined  
13            by the year of termination or reduction of Contract  
14            Capacity and the number of years from such  
15            termination or reduction to the expiration of the  
16            Contract Term for Capacity Payment Option B.
- 17       2.13 Edison: The Southern California Edison Company.
- 18       2.14 Edison Electric System Integrity: The state of  
19            operation of Edison's electric system in a manner  
20            which is deemed to minimize the risk of injury to  
21            persons and/or property and enables Edison to  
22            provide adequate and reliable electric service to  
23            its customers.
- 24       2.15 Emergency: A condition or situation which in  
25            Edison's sole judgment affects Edison Electric  
26            System Integrity.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1     2.16 Energy: Kilowatthours generated by the Generating  
2             Facility which are purchased by Edison at the Point  
3             of Interconnection.

4     2.17 Firm Operation: The date agreed on by the Parties  
5             on which each generating unit(s) of the Generating  
6             Facility is determined to be a reliable source of  
7             generation and on which such unit can be reasonably  
8             expected to operate continuously at its effective  
9             rating (expressed in kW).

10    2.18 First Period: The period of the Contract Term  
11             specified in Section 3.1.

12    2.19 Forced Outage: Any outage other than a scheduled  
13             outage of the Generating Facility that fully or  
14             partially curtails its electrical output.

15    2.20 Generating Facility: All of Seller's generators,  
16             together with all protective and other associated  
17             equipment and improvements, necessary to produce  
18             electrical power at Seller's Facility excluding  
19             associated land, land rights, and interests in land.

20    2.21 Generator: The generator(s) and associated prime  
21             mover(s), which are a part of the Generating  
22             Facility.

23    2.22 Interconnection Facilities: Those protection,  
24             metering, electric line(s), and other facilities  
25             required in Edison's sole judgment to permit an  
26             electrical interface between Edison's system and

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 the Generating Facility in accordance with Edison's  
2 Tariff Rule No. 21 titled Cogeneration and Small  
3 Power Production Interconnection Standards filed  
4 with the Commission.

5 2.23 Interconnection Facilities Agreement: That document  
6 which is specified in Section 1.10 and is attached  
7 hereto.

8 2.24 KVAR: Reactive kilovolt-ampere, a unit of measure  
9 of reactive power.

10 2.25 Operate: To provide the engineering, purchasing,  
11 repair, supervision, training, inspection, testing,  
12 protection, operation, use, management, replacement,  
13 retirement, reconstruction, and maintenance of and  
14 for the Generating Facility in accordance with  
15 applicable California utility standards and good  
16 engineering practices.

17 2.26 Operating Representatives: Individual(s) appointed  
18 by each Party for the purpose of securing effective  
19 cooperation and interchange of information between  
20 the Parties in connection with administration and  
21 technical matters related to this Contract.

22 2.27 Parties: Edison and Seller.

23 2.28 Party: Edison or Seller.

24 2.29 Peak Months: Those months which the Edison annual  
25 system peak demand could occur. Currently, but  
26 subject to change with notice, the peak months for

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 the Edison system are June, July, August, and  
2 September.

3 2.30 Point of Interconnection: The point where the  
4 transfer of electrical energy between Edison and  
5 Seller takes place.

6 2.31 Project: The Generating Facility and  
7 Interconnection Facilities required to permit  
8 operation of Seller's Generator in parallel with  
9 Edison's electric system.

10 2.32 Protective Apparatus: That equipment and apparatus  
11 installed by Seller and/or Edison pursuant to  
12 Section 4.2.

13 2.33 Qualifying Facility: Cogeneration or Small Power  
14 Production Facility which meets the criteria as  
15 defined in Title 18, Code of Federal Regulations,  
16 Section 292.201 through 292.207.

17 2.34 Second Period: The period of the Contract Term  
18 specified in Section 3.2.

19 2.35 Seller: The Party identified in Section 1.0.

20 2.36 Seller's Facility: The premises and equipment of  
21 Seller located as specified in Section 1.2.

22 2.37 Small Power Production Facility: The facilities and  
23 equipment which use biomass, waste, or renewable  
24 resources, including wind, solar, geothermal, and  
25 water, to produce electrical energy

26 //

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 as defined in Title 18, Code of Federal Regulations,  
2 Section 292.201 through 292.207.

3 2.38 Summer Period: Defined in Edison's Tariff Schedule  
4 No. TOU-8 as now in effect or as may hereafter be  
5 authorized by the Commission.

6 2.39 Tariff Schedule No. TOU-8: Edison's time-of-use  
7 energy tariff for electric service exceeding 500 kW,  
8 as now in effect or as may hereafter be authorized  
9 by the Commission.

10 2.40 Uncontrollable Forces: Any occurrence beyond the  
11 control of a Party which causes that Party to be  
12 unable to perform its obligations hereunder and  
13 which a Party has been unable to overcome by the  
14 exercise of due diligence, including but not limited  
15 to flood, drought, earthquake, storm, fire,  
16 pestilence, lightning and other natural  
17 catastrophes, epidemic, war, riot, civil disturbance  
18 or disobedience, strike, labor dispute, action or  
19 inaction of legislative, judicial, or regulatory  
20 agencies, or other proper authority, which may  
21 conflict with the terms of this Contract, or  
22 (1) failure, (2) threat of failure or (3) sabotage of facilities  
23 which have been maintained in accordance with good  
24 engineering and operating practices in California.

25 //

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1       2.41 Winter Period: Defined in Edison's Tariff Schedule  
2           No. TOU-8 as now in effect or as may hereafter be  
3           authorized by the Commission.

4       3. TERM

5       This Contract shall be effective upon execution by the  
6       Parties and shall remain effective until either Party  
7       gives 90 days prior written notice of termination to the  
8       other Party, except that such notice of termination shall  
9       not be effective to terminate this Contract prior to  
10       expiration of the Contract Term specified in Section 1.8.

11       3.1 The First Period of the Contract Term shall commence  
12           upon date of Firm Operation but not later than five  
13           years from the date of execution of this Contract  
14           and shall be for 10 years.

15       3.2 The Second Period of the Contract Term shall  
16           commence upon expiration of the First Period and  
17           shall continue for the remainder of the Contract  
18           Term.

19       4. GENERATING FACILITY

20       4.1 Ownership

21           The Generating Facility shall be owned by Seller.

22       4.2 Design

23       4.2.1 Seller, at no cost to Edison, shall:

- 24           a. Design the Generating Facility.  
25           b. Acquire all permits and other approvals  
26           necessary for the construction,



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 operation, and maintenance of the  
2 Generating Facility.

3 c. Complete all environmental impact  
4 studies necessary for the construction,  
5 operation, and maintenance of the  
6 Generating Facility.

7 d. Furnish and install the relays, meters,  
8 power circuit breakers, synchronizer,  
9 and other control and Protective  
10 Apparatus as shall be agreed to by the  
11 Parties as being necessary for proper  
12 and safe operation of the Project in  
13 parallel with Edison's electric system.

14 4.2.2 Edison shall have the right to:

15 a. Review the design of the Generating  
16 Facility's electrical system and the  
17 Seller's Interconnection Facilities.  
18 Such review may include, but not be  
19 limited to, the Generator, governor,  
20 excitation system, synchronizing  
21 equipment, protective relays, and  
22 neutral grounding.

23 The Seller shall be notified in writing  
24 of the outcome of the Edison review  
25 within 30 days of the receipt of all  
26 specifications for both the Generating

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 Facility and the Interconnection  
2 Facilities. Any flaws perceived by  
3 Edison in the design shall be described  
4 in Edison's written notice.

- 5 b. Request modifications to the design of  
6 the Generating Facility's electrical  
7 system and the Seller's Interconnection  
8 Facilities. Such modifications shall be  
9 required if necessary to maintain Edison  
10 Electric System Integrity when in  
11 parallel with the Edison electric system.

12 4.2.3 Seller shall provide individual power factor  
13 correction capacitors for each generator.  
14 Such capacitors shall be switched on and off  
15 simultaneously with each of the associated  
16 induction-type generator(s) of the  
17 Generating Facility. The KVAR rating of  
18 such capacitors shall be the highest  
19 standard value which will not exceed such  
20 generator's no-load KVAR requirement. Seller  
21 shall not install power factor correction in  
22 excess of that required by this Section  
23 unless agreed to in writing by the Parties.

24 4.2.4 Seller shall not locate any part of a  
25 wind-driven generating unit of the  
26 Generating Facility within a distance

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 1.25 times the height of a wind turbine  
2 structure of an existing electric utility  
3 33 kV, 66 kV, or 115 kV transmission line  
4 right of way or within three rotor blade  
5 diameters of an existing electric utility  
6 220 kV or 500 kV transmission line right of  
7 way or any proposed transmission line right  
8 of way of which Edison is pursuing  
9 regulatory approval for construction.

10 4.3 Construction

11 Edison shall have the right to review, consult with,  
12 and make recommendations regarding Seller's  
13 construction schedule and to monitor the construction  
14 and start-up of the Project. Seller shall notify  
15 Edison, at least one year prior to Firm Operation,  
16 of changes in Seller's construction schedule which  
17 may affect the date of Firm Operation.

18 4.4 Operation

19 4.4.1 The Generating Facility and Seller's  
20 Protective Apparatus shall be operated and  
21 maintained in accordance with applicable  
22 California utility industry standards and  
23 good engineering practices with respect to  
24 synchronizing, voltage and reactive power  
25 control. Edison shall have the right to  
26 monitor operation of the Project and may

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 require changes in Seller's method of  
2 operation if such changes are necessary, in  
3 Edison's sole judgment, to maintain Edison  
4 Electric System Integrity.

5 4.4.2 Seller shall notify in writing Edison's  
6 Operating Representative at least 14 days  
7 prior to:

- 8 a. the initial testing of Seller's  
9 Protective Apparatus; and  
10 b. the initial parallel operation of  
11 Seller's Generators with Edison's  
12 electrical system.

13 Edison shall have the right to have a  
14 representative present at each event.

15 4.4.3 Edison shall have the right to require  
16 Seller to disconnect the Generator from the  
17 Edison electric system or to reduce the  
18 electrical output from the Generator into  
19 the Edison electric system, whenever Edison  
20 determines, in its sole judgment, that such  
21 a disconnection is necessary to facilitate  
22 maintenance of Edison's facilities, or to  
23 maintain Edison Electric System Integrity.  
24 Each Party shall endeavor to correct, within  
25 a reasonable period, the condition on its  
26 system which necessitates the disconnection

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 or the reduction of electrical output. The  
2 duration of the disconnection or the  
3 reduction in electrical output shall be  
4 limited to the period of time such a  
5 condition exists.

6 4.4.4 The Generating Facility shall be operated  
7 with all of Seller's Protective Apparatus in  
8 service whenever the Generator is connected  
9 to or is operated in parallel with the  
10 Edison electric system. Any deviation for  
11 brief periods of emergency or maintenance  
12 shall only be by agreement of the Parties.

13 4.4.5 Each Party shall keep the other Party's  
14 Operating Representative informed as to the  
15 operating schedule of their respective  
16 facilities affecting each other's operation  
17 hereunder, including any reduction in  
18 Contract Capacity availability. In  
19 addition, Seller shall provide Edison with  
20 reasonable advance notice regarding its  
21 scheduled outages including any reduction in  
22 Contract Capacity availability. Reasonable  
23 advance notice is as follows:

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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SCHEDULED OUTAGE  
EXPECTED DURATION

ADVANCE NOTICE  
TO EDISON

Less than one day	24 Hours
One day or more (except major overhauls)	1 Week
Major overhaul	6 Months

4.4.6 Notification by each Party's Operating Representative of outage date and duration should be directed to the other Party's Operating Representative by telephone.

4.4.7 Seller shall not schedule major overhauls during Peak Months.

4.4.8 Seller shall maintain an operating log at Seller's Facility with records of: real and reactive power production; changes in operating status, outages, Protective Apparatus operations; and any unusual conditions found during inspections. In addition, Seller shall maintain records applicable to the Generating Facility, including the electrical characteristics of the Generator and settings or adjustments of the Generator control equipment and protective devices. Information maintained pursuant to this Section 4.4.8 shall be provided to Edison, within 30 days of Edison's request.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1           4.4.9    If, at any time, Edison doubts the integrity  
2                   of any of Seller's Protective Apparatus and  
3                   believes that such loss of integrity would  
4                   impair the Edison Electric System Integrity,  
5                   Seller shall demonstrate, to Edison's  
6                   satisfaction, the correct calibration and  
7                   operation of the equipment in question.

8           4.4.10   Seller shall test all protective devices  
9                   specified in Section 4.2 with qualified  
10                  Edison personnel present at intervals not to  
11                  exceed four years.

12          4.4.11   Seller shall, to the extent possible,  
13                  provide reactive power for its own  
14                  requirements, and where applicable, the  
15                  reactive power losses of interfacing  
16                  transformers. Seller shall not deliver  
17                  excess reactive power to Edison unless  
18                  otherwise agreed upon between the Parties.

19          4.4.12   The Seller warrants that the Generating  
20                  Facility meets the requirements of a  
21                  Qualifying Facility as of the effective date  
22                  of this Contract and continuing through the  
23                  Contract Term.

24          4.4.13   The Seller warrants that the Generating  
25                  Facility shall at all times conform to all  
26                  applicable laws and regulations. Seller

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 shall obtain and maintain any governmental  
2 authorizations and permits for the continued  
3 operation of the Generating Facility. If at  
4 any time Seller does not hold such  
5 authorizations and permits, Seller agrees to  
6 reimburse Edison for any loss which Edison  
7 incurs as a result of the Seller's failure  
8 to maintain governmental authorization and  
9 permits.

10 4.4.14 At Edison's request, Seller shall make all  
11 reasonable effort to deliver power at an  
12 average rate of delivery at least equal to  
13 the Contract Capacity during periods of  
14 Emergency. In the event that the Seller has  
15 previously scheduled an outage coincident  
16 with an Emergency, Seller shall make all  
17 reasonable efforts to reschedule the  
18 outage. The notification periods listed in  
19 Section 4.4.5 shall be waived by Edison if  
20 Seller reschedules the outage.

21 4.4.15 Seller shall demonstrate the ability to  
22 provide Edison the specified Contract  
23 Capacity within 30 days of the date of Firm  
24 Operation. Thereafter, at least once per  
25 year at Edison's request, Seller shall  
26 demonstrate the ability to provide Contract



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 Capacity for a reasonable period of time as  
2 required by Edison. Seller's demonstration  
3 of Contract Capacity shall be at Seller's  
4 expense and conducted at a time and pursuant  
5 to procedures mutually agreed upon by the  
6 Parties. If Seller fails to demonstrate the  
7 ability to provide the Contract Capacity,  
8 the Contract Capacity shall be reduced by  
9 agreement of the Parties pursuant to  
10 Section 9.1.2.6.

11 **4.5 Maintenance**

12 4.5.1 Seller shall maintain the Generating  
13 Facility in accordance with applicable  
14 California utility industry standards and  
15 good engineering and operating practices.  
16 Edison shall have the right to monitor such  
17 maintenance of the Generating Facility.  
18 Seller shall maintain and deliver a  
19 maintenance record of the Generating  
20 Facility to Edison's Operating  
21 Representatives upon request.

22 4.5.2 Seller shall make a reasonable effort to  
23 schedule routine maintenance during off-Peak  
24 Months. Outages for scheduled maintenance  
25 shall not exceed a total of 30 peak hours  
26 for the Peak Months.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1           4.5.3   The allowance for scheduled maintenance is  
2                   as follows:

- 3           a.    Outage periods for scheduled maintenance  
4                   shall not exceed 840 hours (35 days) in  
5                   any 12-month period. This allowance may  
6                   be used in increments of an hour or longer  
7                   on a consecutive or nonconsecutive basis.  
8           b.    Seller may accumulate unused maintenance  
9                   hours on a year-to-year basis up to a  
10                  maximum of 1,080 hours (45 days). This  
11                  accrued time must be used consecutively  
12                  and only for major overhauls.

13       4.6   Any review by Edison of the design, construction,  
14           operation, or maintenance of the Project is solely  
15           for the information of Edison. By making such  
16           review, Edison makes no representation as to the  
17           economic and technical feasibility, operational  
18           capability, or reliability of the Project. Seller  
19           shall in no way represent to any third party that  
20           any such review by Edison of the Project, including,  
21           but not limited to, any review of the design,  
22           construction, operation, or maintenance of the  
23           Project by Edison, is a representation by Edison as  
24           to the economic and technical feasibility,  
25           operational capability, or reliability of said  
26           facilities. Seller is solely responsible for

1 economic and technical feasibility, operational  
2 capability, and reliability thereof.

3 5. OPERATING OPTIONS

4 5.1 Seller shall elect in Section 1.9 to Operate its  
5 Generating Facility in parallel with Edison's  
6 electric system pursuant to one of the following  
7 options:

- 8 a. Operating Option I: Seller dedicates the  
9 entire Generator output to Edison with no  
10 electrical service required from Edison.  
11 b. Operating Option II: Seller dedicates the  
12 entire Generator output to Edison with  
13 electrical service required from Edison.  
14 c. Operating Option III: Seller dedicates to  
15 Edison only that portion of the Generator  
16 output in excess of Seller's electrical service  
17 requirements. As much as practicable, Seller  
18 intends to serve its electrical requirements  
19 from the Generator output and will require  
20 electrical standby from Edison as designated in  
21 Section 1.9.

22 5.2 After expiration of the First Period of the Contract  
23 Term, Seller may change the Operating Option, but not  
24 more than once per year upon at least 90 days prior  
25 written notice to Edison. A reduction in Contract  
26 Capacity as a result of a change in operating

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 options shall be subject to Section 9.1.2.6. Edison  
2 shall not be required to remove or reserve capacity  
3 of Interconnection Facilities made idle by a change  
4 in operating options. Edison may dedicate any such  
5 idle Interconnection Facilities at any time to serve  
6 other customers or to interconnect with other  
7 electric power sources. Edison shall process  
8 requests for changes of operating option in the  
9 chronological order received.

10 5.2.1 When the Seller wishes to reserve  
11 Interconnection Facilities paid for by the  
12 Seller but idled by a change in operation  
13 option, Edison shall impose a special  
14 facilities charge related to the operation  
15 and maintenance of the Interconnection  
16 Facility. When the Seller no longer needs  
17 said facilities for which it has paid, the  
18 Seller shall receive credit for the net  
19 salvage value of the Interconnection  
20 Facilities dedicated to Edison's use. If  
21 Edison is able to make use of these  
22 facilities to serve other customers, the  
23 Seller shall receive the fair market value  
24 of the facilities determined as of the date  
25 the Seller either decides no longer to use  
26 //

1                   said facilities or fails to pay the required  
2                   maintenance fee.

3   6.   INTERCONNECTION FACILITIES

4       6.1   The Parties shall execute an Interconnection  
5           Facilities Agreement selected by Seller in  
6           Section 1.10, covering the design, installation,  
7           operation and maintenance of the Interconnection  
8           Facilities required in Edison's sole judgment, to  
9           permit an electrical interface between the Parties  
10          pursuant to Edison's Tariff Rule No. 21.

11       6.2   The cost for the Interconnection Facilities set  
12           forth in the appendices specified in Section 1.10,  
13           are estimates only for Seller's information and will  
14           be adjusted to reflect recorded costs after  
15           installation is complete; except that, upon Seller's  
16           written request to Edison, Edison shall provide a  
17           binding estimate which shall be the basis for the  
18           Interconnection Facilities cost in the Interconnec-  
19           tion Facilities Agreement executed by the Parties.

20       6.3   The nature of the Interconnection Facilities and the  
21           Point of Interconnection shall be set forth either  
22           by equipment lists or appropriate one-line diagrams  
23           and shall be attached to the appropriate appendix  
24           specified in Section 1.10.

25   //

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 6.4 The design, installation, operation, maintenance,  
2 and modifications of the Interconnection Facilities  
3 shall be at Seller's expense.

4 6.5 Seller shall not commence parallel operation of the  
5 Generating Facility until written approval for  
6 operation of the Interconnection Facilities has been  
7 received from Edison. The Seller shall notify  
8 Edison at least forty-five days prior to the initial  
9 energizing of the Point of Interconnection. Edison  
10 shall have the right to inspect the Interconnection  
11 Facilities within thirty days of receipt of such  
12 notice. If the facilities do not pass Edison's  
13 inspection, Edison shall provide in writing the  
14 reasons for this failure within five days of the  
15 inspection.

16 6.6 Seller, at no cost to Edison, shall acquire all  
17 permits and approvals and complete all environmental  
18 impact studies necessary for the design,  
19 installation, operation, and maintenance of the  
20 Interconnection Facilities.

21 7. ELECTRIC LINES AND ASSOCIATED EASEMENTS

22 7.1 Edison shall, as it deems necessary or desirable,  
23 build electric lines, facilities and other  
24 equipment, both overhead and underground, on and off  
25 Seller's Facility, for the purpose of effecting the  
26 agreements contained in this Contract. The physical

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 location of such electric lines, facilities and  
2 other equipment on Seller's Facility shall be  
3 determined by agreement of the Parties.

4 7.2 Seller shall reimburse Edison for the cost of  
5 acquiring property rights off Sellers's Facility  
6 required by Edison to meet its obligations under  
7 this Contract.

8 7.3 Seller shall grant to Edison, without cost to Edison,  
9 and by an instrument of conveyance, acceptable to  
10 Edison, rights of way, easements and other property  
11 interests necessary to construct, reconstruct, use,  
12 maintain, alter, add to, enlarge, repair, replace,  
13 inspect and remove, at any time, the electric lines,  
14 facilities or other equipment, both overhead and  
15 underground, which are required by Edison to effect  
16 the agreements contained in the Contract. Seller  
17 shall also provide the rights of ingress and egress  
18 at all reasonable times necessary for Edison to  
19 perform the activities contemplated in the Contract.

20 7.4 The electric lines, facilities, or other equipment  
21 referred to in this Section 7 installed by Edison on  
22 or off Seller's Facility shall be and remain the  
23 property of Edison.

24 7.5 Edison shall have no obligation to Seller for any  
25 delay or cancellation due to inability to acquire a  
26 //

1 satisfactory right of way, easements, or other  
2 property interests.

3 8. METERING

4 8.1 All meters and equipment used for the measurement of  
5 electric power for determining Edison's payments to  
6 Seller pursuant to this Contract shall be provided,  
7 owned, and maintained by Edison at Seller's expense  
8 in accordance with Edison's Tariff Rule No. 21.

9 8.2 All meters and equipment used for billing Seller for  
10 electric service provided to Seller by Edison under  
11 Operating Options II or III shall be provided,  
12 owned, and maintained by Edison at Edison's expense  
13 in accordance with Edison's Tariff Rule No. 16.

14 8.3 The meters and equipment used for measuring the  
15 Energy sold to Edison shall be located on the side  
16 of the Interconnection Facilities as specified by  
17 Seller in Section 1.13. If the metering equipment  
18 is located on Seller's side of the Interconnection  
19 Facilities, then a loss compensation factor agreed  
20 upon by the Parties shall be applied. At the  
21 written request of the Seller, and at Seller's sole  
22 expense, Edison shall measure actual transformer  
23 losses. If the actual measured value differs from  
24 the agreed-upon loss compensation factor, the actual  
25 value shall be applied prospectively. If the meters  
26 are placed on Edison's side of the Interconnection



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 Facilities, service shall be provided at the  
2 available transformer high-side voltage.

3 8.4 For purposes of monitoring the Generator operation  
4 and the determination of standby charges, Edison  
5 shall have the right to require, at Seller's  
6 expense, the installation of generation metering.  
7 Edison may also require the installation of  
8 telemetering equipment at Seller's expense for  
9 Generating Facilities greater than 10 MW. Edison  
10 may require the installation of telemetering  
11 equipment at Edison's expense for Generating  
12 Facilities 10 MW or less.

13 8.5 Edison's meters shall be sealed and the seals shall  
14 be broken only when the meters are to be inspected,  
15 tested, or adjusted by Edison. Seller shall be  
16 given reasonable notice of testing and have the  
17 right to have its Operating Representative present  
18 on such occasions.

19 8.6 Edison's meters installed pursuant to this Contract  
20 shall be tested by Edison, at Edison's expense, at  
21 least once each year and at any reasonable time upon  
22 request by either Party, at the requesting Party's  
23 expense. If Seller makes such request, Seller shall  
24 reimburse said expense to Edison within thirty days  
25 after presentation of a bill therefor.

26 //

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 8.7 Metering equipment found to be inaccurate shall be  
2 repaired, adjusted, or replaced by Edison such that  
3 the metering accuracy of said equipment shall be  
4 within two percent. If metering equipment  
5 inaccuracy exceeds two percent, the correct amount  
6 of Energy and Contract Capacity delivered during the  
7 period of said inaccuracy shall be estimated by  
8 Edison and agreed upon by the Parties.

9 9. POWER PURCHASE PROVISIONS

10 Prior to the date of Firm Operation, Seller shall be paid  
11 for Energy only pursuant to Edison's published avoided  
12 cost of energy based on Edison's full avoided operating  
13 cost as periodically updated and accepted by the  
14 Commission. If at any time Energy can be delivered to  
15 Edison and Seller is contesting the claimed jurisdiction  
16 of any entity which has not issued a license or other  
17 approval for the Project, Seller, in its sole discretion  
18 and risk, may deliver Energy to Edison and for any Energy  
19 purchased by Edison, Seller shall receive payment from  
20 Edison for (i) Energy pursuant to this Section, and  
21 (ii) as-available capacity based on a capacity price from  
22 the Standard Offer No. 1 Capacity Payment Schedule as  
23 approved by the Commission. Unless and until all  
24 required licenses and approvals have been obtained,  
25 Seller may discontinue deliveries at any time.

26 //

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1       9.1   Capacity Payments

2       Seller shall sell to Edison and Edison shall  
3       purchase from Seller capacity pursuant to the  
4       Capacity Payment Option selected by Seller in  
5       Section 1.11. The Capacity Payment Schedules will  
6       be based on Edison's full avoided operating costs as  
7       approved by the Commission throughout the life of  
8       this Contract. Data used to derive Edison's full  
9       avoided costs will be made available to the Seller,  
10      to the extent specified by Seller upon request.

11      9.1.1   Capacity Payment Option A -- As Available  
12            Capacity.

13            If Seller selects Capacity Payment Option A,  
14            Seller shall be paid a monthly capacity  
15            payment calculated pursuant to the following  
16            formula:

17   MONTHLY CAPACITY PAYMENT = (A x D)+(B x D)+(C x D)

18            Where A = kWh purchased by Edison during  
19                      on-peak periods defined in  
20                      Edison's Tariff Schedule  
21                      No. TOU-8.

22            B = kWh purchased by Edison during  
23                      mid-peak periods defined in  
24                      Edison's Tariff Schedule  
25                      No. TOU-8.

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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C = kWh purchased by Edison during off-peak periods defined in Edison's Tariff Schedule No. TOU-8.

D = The appropriate time differentiated capacity price from either the Standard Offer No. 1 Capacity Payment Schedule or Forecast of Annual As-Available Capacity Payment Schedule as specified by Seller in Section 1.11.

9.1.1.1 If Seller specifies the Standard Offer No. 1 Capacity Payment Schedule in Section 1.11, then the formula set forth in Section 9.1.1 shall be computed with D equal to the appropriate time differentiated capacity price from the Standard Offer No. 1 Capacity Payment Schedule for the Contract Term.

9.1.1.2 If Seller specifies the Forecast of Annual As-Available Capacity Payment Schedule in Section 1.11, the formula set forth in Section 9.1.1 shall be computed as follows:

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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- a. During the First Period of the Contract Term, D shall equal the appropriate time differentiated capacity price from the Forecast of Annual As-Available Capacity Payment Schedule.
- b. During the Second Period of the Contract Term, the formula shall be computed with D equal to the appropriate time differentiated capacity price from Standard Offer No. 1 Capacity Payment Schedule, but not less than the greater of (i) the appropriate time differentiated capacity price from the Forecast of Annual As-Available Capacity Payment Schedule for the last year of the First Period, or (ii) the appropriate time differentiated capacity price from the Standard Offer No. 1 Capacity Payment Schedule for the first year of the Second Period.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1           9.1.2   Capacity Payment Option B -- Firm Capacity  
2                   Purchase

3           If Seller selects Capacity Payment Option B,  
4           Seller shall provide to Edison for the  
5           Contract Term the Contract Capacity  
6           specified in Section 1.5, or as adjusted  
7           pursuant to Section 9.1.2.7, and Seller  
8           shall be paid as follows:

9           9.1.2.1 If Seller meets the performance  
10                   requirements set forth in  
11                   Section 9.1.2.2, Seller shall be  
12                   paid a Monthly Capacity Payment,  
13                   beginning from the date of Firm  
14                   Operation equal to the sum of the  
15                   on-peak, mid-peak, and off-peak  
16                   Capacity Period Payments. Each  
17                   capacity period payment is calculated  
18                   pursuant to the following formula:

19 MONTHLY PERIOD CAPACITY PAYMENT = A x B x C x D

20                   Where A = Contract Capacity Price  
21                                   specified in Section 1.11 based  
22                                   on the Standard Offer No. 2  
23                                   Capacity Payment Schedule as  
24                                   approved by the Commission and  
25                                   in effect on the date of the  
26                                   execution of this Contract.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 B = Conversion factors to convert  
2 annual capacity prices to  
3 monthly payments by time of  
4 delivery as specified in  
5 Standard Offer No. 2 Capacity  
6 Payment Schedule and subject to  
7 periodic modifications as  
8 approved by the Commission.

9 C = Contract Capacity specified in  
10 Section 1.5.

11 D = Period Performance Factor, not  
12 to exceed 1.0, calculated as  
13 follows:

14 
$$\frac{\text{Period kWh purchased by Edison}}{\text{limited by the level of Contract Capacity}}$$
  
15 
$$0.8 \times \text{Contract Capacity} \times (\text{Period}$$
  
16 
$$\text{Hours minus Maintenance Hours}$$
  
17 
$$\text{Allowed in Section 4.5.})$$

18 9.1.2.2 Performance Requirements

19 To receive the Monthly Capacity  
20 Payment in Section 9.1.2.1, Seller  
21 shall provide the Contract Capacity  
22 in each Peak Month for all on-peak  
23 hours as such peak hours are defined  
24 in Edison's Tariff Schedule No. TOU-8  
25 on file with the Commission, except  
26 that Seller is entitled to a 20%

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 allowance for Forced Outages for  
2 each Peak Month. Seller shall not  
3 be subject to such performance  
4 requirements for the remaining hours  
5 of the year.

6 a. If Seller fails to meet the  
7 requirements specified in  
8 Section 9.1.2.2, Seller, in  
9 Edison's sole discretion, may be  
10 placed on probation for a period  
11 not to exceed 15 months. If  
12 Seller fails to meet the  
13 requirements specified in  
14 Section 9.1.2.2 during the  
15 probationary period, Edison may  
16 derate the Contract Capacity to  
17 the greater of the capacity  
18 actually delivered during the  
19 probationary period, or the  
20 capacity at which Seller can  
21 reasonably meet such  
22 requirements. A reduction in  
23 Contract Capacity as a result of  
24 this Section 9.1.2.2 shall be  
25 subject to Section 9.1.2.6.

26 //



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1                   b. If Seller fails to meet the  
2                   requirements set forth in  
3                   Section 9.1.2.2 due to a Forced  
4                   Outage on the Edison system or a  
5                   request to reduce or curtail  
6                   delivery under Section 9.4,  
7                   Edison shall continue Monthly  
8                   Capacity Payments pursuant to  
9                   Capacity Payment Option B. The  
10                  Contract Capacity curtailed  
11                  shall be treated the same as  
12                  scheduled maintenance outages in  
13                  the calculation of the Monthly  
14                  Capacity Payment.

15                  9.1.2.3 If Seller is unable to provide  
16                  Contract Capacity due to  
17                  Uncontrollable Forces, Edison shall  
18                  continue Monthly Capacity Payments  
19                  for 90 days from the occurrence of  
20                  the Uncontrollable Force. Monthly  
21                  Capacity Payments payable during a  
22                  period of interruption or reduction  
23                  by reason of an Uncontrollable Force  
24                  shall be treated the same as  
25                  scheduled maintenance outages.

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 9.1.2.4 Hydroelectric facilities which have  
2 their Contract Capacity based on the  
3 five dry-year average, shall not  
4 have their Contract Capacity derated  
5 when failure to meet the requirements  
6 set forth in Section 9.1.2.2 is due  
7 solely to the occurrence of a dry  
8 year which is drier than the five  
9 dry-year average.

10 9.1.2.5 Capacity Bonus Payment

11 For Capacity Payment Option B,  
12 Seller may receive a Capacity Bonus  
13 Payment as follows:

14 a. Bonus During Peak Months -- For  
15 a Peak Month, Seller shall  
16 receive a Capacity Bonus Payment  
17 if (i) the requirements set  
18 forth in Section 9.1.2.2 have  
19 been met, and (ii) the on-peak  
20 capacity factor exceeds 85%.

21 b. Bonus During Non-Peak  
22 Months -- For a non-peak month,  
23 Seller shall receive a Capacity  
24 Bonus Payment if (i) the  
25 requirements set forth in  
26 Section 9.1.2.2 have been met,

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 (ii) the on-peak capacity factor  
2 for each Peak Month during the  
3 year was at least 85%, and  
4 (iii) the on-peak capacity  
5 factor for the non-peak month  
6 exceeds 85%.

7 c. For any eligible month, the  
8 Capacity Bonus Payment shall be  
9 calculated as follows:

10 CAPACITY BONUS PAYMENT = A x B x C x D

11 Where A = (1.2 x On-Peak Capacity Factor) - 1.02

12 Where the On-Peak Capacity Factor, not  
13 to exceed 1.0, is calculated as follows:

14 
$$\frac{\text{Period kWh purchased by Edison limited}}{\text{by the level of Contract Capacity}} \times (\text{Period Hours}$$

15 
$$\text{minus Maintenance Hours Allowed in}$$

16 
$$\text{Section 4.5})$$

17 B = Contract Capacity Price specified in  
18 Section 1.11 for Capacity Payment  
19 Option B

20 C = 1/12

21 D = Contract Capacity specified in  
22 Section 1.5

23 d. When Seller is entitled to  
24 receive a Capacity Bonus  
25 Payment, the Monthly Capacity  
26 Payment shall be the sum of the

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 Monthly Capacity Payment  
2 pursuant to Section 9.1.2.1 and  
3 the Monthly Capacity Bonus  
4 Payment pursuant to this Section.

- 5 e. For Capacity Payment Option B,  
6 Seller shall be paid for  
7 capacity in excess of Contract  
8 Capacity based on the  
9 as-available capacity price in  
10 Standard Offer No. 1 Capacity  
11 Payment Schedule, as updated and  
12 approved by the Commission.

13 9.1.2.6 Capacity Reduction

- 14 a. Seller may reduce the Contract  
15 Capacity specified in  
16 Section 1.5, provided that  
17 Seller gives Edison prior  
18 written notice for a period  
19 determined by the amount of  
20 Contract Capacity reduced as  
21 follows:

<u>Amount of Contract Capacity Reduced</u>	<u>Length of Notice Required</u>
25,000 kW or under	12 months
25,001 - 50,000 kW	36 months
50,001 - 100,000 kW	48 months
over 100,000 kW	60 months

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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- b. Subject to Section 10.4, Seller shall refund to Edison with interest at the current published Federal Reserve Board three months prime commercial paper rate an amount equal to the difference between (i) the accumulated Monthly Capacity Payments paid by Edison pursuant to Capacity Payment Option B up to the time the reduction notice is received by Edison, and (ii) the total capacity payments which Edison would have paid if based on the Adjusted Capacity Price.
- c. From the date the reduction notice is received to the date of actual capacity reduction, Edison shall make capacity payments based on the Adjusted Capacity Price for the amount of Contract Capacity being reduced.
- d. Seller may reduce Contract Capacity without the notice prescribed in Section 9.1.2.6(a),

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 provided that Seller shall  
2 refund to Edison the amount  
3 specified in Section 9.1.2.6(b)  
4 and an amount equal to: (i) the  
5 amount of Contract Capacity  
6 being reduced, times (ii) the  
7 difference between the Current  
8 Capacity Price and the Contract  
9 Capacity Price, times (iii) the  
10 number of years and fractions  
11 thereof (not less than one year)  
12 by which the Seller has been  
13 deficient in giving prescribed  
14 notice. If the Current Capacity  
15 Price is less than the Contract  
16 Capacity Price, only payment  
17 under Section 9.1.2.6(b) shall  
18 be due to Edison.

19 9.1.2.7 Adjustment to Contract Capacity

20 The Parties may agree in writing at  
21 any time to adjust the Contract  
22 Capacity. Seller may reduce the  
23 Contract Capacity pursuant to  
24 Section 9.1.2.6. Seller may increase  
25 the Contract Capacity with Edison's  
26 approval and thereafter receive

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 payment for the increased capacity  
2 in accordance with the Contract  
3 Capacity Price for the Capacity  
4 Payment Option selected by Seller  
5 for the remaining Contract Term.

6 9.2 Energy Payments - First Period

7 During the First Period of the Contract Term, Seller  
8 shall be paid a Monthly Energy Payment for the  
9 Energy delivered by the Seller to Edison at the  
10 Point of Interconnection pursuant to the Energy  
11 Payment Option selected by Seller in Section 1.12,  
12 as follows. (Data used to derive Edison's Energy  
13 payments for the First Period will be made available  
14 to the Seller, to the extent specified by Seller,  
15 upon request.)

16 9.2.1 Energy Payment Option 1 -- Forecast of  
17 Annual Marginal Cost of Energy.

18 If Seller selects Energy Payment Option 1,  
19 then during the First Period of the Contract  
20 Term, Seller shall be paid a Monthly Energy  
21 Payment for Energy delivered by Seller and  
22 purchased by Edison during each month in the  
23 First Period of the Contract Term pursuant  
24 to the following formula:

25 MONTHLY ENERGY PAYMENT = (A x D) + (B x D) + (C x D)

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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Where A = kWh purchased by Edison during on-peak periods defined in Edison's Tariff Schedule No. TOU-8.

B = kWh purchased by Edison during mid-peak periods defined in Edison's Tariff Schedule No. TOU-8.

C = kWh purchased by Edison during off-peak periods defined in Edison's Tariff Schedule No. TOU-8.

D = The sum of:  
(i) the appropriate time differentiated energy price from the Forecast of Annual Marginal Cost of Energy, multiplied by the decimal equivalent of the percentage of the forecast specified in Section 1.12, and  
(ii) the appropriate time differentiated energy price from Edison's published avoided cost of energy multiplied by the decimal equivalent of the percentage of the published



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

energy price specified in  
Section 1.12.

9.2.2 Energy Payment Option 2 -- Levelized

Forecast of Marginal Cost of Energy.

If Seller selects Energy Payment Option 2,  
then during the First Period of the Contract  
Term, Seller shall be paid a Monthly Energy  
Payment for Energy delivered by Seller and  
purchased by Edison each month during the  
First Period of the Contract Term pursuant  
to the following formula:

$$\text{MONTHLY ENERGY PAYMENT} = (A \times D) + (B \times D) + (C \times D)$$

Where A = kWh purchased by Edison during  
on-peak periods defined in  
Edison's Tariff Schedule  
No. TOU-8.

B = kWh purchased by Edison during  
mid-peak periods defined in  
Edison's Tariff Schedule  
No. TOU-8.

C = kWh purchased by Edison during  
off-peak periods defined in  
Edison's Tariff Schedule  
No. TOU-8.

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 D = The sum of:

2 (i) the appropriate time  
3 differentiated energy price from  
4 the Levelized Forecast of  
5 Marginal Cost of Energy, for the  
6 First Period of the Contract  
7 Term multiplied by the decimal  
8 equivalent of the percentage of  
9 the levelized forecast specified  
10 in Section 1.12, and  
11 (ii) the appropriate time  
12 differentiated energy price from  
13 Edison's published avoided cost  
14 of energy multiplied by the  
15 decimal equivalent of the  
16 percentage of the published  
17 energy price specified in  
18 Section 1.12.

19 9.2.2.1 Performance Requirement for Energy  
20 Payment Option 2

21 During the First Period when the  
22 annual forecast referred to in  
23 Section 9.2.1 is greater than the  
24 levelized forecast referred to in  
25 Section 9.2.2, Seller shall deliver  
26 to Edison at least 70 percent of the

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 average annual kWh delivered to  
2 Edison during those previous periods  
3 when the levelized forecast referred  
4 to in Section 9.2.2 is greater than  
5 the annual forecast referred to in  
6 Section 9.2.1 as resource conditions  
7 permit for solar, wind, and hydro  
8 Generating Facilities and excluding  
9 Uncontrollable Forces. If Seller does  
10 not meet the performance requirements  
11 of this Section 9.2.2.1, Seller  
12 shall be subject to Section 9.5.

13 9.2.3 Energy Payment Option 3 - Forecast of  
14 Incremental Energy Rate (IER)

15 If Seller selects Energy Payment Option 3,  
16 Seller shall be paid a Monthly Energy  
17 Payment for Energy delivered by Seller and  
18 purchased by Edison each month during the  
19 First Period of the Contract Term based on  
20 the Forecast of Incremental Energy Rates  
21 authorized by the Commission as specified in  
22 Section 1.12. The Monthly Energy Payment  
23 for Energy delivered by Seller and purchased  
24 by Edison shall be calculated pursuant to  
25 the following formula:

26 MONTHLY ENERGY PAYMENT = (A x D) + (B x D) + (C x D)

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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Where A = kWh purchased by Edison during on-peak periods defined in Edison's Tariff Schedule No. TOU-8.

B = kWh purchased by Edison during mid-peak periods defined in Edison's Tariff Schedule No. TOU-8.

C = kWh purchased by Edison during off-peak periods defined in Edison's Tariff Schedule No. TOU-8.

D = appropriate time differentiated energy price equal to:  
 $D = (i + ii + iii) \times iv$

Where (i) = the proportion of time expressed in hours oil is expected to be the avoided fuel.

x IER, converted to the appropriate time of delivery for Winter/Summer Periods, expressed in Btu/kWh

x Price of boiler oil fuel, expressed in \$/million Btu used in Edison's published avoided cost of energy

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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(ii) = The proportion of time expressed  
in hours gas is expected to be  
the avoided fuel

x IER, converted to the  
appropriate time of delivery for  
Winter/Summer Periods, expressed  
in Btu/kWh

x Gas IER conversion factor of  
1.035

x Price of gas pursuant to  
Southern California Gas Co.  
Tariff Schedule No. GN-5,  
expressed in \$/million Btu used  
in Edison's published avoided  
cost of energy

(iii) = Variable Operating and  
Maintenance expense expressed in  
¢/kWh as accepted by the  
Commission

(iv) = Energy Loss Adjustment Factor as  
authorized by the Commission

9.2.3.1 Seller may elect during the First  
Period to specify a range in  
increments of 100 Btu/kWh above and  
below Edison's Forecast of  
Incremental Energy Rates in effect

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 at the time of execution of this  
2 Contract as specified in  
3 Section 1.12 for the basis of  
4 calculation of Seller's Monthly  
5 Energy Payment.

6 a. If the Incremental Heat Rates  
7 for the Edison system fall  
8 within the range of the forecast  
9 IER and increments specified in  
10 Section 1.12, Seller's Monthly  
11 Energy Payment shall be equal to  
12 100% of Edison's published  
13 avoided cost of energy as  
14 updated and authorized by the  
15 Commission pursuant to the  
16 formula set forth in Section 9.3.

17 b. If the Incremental Heat Rates  
18 for the Edison system fall  
19 outside the range of the  
20 forecast IER and increments  
21 specified in Section 1.12,  
22 Seller's Monthly Energy Payment  
23 shall be calculated pursuant to  
24 the formula used in Section 9.2.3  
25 using as the IER the following  
26 value:

1 IER = Forecast IER + IER increments as specified in  
2 Section 1.12.

3 9.3 Energy Payments - Second Period

4 During the Second Period of the Contract Term,  
5 Seller shall be paid a Monthly Energy Payment for  
6 Energy delivered by Seller and purchased by Edison  
7 at a rate equal to 100% of Edison's published  
8 avoided cost of energy based on Edison's full  
9 avoided operating cost as updated periodically and  
10 accepted by the Commission, pursuant to the  
11 following formula:

12 MONTHLY ENERGY PAYMENT = kWh purchased by Edison for each  
13 on-peak, mid-peak, and off-peak  
14 time period defined in Edison's  
15 Tariff Schedule No. TOU-8  
16 x Edison's published avoided cost  
17 of energy by time of delivery  
18 for each time period.

19 Data used to derive Edison's full avoided costs will  
20 be made available to the Seller, to the extent  
21 specified by Seller, upon request.

22 9.4 Edison shall not be obligated to accept or pay for  
23 Energy, and may request Seller whose Generating  
24 Facility is one (1) MW or greater to discontinue or  
25 reduce delivery of Energy, for not more than  
26 300 hours annually during off-peak hours when

1 (i) purchases would result in costs greater than  
2 those which Edison would incur if it did not  
3 purchase Energy from Seller but instead utilized an  
4 equivalent amount of Energy generated from another  
5 Edison source, or (ii) the Edison Electric System  
6 demand would require that Edison hydro-energy be  
7 spilled to reduce generation.

8 9.5 Energy Payment Refund

9 If Seller elects Energy Payment Option 2, Seller  
10 shall be subject to the following:

11 9.5.1 If Seller fails to perform the Contract  
12 obligations for any reason during the First  
13 Period of the Contract Term, or fails to  
14 meet the performance requirements set forth  
15 in Section 9.2.2.1, and at the time of such  
16 failure to perform, the net present value of  
17 the cumulative Energy payments received by  
18 Seller pursuant to Energy Payment Option 2  
19 exceeds the net present value of what Seller  
20 would have been paid pursuant to Energy  
21 Payment Option 1, Seller shall make an  
22 energy payment refund equal to the  
23 difference in such net present values in the  
24 year in which the refund is due. The  
25 present value calculation shall be based

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 upon the rate of Edison's incremental cost  
2 of capital specified in Section 1.12.

3 9.5.2 Not less than 90 days prior to the date  
4 Energy is first delivered to the Point of  
5 Interconnection, Seller shall provide and  
6 maintain a performance bond, surety bond,  
7 performance insurance, corporate guarantee,  
8 or bank letter of credit, satisfactory to  
9 Edison, which shall insure payment to Edison  
10 of the Energy Payment Refund at any time  
11 during the First Period. Edison may, in its  
12 sole discretion, accept another form of  
13 security except that in such instance a  
14 1-1/2 percent reduction shall then apply to  
15 the levelized forecast referred to in  
16 Section 9.2.2 in computing payments for  
17 Energy. Edison shall be provided with  
18 certificates evidencing Seller's compliance  
19 with the security requirements in this  
20 Section which shall also include the  
21 requirement that Edison be given 90 days  
22 prior written notice of the expiration of  
23 such security.

24 9.5.3 If Seller fails to provide replacement  
25 security not less than 60 days prior to the  
26 date of expiration of existing security, the

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 Energy Payment Refund provided in Section 9.5  
2 shall be payable forthwith. Thereafter,  
3 payments for Energy shall be 100 percent of  
4 the Monthly Energy Payment provided in  
5 Section 9.2.1.

6 9.5.4 If Edison at any time determines the  
7 security to be otherwise inadequate, and so  
8 notifies Seller, payments thereafter for  
9 Energy shall be 100 percent of the Monthly  
10 Energy Payment provided in Section 9.2.1.  
11 If within 30 days of the date Edison gives  
12 notice of such inadequacies, Seller  
13 satisfies Edison's security requirements,  
14 Energy Payment Option 2 shall be  
15 reinstated. If Seller fails to satisfy  
16 Edison's security requirements within the  
17 30-day period, the Energy Payment Refund  
18 provided in Section 9.5 shall be payable  
19 forthwith.

20 10. PAYMENT AND BILLING PROVISIONS

21 10.1 For Energy and capacity purchased by Edison:

22 10.1.1 Edison shall mail to Seller not later than  
23 thirty days after the end of each monthly  
24 billing period (1) a statement showing the  
25 Energy and Contract Capacity delivered to  
26 Edison during the on-peak, mid-peak, and

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 off-peak periods, as those periods are  
2 specified in Edison's Tariff Schedule  
3 No. TOU-8 for that monthly billing period,  
4 (2) Edison's computation of the amount due  
5 Seller, and (3) Edison's check in payment of  
6 said amount.

7 10.1.2 If the monthly payment period involves  
8 portions of two different published Energy  
9 payment schedule periods, the monthly Energy  
10 payment shall be prorated on the basis of  
11 the percentage of days at each price.

12 10.1.3 If the payment period is less than 27 days  
13 or greater than 33 days, the capacity  
14 payment shall be prorated on the basis of  
15 the average days per month per year.

16 10.1.4 If within thirty days of receipt of the  
17 statement Seller does not make a report in  
18 writing to Edison of an error, Seller shall  
19 be deemed to have waived any error in  
20 Edison's statement, computation, and  
21 payment, and they shall be considered  
22 correct and complete.

23 10.2 For electric service provided by Edison:

24 10.2.1 Under Operating Option III pursuant to  
25 Section 5.1, standby electric service shall  
26 be provided under terms and conditions of

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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Edison's tariff schedule indicated below as now in effect or as may hereafter be authorized by the Commission to be revised.

The applicable tariff schedules are:

<u>STANDBY TARIFF</u> <u>SCHEDULE NO.</u>	<u>ELECTRIC SERVICE TARIFF</u>
SCG-1	TOU-8 or GS-2
SCG-2	TOU-8
SCG-3	TOU-8

10.2.1.1 (Applicable to SCG-1 only) The Standby Demand for calculation of the standby charge in SCG-1 is specified in Section 1.9. Edison reserves the right to adjust the Standby Demand based on recorded demand during periods standby power is required.

10.2.1.2 (Applicable to SCG-1 only) The capacity rating for determination of standby waiver qualifications shall be Contract Capacity plus the maximum electric load served by the Generating Facility during the on-peak time period recorded during the preceding 12-month time period.

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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10.2.1.3 A minimum monthly charge may be established for standby electric service as provided in the tariff schedule elected in Section 1.9. Said minimum monthly charge shall be specified in Section 1.9.

10.2.2 Under Operating Options II and III pursuant to Section 5.1, electric service shall be provided under terms, conditions, and rates of Edison's tariff schedule indicated below as now in effect or as may hereafter be authorized by the Commission to be revised. The applicable tariff schedule is:

GS-1

The contract demand for calculation of the minimum demand charge in the applicable tariff schedules is specified in Section 1.9.

10.2.3 Edison shall commence billing Seller for electric service rendered pursuant to the applicable tariff schedule on the date that the Point of Interconnection is energized.

10.3 Monthly charges associated with Interconnection Facilities shall be billed pursuant to the Interconnection Facilities Agreement contained in the Appendix specified in Section 1.10.

1 10.4 Payments due to Contract Capacity Reduction

2 10.4.1 The Parties agree that the refund and  
3 payments provided in Section 9.1.2.6  
4 represent a fair compensation for the  
5 reasonable losses that would result from  
6 such reduction of Contract Capacity.

7 10.4.2 In the event of a reduction in Contract  
8 Capacity, the quantity, in kW, by which the  
9 Contract Capacity is reduced shall be used  
10 to calculate the refunds and payments due  
11 Edison in accordance with Section 9.1.2.6,  
12 as applicable.

13 10.4.3 Edison shall provide invoices to Seller for  
14 all refunds and payments due Edison under  
15 this section which shall be due within  
16 60 days.

17 10.4.4 If Seller does not make payments as required  
18 in Section 10.4.3, Edison shall have the  
19 right to offset any amounts due it against  
20 any present or future payments due Seller  
21 and may pursue any other remedies available  
22 to Edison as a result of Seller's failure to  
23 perform.

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 10.5 Energy Payment Refund

2 Energy Payment Refund is immediately due and payable  
3 upon Seller's failure to perform the Contract  
4 obligations as specified in Section 9.5.

5 11. TAXES

6 11.1 Seller shall pay ad valorem taxes and other taxes  
7 properly attributable to the Project. If such taxes  
8 are assessed or levied against Edison, Seller shall  
9 pay Edison for such assessment or levy.

10 11.2 Seller shall pay ad valorem taxes and other taxes  
11 properly attributed to land, land rights, or  
12 interest in land for the Project. If such taxes are  
13 assessed or levied against Edison, Seller shall pay  
14 Edison for such assessment or levy.

15 11.3 If the Interconnection Facilities are owned by  
16 Edison, Edison shall pay ad valorem taxes and other  
17 taxes properly attributed to said facilities. If  
18 such taxes are assessed or levied against Seller,  
19 Edison shall pay Seller for such assessment or levy.

20 11.4 Seller or Edison shall provide information  
21 concerning the Project to any requesting taxing  
22 authority.

23 12. TERMINATION

24 This Contract shall terminate if Firm Operation does not  
25 occur within 5 years of the date of Contract execution.

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1 13. LIABILITY

2 13.1 Each Party (First Party) releases the other Party  
3 (Second Party), its directors, officers, employees  
4 and agents from any loss, damage, claim, cost,  
5 charge, or expense of any kind or nature (including  
6 any direct, indirect or consequential loss, damage,  
7 claim, cost, charge, or expense), including  
8 attorneys' fees and other costs of litigation,  
9 incurred by the First Party in connection with  
10 damage to property of the First Party caused by or  
11 arising out of the Second Party's construction,  
12 engineering, repair, supervision, inspection,  
13 testing, protection, operation, maintenance,  
14 replacement, reconstruction, use or ownership of its  
15 facilities, to the extent that such loss, damage,  
16 claim, cost, charge, or expense is caused by the  
17 negligence of Second Party, its directors, officers,  
18 employees, agents, or any person or entity whose  
19 negligence would be imputed to Second Party.

20 13.2 Each Party shall indemnify and hold harmless the  
21 other Party, its directors, officers, and employees  
22 or agents from and against any loss, damage, claim,  
23 cost, charge, or expense of any kind or nature  
24 (including direct, indirect or consequential loss,  
25 damage, claim, cost, charge, or expense), including  
26 attorneys' fees and other costs of litigation,



SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 incurred by the other Party in connection with the  
2 injury to or death of any person or damage to  
3 property of a third party arising out of the  
4 indemnifying Party's construction, engineering,  
5 repair, supervision, inspection, testing,  
6 protection, operation, maintenance, replacement,  
7 reconstruction, use, or ownership of its facilities,  
8 to the extent that such loss, damage, claim, cost,  
9 charge, or expense is caused by the negligence of  
10 the indemnifying Party, its directors, officers,  
11 employees, agents, or any person or entity whose  
12 negligence would be imputed to the indemnifying  
13 Party; provided, however, that each Party shall be  
14 solely responsible for and shall bear all cost of  
15 claims brought by its contractors or its own  
16 employees and shall indemnify and hold harmless the  
17 other Party for any such costs including costs  
18 arising out of any workers compensation law. Seller  
19 releases and shall defend and indemnify Edison from  
20 any claim, cost, loss, damage, or liability arising  
21 from any representation concerning the effect of  
22 Edison's review of the design, construction,  
23 operation, or maintenance of the Project.

24 13.3 The provisions of this Section 13 shall not be  
25 construed so as to relieve any insurer of its  
26 obligations to pay any insurance claims in

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1           accordance with the provisions of any valid  
2           insurance policy.

3       13.4 Neither Party shall be indemnified under this  
4           Section 13 for its liability or loss resulting from  
5           its sole negligence or willful misconduct.

6   14.   INSURANCE

7       14.1 Until Contract is terminated, Seller shall obtain  
8           and maintain in force as hereinafter provided  
9           comprehensive general liability insurance, including  
10          contractual liability coverage, with a combined  
11          single limit of not less than \$1,000,000 each  
12          occurrence. The insurance carrier or carriers and  
13          form of policy shall be subject to review and  
14          approval by Edison.

15      14.2 Prior to the date Seller's Generating Facility is  
16          first operated in parallel with Edison's electric  
17          system, Seller shall (i) furnish certificate of  
18          insurance to Edison, which certificate shall provide  
19          that such insurance shall not be terminated nor  
20          expire except on thirty days prior written notice to  
21          Edison, (ii) maintain such insurance in effect for  
22          so long as Seller's Generating Facility is operated  
23          in parallel with Edison's electric system, and  
24          (iii) furnish to Edison an additional insured  
25          endorsement with respect to such insurance in  
26          substantially the following form:

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 "In consideration of the premium charged,  
2 Southern California Edison Company (Edison) is  
3 named as additional insured with respect to all  
4 liabilities arising out of Seller's use and  
5 ownership of Seller's Generating Facility."

6 "The inclusion of more than one insured under  
7 this policy shall not operate to impair the  
8 rights of one insured against another insured  
9 and the coverages afforded by this policy will  
10 apply as though separate policies had been  
11 issued to each insured. The inclusion of more  
12 than one insured will not, however, operate to  
13 increase the limit of the carrier's liability.  
14 Edison will not, by reason of its inclusion  
15 under this policy, incur liability to the  
16 insurance carrier for payment of premium for  
17 this policy."

18 "Any other insurance carried by Edison which  
19 may be applicable shall be deemed excess  
20 insurance and Seller's insurance primary for  
21 all purposes despite any conflicting provisions  
22 in Seller's policy to the contrary."

23 If the requirement of Section 14.2(iii) prevents  
24 Seller from obtaining the insurance required in  
25 Section 14.1, then upon written notification by  
26 Seller to Edison Section 14.2(iii) shall be waived.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 14.3 The requirements of this Section 14 shall not apply  
2 to Seller who is a self-insured governmental agency  
3 with established record of self-insurance.

4 14.4 If Seller fails to comply with the provisions of  
5 this Section 14, Seller shall, at its own cost,  
6 defend, indemnify, and hold harmless Edison, its  
7 directors, officers, employees, agents, assigns, and  
8 successors in interest from and against any and all  
9 loss, damage, claim, cost, charge, or expense of any  
10 kind or nature (including direct, indirect or  
11 consequential loss, damage, claim, cost, charge, or  
12 expense, including attorneys' fees and other costs  
13 of litigation) resulting from the death or injury to  
14 any person or damage to any property, including the  
15 personnel and property of Edison, to the extent that  
16 Edison would have been protected had Seller complied  
17 with all of the provisions of this Section 14.

18 15. UNCONTROLLABLE FORCES

19 15.1 Neither Party shall be considered to be in default  
20 in the performance of any of the agreements  
21 contained in this Contract, except for obligations  
22 to pay money, when and to the extent failure of  
23 performance shall be caused by an Uncontrollable  
24 Force.

25 15.2 If either Party because of an Uncontrollable Force  
26 is rendered wholly or partly unable to perform its

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 obligations under this Contract, the Party shall be  
2 excused from whatever performance is affected by the  
3 Uncontrollable Force to the extent so affected  
4 provided that:

- 5 (1) the nonperforming Party, within two weeks after  
6 the occurrence of the Uncontrollable Force,  
7 gives the other Party written notice describing  
8 the particulars of the occurrence,  
9 (2) the suspension of performance is of no greater  
10 scope and of no longer duration than is  
11 required by the Uncontrollable Force,  
12 (3) the nonperforming Party uses its best efforts  
13 to remedy its inability to perform (this  
14 subsection shall not require the settlement of  
15 any strike, walkout, lockout or other labor  
16 dispute on terms which, in the sole judgment of  
17 the Party involved in the dispute, are contrary  
18 to its interest. It is understood and agreed  
19 that the settlement of strikes, walkouts,  
20 lockouts or other labor disputes shall be at  
21 the sole discretion of the Party having the  
22 difficulty),  
23 (4) when the nonperforming Party is able to resume  
24 performance of its obligations under this  
25 Contract, that Party shall give the other Party  
26 written notice to that effect, and

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 (5) capacity payments during such periods of  
2 Uncontrollable Force on Seller's part shall be  
3 governed by Section 9.1.2.3.

4 15.3 In the event that either Party's ability to perform  
5 cannot be corrected when the Uncontrollable Force is  
6 caused by the actions or inactions of legislative,  
7 judicial or regulatory agencies or other proper  
8 authority, this Contract may be amended to comply  
9 with the legal or regulatory change which caused the  
10 nonperformance.

11 If a loss of Qualifying Facility status occurs due  
12 to an Uncontrollable Force and Seller fails to make  
13 the changes necessary to maintain its Qualifying  
14 Facility status, the Seller shall compensate Edison  
15 for any economic detriment incurred by Edison as a  
16 result of such failure.

17 16. NONDEDICATION OF FACILITIES

18 Neither Party, by this Contract, dedicates any part of  
19 its facilities involved in this Project to the public or  
20 to the service provided under the Contract, and such  
21 service shall cease upon termination of the Contract.

22 17. PRIORITY OF DOCUMENTS

23 If there is a conflict between this document and any  
24 Appendix, the provisions of this document shall govern.  
25 Each Party shall notify the other immediately upon the  
26 determination of the existence of any such conflict.

SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 18. NOTICES AND CORRESPONDENCE

2 All notices and correspondence pertaining to this  
3 Contract shall be in writing and shall be sufficient if  
4 delivered in person or sent by certified mail, postage  
5 prepaid, return receipt requested, to Seller as specified  
6 in Section 1.1, or to Edison as follows:

7 Southern California Edison Company  
8 Post Office Box 800  
9 Rosemead, California 91770  
10 Attention: Secretary

11 All notices sent pursuant to this Section 18 shall be  
12 effective when received, and each Party shall be entitled  
13 to specify as its proper address any other address in the  
14 United States upon written notice to the other Party.

15 19. PREVIOUS COMMUNICATIONS

16 This Contract contains the entire agreement and  
17 understanding between the Parties, their agents, and  
18 employees as to the subject matter of this Contract, and  
19 merges and supersedes all prior agreements, commitments,  
20 representations, and discussions between the Parties. No  
21 Party shall be bound to any other obligations,  
22 conditions, or representations with respect to the  
23 subject matter of this Contract.

24 20. NONWAIVER

25 None of the provisions of the Contract shall be considered  
26 waived by either Party except when such waiver is given in  
writing. The failure of either Edison or Seller to insist

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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

1 in any one or more instances upon strict performance of  
2 any of the provisions of the Contract or to take advantage  
3 of any of its rights hereunder shall not be construed as  
4 a waiver of any such provisions or the relinquishment of  
5 any such rights for the future, but the same shall  
6 continue to remain in full force and effect.

7 21. SUCCESSORS AND ASSIGNS

8 Neither Party shall voluntarily assign its rights nor  
9 delegate its duties under this Contract, or any part of  
10 such rights or duties, without the written consent of the  
11 other Party, except in connection with the sale or merger  
12 of a substantial portion of its properties. Any such  
13 assignment or delegation made without such written  
14 consent shall be null and void. Consent for assignment  
15 shall not be withheld unreasonably. Such assignment  
16 shall include, unless otherwise specified therein, all of  
17 Seller's rights to any refunds which might become due  
18 under this Contract.

19 22. EFFECT OF SECTION HEADINGS

20 Section headings appearing in this Contract are inserted  
21 for convenience only, and shall not be construed as  
22 interpretations of text.

23 23. GOVERNING LAW

24 This Contract shall be interpreted, governed, and  
25 construed under the laws of the State of California as if  
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SCE STANDARD CONTRACT  
LONG-TERM POWER PURCHASE

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executed and to be performed wholly within the State of California.

24. MULTIPLE ORIGINALS

This Contract is executed in two counterparts, each of which shall be deemed an original.

SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have executed this Contract this 10<sup>TH</sup> of SEPTEMBER, 1986.

APPROVED AS TO FORM:  
JOHN R. SUFFY  
General Counsel  
By Michael D. Dozer  
May 6 1986

SOUTHERN CALIFORNIA EDISON COMPANY

By *Glenn J. Bjorklund*  
GLENN J. BJORKLUND  
Vice President

RENEWABLE ENERGY VENTURES INCORPORATED

By *E. E. Ebner*  
E. E. EBNER  
President

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APPENDIX B  
CAPACITY PAYMENT SCHEDULE FOR  
STANDARD OFFER NO. 1 AND NO. 2

Document No. 3301H

**CAPACITY PAYMENT SCHEDULE FOR STANDARD OFFER NO. 1 AS-AVAILABLE POWER PURCHASE<sup>1/</sup>**  
**EFFECTIVE JANUARY 1, 1986**

Line No.	Costing Period (1)	Capacity Payment <sup>2/</sup> \$/kWh (2)
1.	<u>Time-Differentiated Payments</u>	
2.	<u>Summer</u>	
3.	On-peak	
4.	Mid-peak	10.95
5.	Off-peak	0.12
6.	<u>Winter</u>	
7.	On-peak	
8.	Mid-peak	2.62
9.	Off-peak	0.58
10.	<u>Nontime-Differentiated Payments</u> <sup>3/</sup>	
11.	<u>Summer</u>	0.99
12.	<u>Winter</u>	0.25

<sup>1/</sup> Based on \$88/kW - year. (1986 Shortage Costs)

<sup>2/</sup> This Capacity Payment Schedule is based on the deferral of combustion turbines and is to be updated from time-to-time in accordance with Edison's General Rate Case decisions or as otherwise authorized by the CPUC. The schedule includes future escalations of capital costs and operation and maintenance costs.

<sup>3/</sup> Per CPUC D. No. 82-01-103, Capacity Payments are reduced 50% for projects under Standard Offer No. 3 with no time of delivery meters.

**ANNUAL CAPACITY-PAYMENT SCHEDULE FOR STANDARD OFFER NO. 2**  
**FIRM POWER PURCHASES\* EFFECTIVE JANUARY 1, 1986**

Line No.	Year of Initial Delivery	\$/kW-Year Contract Term (Years)						
		1	5	10	15	20	25	30
1.	1986	88	99	112	124	133	141	146
2.	1987	94	105	120	132	143	151	155
3.	1988	100	113	128	141	153	162	165
4.	1989	107	121	137	151	164	173	175
5.	1990	115	130	147	162	176	185	187

Conversion to Monthly Payments (Applicable for Payment Option 2 Only): The following factors are currently effective for conversion of the above annual capacity values to monthly payments by time period of delivery. These conversion factors will be subject to periodic change as approved by the CPUC.

	Summer	Winter
On-Peak	0.1643	0.0245
Mid-Peak	0.0028	0.0123
Off-Peak	0.0025	0.0036

\* This Capacity-Payment Schedule is based on the deferral of combustion turbines and is to be updated from time-to-time in accordance with Edison's General Rate Case decisions or as otherwise authorized by the CPUC. The Capacity-Payment Schedule includes future escalations of capital costs, operation and maintenance costs, and has been translated into a levelized-series payment for the term of the contract. Prices in the above schedule are given in dollars by year of delivery (i.e., the 1986 line shows dollars to be paid for all years of the contract term for contracts starting in 1986).

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APPENDIX C

FORECAST OF ANNUAL MARGINAL COST OF ENERGY

SOUTHERN CALIFORNIA EDISON COMPANY

LONG TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE - FORECAST OF ANNUAL MARGINAL

COST OF ENERGY 1/

<u>Line No.</u>	<u>Year</u>	<u>Annual Marginal Cost of Energy 2/ (¢/kWh)</u>
1	1983	5.3
2	1984	5.6
3	1985	5.7
4	1986	6.0
5	1987	6.4
6	1988	6.9
7	1989	7.6
8	1990	8.1
9	1991	8.6
10	1992	9.3
11	1993	10.1
12	1994	10.9
13	1995	11.8
14	1996	12.6
15	1997	13.6

1/ This forecast to be used in conjunction with Energy Payment Option 1.

2/ The annual energy payments in the table will be converted to seasonal time-of-delivery energy payment rates that are consistent with the time-of-delivery rates currently authorized by the Commission for Avoided Energy Cost Payments.

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE - FORECAST OF ANNUAL MARGINAL  
COST OF ENERGY 1/

SEASONAL TIME OF DELIVERY

: Line : : : : Annual Marginal Cost of Energy 2/ :  
: No. : Year : Season : Period : (¢/kWh) :

1.	1983	Summer	On-Peak	5.8
2.			Mid-Peak	5.5
3.			Off-Peak	5.2
4.		Winter	On-Peak	5.3
5.			Mid-Peak	5.3
6.			Off-Peak	5.2
7.		Annual		5.3

1/ This forecast to be used in conjunction with Energy Payment Option 1.

2/ In subsequent years, the annual energy payments in the table will be converted to seasonal time-of-delivery energy payment rates that are consistent with the time-of-delivery rates currently authorized by the Commission for Avoided Energy Cost Payments.