

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

CONFORMED COPY

SCE STANDARD CONTRACT
LONG TERM POWER PURCHASE

POWER PURCHASE CONTRACT
BETWEEN
SOUTHERN CALIFORNIA EDISON COMPANY
AND
SIROCCO ENERGY, .INC.

CLD NO. 382501

DOCUMENT NO.: 2201C
EFFECTIVE DATE: September 7, 1983
REVISED: May 4, 1984

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1. PROJECT SUMMARY

This Contract is entered into between Southern California Edison Company ("Edison") and Sirocco Energy, Inc. ("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: P.O. Box 509, Tehachapi, CA 93561

1.2 Seller's Generating Facility:

a. Nameplate Rating: 875 kW.

b. Location: S.E. 1/4 of N.E. 1/4 of Section 2,
T11N, R14W..

c. Type (Check One):

Cogeneration Facility

Small Power Production Facility

d. Delivery of power to Edison at a nominal 12,000 volts.

e. Seller shall commence construction of the Generating Facility by September 15, 1984.

1.3 Edison Customer Service District:

Antelope Valley

42060 - 10th Street West

Lancaster, CA 93539

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1 1.4 Location of Edison Operating Switching Center:

2 Antelope Substation

3 9634 West Avenue J

4 Lancaster, California

5 1.5 Contract Capacity: 0 kW

6 1.5.1 Estimated as-available capacity: 260 kW.

7 1.6 Expected annual production: 2,625,000 kWh.

8 1.7 Expected Firm Operation for each generating
9 unit(s): October 15, 1984.

10 1.8 Contract Term: 30 years

11 1.9 Operating Options pursuant to Section 5: (Check One)

12 Operating Option I. Entire Generator output
13 dedicated to Edison. No electric service or
14 standby service required.

15 Operating Option II. Entire Generator output
16 dedicated to Edison with separate electric
17 service required.

18 a. Electric service Tariff Schedule No. GS-1
19 pursuant to Section 10.2.

20 b. Contract demand 0 kW.

21 Operating Option III. Excess generator output
22 dedicated to Edison with Seller serving own
23 load.

24 a. Electric service Tariff Schedule No. _____
25 pursuant to Section 10.2.

26 b. Contract demand _____ kW.

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- 1 c. Standby Demand _____ kW pursuant to
2 Section 10.2.
- 3 d. Maximum electrical requirements
4 expected _____ kW.
- 5 e. Standby electric service Tariff Schedule
6 No. _____ pursuant to Section 10.2.
- 7 f. Minimum monthly charge for standby
8 service _____.

9 1.10 Interconnection Facilities Agreement pursuant to
10 Section 6 shall be: (Check One)

- 11 - Added Facilities Basis (Appendix A.1)
12 _____ - Capital Contribution Basis (Appendix A.2)
13 _____ - Seller Owned and Operated Basis (Appendix A.3)

14 1.11 The Capacity Payment Option selected by Seller
15 pursuant to Section 9.1 shall be: (Check One)

- 16 Option A - As-available capacity based upon:
17 _____ Standard Offer No. 1 Capacity Payment
18 Schedule, or
19 Forecast of Annual As-Available Capacity
20 Payment Schedule. The as-available
21 capacity price (first year):
22 \$ 76 kW-yr. (Appendix B)
- 23 _____ Option B - Firm Capacity (check one)
24 _____ Standard Offer No. 2 Capacity Payment
25 Schedule in effect at time of Contract
26 execution.

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

4 Contract Capacity Price: \$ _____/kW-yr.
5 (Firm Capacity).

6 1.12 The Energy Payment Option selected by Seller
7 pursuant to Section 9.2 shall be: (Check One)

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

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

15 If Seller's Generating Facility is an
16 oil/natural gas fueled cogenerator, Seller may
17 not select Option 2.

18 For the energy payment refund pursuant to
19 Section 9.5 under Option 2, Edison's Incremental
20 Cost of Capital is ____ %.

21 Seller may change once between Options 1 and 2,
22 provided Seller delivers written notice of such
23 change at least 90 days prior to the date of
24 Firm Operation.

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(1d)

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

4 100 Percent of Forecast of Marginal Cost of
5 Energy (Annual or Levelized), not to
6 exceed 20% of the annual forecast for
7 oil/natural gas fueled cogenerators, and
8 _____ Percent of Edison's published avoided cost
9 of energy based on Edison's full avoided
10 operating costs as updated periodically
11 and accepted by the Commission.

12 _____ Option 3 - Incremental Energy Rate. Seller may
13 select:

14 _____ Forecast of Incremental Energy Rate in
15 effect at date of execution of this
16 Contract (Appendix D),

17 or

18 _____ A range in increments of 100 Btu/kWh above
19 and below the forecast of incremental
20 energy rates for each year during the
21 First Period of the Contract Term as
22 follows:

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	Year	Range	Year	Range	Year	Range
1						
2	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____
5	_____	_____	_____	_____	_____	_____

1.13 Metering Location (Check one)

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.

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GENERAL TERMS & CONDITIONS

1
2 2. DEFINITIONS

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

6 2.1 Adjusted Capacity Price: The \$/kW-yr capacity
7 purchase price based on the Capacity Payment
8 Schedule in effect at time of Contract execution for
9 the time period beginning on the date of Firm
10 Operation for the first generating unit and ending
11 on the date of termination or reduction of Contract
12 Capacity under Capacity Payment Option B.

13 2.2 Appendix A.1: Interconnection Facilities Agreement
14 -- Added Facilities Basis

15 2.3 Appendix A.2: Interconnection Facilities Agreement
16 -- Capital Contribution Basis

17 2.4 Appendix A.3: Interconnection Facilities Agreement
18 -- Seller Owned and Operated Basis

19 2.5 Appendix B: Forecast of Annual As Available
20 Capacity Payment Schedule

21 2.6 Appendix C: Forecast of Annual Marginal Cost of
22 Energy

23 2.7 Appendix D: Forecast of Incremental Energy Rates.

24 2.8 Capacity Payment Schedule(s): Published capacity
25 payment schedule(s) as authorized by the Commission
26 for as-available or firm capacity.

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1 2.9 Cogeneration Facility: The facility and equipment
2 which sequentially generate thermal and electrical
3 energy as defined in Title 18, Code of Federal
4 Regulations, Section 292.202.

5 2.10 Commission: The Public Utilities Commission of the
6 State of California.

7 2.11 Contract: This document and Appendices, as amended
8 from time to time.

9 2.12 Contract Capacity: The electric power producing
10 capability of the Generating Facility which is
11 committed to Edison.

12 2.13 Contract Capacity Price: The capacity purchase
13 price from the Capacity Payment Schedule approved by
14 the Commission for Capacity Payment Option B.

15 2.14 Contract Term: Period in years commencing with date
16 of Firm Operation for the first generating unit(s)
17 during which Edison shall purchase electric power
18 from Seller.

19 2.15 Current Capacity Price: The \$/kW-yr capacity price
20 provided in the Capacity Payment Schedule determined
21 by the year of termination or reduction of Contract
22 Capacity and the number of years from such
23 termination or reduction to the expiration of the
24 Contract Term for Capacity Payment Option B.

25 2.16 Edison: The Southern California Edison Company.

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- 1 2.17 Edison Electric System Integrity: The state of
2 operation of Edison's electric system in a manner
3 which is deemed to minimize the risk of injury to
4 persons and/or property and enables Edison to
5 provide adequate and reliable electric service to
6 its customers.
- 7 2.18 Emergency: A condition or situation which in
8 Edison's sole judgment affects Edison Electric
9 System Integrity.
- 10 2.19 Energy: Kilowatthours generated by the Generating
11 Facility which are purchased by Edison at the Point
12 of Interconnection.
- 13 2.20 Firm Operation: The date agreed on by the Parties
14 on which each generating unit(s) of the Generating
15 Facility is determined to be a reliable source of
16 generation and on which such unit can be reasonably
17 expected to operate continuously at its effective
18 rating (expressed in kW).
- 19 2.21 First Period: The period of the Contract Term
20 specified in Section 3.1.
- 21 2.22 Forced Outage: Any outage other than a scheduled
22 outage of the Generating Facility that fully or
23 partially curtails its electrical output.
- 24 2.23 Generating Facility: All of Seller's generators,
25 together with all protective and other associated
26 equipment and improvements, necessary to produce

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1 electrical power at Seller's Facility excluding
2 associated land, land rights, and interests in land.

3 2.24 Generator: The generator(s) and associated prime
4 mover(s), which are a part of the Generating
5 Facility.

6 2.25 Incremental Heat Rate(s): Those Edison system
7 values expressed in Btu/kWh by time of delivery for
8 the Summer and Winter Periods which are authorized
9 and adopted by the Commission to be used in the
10 calculation of Edison's published avoided cost of
11 energy.

12 2.26 Interconnection Facilities: Those protection,
13 metering, electric line(s), and other facilities
14 required in Edison's sole judgment to permit an
15 electrical interface between Edison's system and the
16 Generating Facility in accordance with Edison's
17 Tariff Rule No. 21 titled Cogeneration and Small
18 Power Production Interconnection Standards filed
19 with the Commission.

20 2.27 Interconnection Facilities Agreement: That document
21 which is specified in Section 1.10 and is attached
22 hereto.

23 2.28 KVAR: Reactive kilovolt-ampere, a unit of measure
24 of reactive power.

25 2.29 Operate: To provide the engineering, purchasing,
26 repair, supervision, training, inspection, testing,

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1 protection, operation, use, management, replacement,
2 retirement, reconstruction, and maintenance of and
3 for the Generating Facility in accordance with
4 applicable California utility standards and good
5 engineering practices.

6 2.30 Operating Representatives: Individual(s) appointed
7 by each Party for the purpose of securing effective
8 cooperation and interchange of information between
9 the Parties in connection with administration and
10 technical matters related to this Contract.

11 2.31 Parties: Edison and Seller.

12 2.32 Party: Edison or Seller.

13 2.33 Peak Months: Those months which the Edison annual
14 system peak demand could occur. Currently, but
15 subject to change with notice, the peak months for
16 the Edison system are June, July, August, and
17 September.

18 2.34 Point of Interconnection: The point where the
19 transfer of electrical energy between Edison and
20 Seller takes place.

21 2.35 Project: The Generating Facility and
22 Interconnection Facilities required to permit
23 operation of Seller's Generator in parallel with
24 Edison's electric system.

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- 1 2.36 Protective Apparatus: That equipment and apparatus
2 installed by Seller and/or Edison pursuant to
3 Section 4.2.
- 4 2.37 Qualifying Facility: Cogeneration or Small Power
5 Production Facility which meets the criteria as
6 defined in Title 18, Code of Federal Regulations,
7 Section 292.201 through 292.207.
- 8 2.38 Second Period: The period of the Contract Term
9 specified in Section 3.2.
- 10 2.39 Seller: The Party identified in Section 1.0.
- 11 2.40 Seller's Facility: The premises and equipment of
12 Seller located as specified in Section 1.2.
- 13 2.41 Small Power Production Facility: The facilities and
14 equipment which use biomass, waste, or Renewable
15 Resources, including wind, solar, geothermal, and
16 water, to produce electrical energy as defined in
17 Title 18, Code of Federal Regulations, Section
18 292.201 through 292.207.
- 19 2.42 Standby Demand: Seller's electrical load
20 requirement that Edison is expected to serve when
21 Seller's Generating Facility is not available.
- 22 2.43 Summer Period: Defined in Edison's Tariff Schedule
23 No. TOU-8 as now in effect or as may hereafter be
24 authorized by the Commission.
- 25 2.44 Tariff Schedule No. TOU-8: Edison's time-of-use
26 energy tariff for electric service exceeding 500 kW,

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1 as now in effect or as may hereafter be authorized
2 by the Commission.

3 2.45 Uncontrollable Forces: Any occurrence beyond the
4 control of a Party which causes that Party to be
5 unable to perform its obligations hereunder and
6 which a Party has been unable to overcome by the
7 exercise of due diligence, including but not limited
8 to flood, drought, earthquake, storm, fire,
9 pestilence, lightning and other natural
10 catastrophes, epidemic, war, riot, civil disturbance
11 or disobedience, strike, labor dispute, action or
12 inaction of legislative, judicial, or regulatory
13 agencies, or other proper authority, which may
14 conflict with the terms of this Contract, or
15 failure, threat of failure or sabotage of facilities
16 which have been maintained in accordance with good
17 engineering and operating practices in California.

18 2.46 Winter Period: Defined in Edison's Tariff Schedule
19 No. TOU-8 as now in effect or as may hereafter be
20 authorized by the Commission.

21 3. TERM

22 This Contract shall be effective upon execution by the
23 Parties and shall remain effective until either Party
24 gives 90 days prior written notice of termination to the
25 other Party, except that such notice of termination shall

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1 not be effective to terminate this Contract prior to
2 expiration of the Contract Term specified in Section 1.8.

3 3.1 The First Period of the Contract Term shall commence
4 upon date of Firm Operation but not later than five
5 years from the date of execution of this Contract.

6 a. If the Contract Term specified in Section 1.8
7 is 15 years, the First Period of the Contract
8 Term shall be for five years.

9 b. If the Contract Term specified in Section 1.8
10 is 20, 25, or 30 years, the First Period of the
11 Contract Term shall be for 10 years.

12 c. For Energy Payment Option 3 only, the First
13 Period of the Contract Term shall be 15 years,
14 but shall not extend beyond 1998.

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,

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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

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

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1 4.2.4 Seller shall not locate any part of a
2 wind-driven generating unit of the
3 Generating Facility within a distance 1.25
4 times the height of a wind turbine structure
5 of an existing electric utility 33 kV, 66
6 kV, or 115 kV transmission line right of way
7 or within three rotor blade diameters of an
8 existing electric utility 220 kV or 500 kV
9 transmission line right of way or any
10 proposed transmission line right of way of
11 which Edison is pursuing regulatory approval
12 for construction.

13 4.2.5 If Seller's Generating Facility is a small
14 hydro project, the Contract Capacity in
15 Section 1.5 shall be based on the average of
16 the 5 lowest years of stream flow taken from
17 a study covering a minimum 50 years of
18 continuous data. The Parties may agree upon
19 a shorter period if data for a 50-year
20 period is not obtainable.

21 4.3 Construction

22 Edison shall have the right to review, consult with,
23 and make recommendations regarding Seller's
24 construction schedule and to monitor the construction
25 and start-up of the Project. Seller shall notify
26 Edison, at least one year prior to Firm Operation,

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1 of changes in Seller's Construction Schedule which
2 may affect the date of Firm Operation.

3 4.4 Operation

4 4.4.1 The Generating Facility and Seller's
5 Protective Apparatus shall be operated and
6 maintained in accordance with applicable
7 California utility industry standards and
8 good engineering practices with respect to
9 synchronizing, voltage and reactive power
10 control. Edison shall have the right to
11 monitor operation of the Project and may
12 require changes in Seller's method of
13 operation if such changes are necessary, in
14 Edison's sole judgment, to maintain Edison
15 Electric System Integrity.

16 4.4.2 Seller shall notify in writing Edison's
17 Operating Representative at least 14 days
18 prior to:

- 19 (a) the initial testing of Seller's
20 Protective Apparatus; and
21 (b) the initial parallel operation of
22 Seller's Generators with Edison's
23 electrical system.

24 Edison shall have the right to have a
25 representative present at each event.

26 //

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1 4.4.3 Edison shall have the right to require
2 Seller to disconnect the Generator from the
3 Edison electric system or to reduce the
4 electrical output from the Generator into
5 the Edison electric system, whenever Edison
6 determines, in its sole judgment, that such
7 a disconnection is necessary to facilitate
8 maintenance of Edison's facilities, or to
9 maintain Edison Electric System Integrity.
10 If Edison requires Seller to disconnect the
11 Generator from the Edison electric system
12 pursuant to this Section 4.4.3, Seller shall
13 have the right to continue to serve its
14 total electrical requirements provided
15 Seller has elected Operating Option III.
16 Each Party shall endeavor to correct, within
17 a reasonable period, the condition on its
18 system which necessitates the disconnection
19 or the reduction of electrical output. The
20 duration of the disconnection or the
21 reduction in electrical output shall be
22 limited to the period of time such a
23 condition exists.

24 4.4.4 The Generating Facility shall be operated
25 with all of Seller's Protective Apparatus in
26 service whenever the Generator is connected

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1 to or is operated in parallel with the
2 Edison electric system. Any deviation for
3 brief periods of emergency or maintenance
4 shall only be by agreement of the Parties.

5 4.4.5 Each Party shall keep the other Party's
6 Operating Representative informed as to the
7 operating schedule of their respective
8 facilities affecting each other's operation
9 hereunder, including any reduction in
10 Contract Capacity availability. In
11 addition, Seller shall provide Edison with
12 reasonable advance notice regarding its
13 scheduled outages including any reduction in
14 Contract Capacity availability. Reasonable
15 advance notice is as follows:

<u>SCHEDULED OUTAGE</u> <u>EXPECTED DURATION</u>	<u>ADVANCE NOTICE</u> <u>TO EDISON</u>
Less than one day	24 Hours
One day or more (except major overhauls)	1 Week
Major overhaul	6 Months

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20 4.4.6 Notification by each Party's Operating
21 Representative of outage date and duration
22 should be directed to the other Party's
23 Operating Representative by telephone.

24 4.4.7 Seller shall not schedule major overhauls
25 during Peak Months.

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1 4.4.8 Seller shall maintain an operating log at
2 Seller's Facility with records of: real and
3 reactive power production; changes in
4 operating status, outages, Protective
5 Apparatus operations; and any unusual
6 conditions found during inspections.
7 Changes in setting shall also be logged for
8 Generators which are "block-loaded" to a
9 specific kW capacity. In addition, Seller
10 shall maintain records applicable to the
11 Generating Facility, including the
12 electrical characteristics of the Generator
13 and settings or adjustments of the Generator
14 control equipment and protective devices.
15 Information maintained pursuant to this
16 Section 4.4.8 shall be provided to Edison,
17 within 30 days of Edison's request.

18 4.4.9 If, at any time, Edison doubts the integrity
19 of any of Seller's Protective Apparatus and
20 believes that such loss of integrity would
21 impair the Edison Electric System Integrity,
22 Seller shall demonstrate, to Edison's
23 satisfaction, the correct calibration and
24 operator of the equipment in question.

25 4.4.10 Seller shall test all protective devices
26 specified in Section 4.2 with qualified

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1 Edison personnel present at intervals not to
2 exceed four years.

3 4.4.11 Seller shall, to the extent possible,
4 provide reactive power for its own
5 requirements, and where applicable, the
6 reactive power losses of interfacing
7 transformers. Seller shall not deliver
8 excess reactive power to Edison unless
9 otherwise agreed upon between the Parties.

10 4.4.12 The Seller warrants that the Generating
11 Facility meets the requirements of a
12 Qualifying Facility as of the effective date
13 of this Contract and continuing through the
14 Contract Term.

15 4.4.13 The Seller warrants that the Generating
16 Facility shall at all times conform to all
17 applicable laws and regulations. Seller
18 shall obtain and maintain any governmental
19 authorizations and permits for the continued
20 operation of the Generating Facility. If at
21 any time Seller does not hold such
22 authorizations and permits, Seller agrees to
23 reimburse Edison for any loss which Edison
24 incurs as a result of the Seller's failure
25 to maintain governmental authorization and
26 permits.

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1 4.4.14 At Edison's request, Seller shall make all
2 reasonable effort to deliver power at an
3 average rate of delivery at least equal to
4 the Contract Capacity during periods of
5 Emergency. In the event that the Seller has
6 previously scheduled an outage coincident
7 with an Emergency, Seller shall make all
8 reasonable efforts to reschedule the
9 outage. The notification periods listed in
10 Section 4.4.5 shall be waived by Edison if
11 Seller reschedules the outage.

12 4.4.15 Seller shall demonstrate the ability to
13 provide Edison the specified Contract
14 Capacity within 30 days of the date of Firm
15 Operation. Thereafter, at least once per
16 year at Edison's request, Seller shall
17 demonstrate the ability to provide Contract
18 Capacity for a reasonable period of time as
19 required by Edison. Seller's demonstration
20 of Contract Capacity shall be at Seller's
21 expense and conducted at a time and pursuant
22 to procedures mutually agreed upon by the
23 Parties. If Seller fails to demonstrate the
24 ability to provide the Contract Capacity,
25 the Contract Capacity shall be reduced by

26 //

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1 agreement of the Parties pursuant to
2 Section 9.1.2.6.

3 4.5 Maintenance

4 4.5.1 Seller shall maintain the Generating
5 Facility in accordance with applicable
6 California utility industry standards and
7 good engineering and operating practices.
8 Edison shall have the right to monitor such
9 maintenance of the Generating Facility.
10 Seller shall maintain and deliver a
11 maintenance record of the Generating
12 Facility to Edison's Operating
13 Representatives upon request.

14 4.5.2 Seller shall make a reasonable effort to
15 schedule routine maintenance during Off-Peak
16 Months. Outages for scheduled maintenance
17 shall not exceed a total of 30 peak hours
18 for the Peak Months.

19 4.5.3 The allowance for scheduled maintenance is
20 as follows:
21 a. Outage periods for scheduled maintenance
22 shall not exceed 840 hours (35 days) in
23 any 12-month period. This allowance may
24 be used in increments of an hour or longer
25 on a consecutive or nonconsecutive basis.

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1 b. Seller may accumulate unused maintenance
2 hours on a year-to-year basis up to a
3 maximum of 1,080 hours (45 days). This
4 accrued time must be used consecutively
5 and only for major overhauls.

6 4.6 Any review by Edison of the design, construction,
7 operation, or maintenance of the Project is solely
8 for the information of Edison. By making such
9 review, Edison makes no representation as to the
10 economic and technical feasibility, operational
11 capability, or reliability of the Project. Seller
12 shall in no way represent to any third party that
13 any such review by Edison of the Project, including
14 but not limited to, any review of the design,
15 construction, operation, or maintenance of the
16 Project by Edison is a representation by Edison as
17 to the economic and technical feasibility,
18 operational capability, or reliability of said
19 facilities. Seller is solely responsible for
20 economic and technical feasibility, operational
21 capability, or reliability thereof.

22 5. OPERATING OPTIONS

23 5.1 Seller shall elect in Section 1.9 to Operate its
24 Generating Facility in parallel with Edison's
25 electric system pursuant to one of the following
26 options:

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

15 5.2 After expiration of the First Period of the Contract
16 Term, Seller may change the Operating Option, but
17 not more than once per year upon at least 90 days
18 prior written notice to Edison. A reduction in
19 Contract Capacity as a result of a change in
20 operating options shall be subject to
21 Section 9.1.2.6. Edison shall not be required to
22 remove or reserve capacity of Interconnection
23 Facilities made idle by a change in operating
24 options. Edison may dedicate any such idle
25 Interconnection Facilities at any time to serve
26 other customers or to interconnect with other

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1 electric power sources. Edison shall process
2 requests for changes of operating option in the
3 chronological order received.

4 5.2.1 When the Seller wishes to reserve
5 Interconnection Facilities paid for by the
6 Seller but idled by a change in operation
7 option, Edison shall impose a special
8 facilities charge related to the operation
9 and maintenance of the Interconnection
10 Facility. When the Seller no longer needs
11 said facilities for which it has paid, the
12 Seller shall receive credit for the net
13 salvage value of the Interconnection
14 Facilities dedicated to Edison's use. If
15 Edison is able to make use of these
16 facilities to serve other customers, the
17 Seller shall receive the fair market value
18 of the facilities determined as of the date
19 the Seller either decides no longer to use
20 said facilities or fails to pay the required
21 maintenance fee.

22 6. INTERCONNECTION FACILITIES

23 6.1 The Parties shall execute an Interconnection
24 Facilities Agreement selected by Seller in
25 Section 1.10, covering the design, installation,
26 operation and maintenance of the Interconnection

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1 Facilities required in Edison's sole judgment, to
2 permit an electrical interface between the Parties
3 pursuant to Edison's Tariff Rule No. 21.

4 6.2 The cost for the Interconnection Facilities set
5 forth in the appendices specified in Section 1.10,
6 are estimates only for Seller's information and will
7 be adjusted to reflect recorded costs after
8 installation is complete; except that, upon Seller's
9 written request to Edison, Edison shall provide a
10 binding estimate which shall be the basis for the
11 Interconnection Facilities cost in the Interconnec-
12 tion Facilities Agreement executed by the Parties.

13 6.3 The nature of the Interconnection Facilities and the
14 Point of Interconnection shall be set forth either
15 by equipment lists or appropriate one-line diagrams
16 and shall be attached to the appropriate appendix
17 specified in Section 1.10.

18 6.4 The design, installation, operation, maintenance,
19 and modifications of the Interconnection Facilities
20 shall be at Seller's expense.

21 6.5 Seller shall not commence parallel operation of the
22 Generating Facility until written approval for
23 operation of the Interconnection Facilities has been
24 received from Edison. The Seller shall notify
25 Edison at least forty-five days prior to the initial
26 energizing of the Point of Interconnection. Edison

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1 shall have the right to inspect the Interconnection
2 Facilities within thirty days of receipt of such
3 notice. If the facilities do not pass Edison's
4 inspection, Edison shall provide in writing the
5 reasons for this failure within five days of the
6 inspection.

7 6.6 Seller, at no cost to Edison, shall acquire all
8 permits and approvals and complete all environmental
9 impact studies necessary for the design,
10 installation, operation, and maintenance of the
11 Interconnection Facilities.

12 7. ELECTRIC LINES AND ASSOCIATED EASEMENTS

13 7.1 Edison shall, as it deems necessary or desirable,
14 build electric lines, facilities and other
15 equipment, both overhead and underground, on and off
16 Seller's Facility, for the purpose of effecting the
17 agreements contained in this Contract. The physical
18 location of such electric lines, facilities and
19 other equipment on Seller's Facility shall be
20 determined by agreement of the Parties.

21 7.2 Seller shall reimburse Edison for the cost of
22 acquiring property rights off Sellers's Facility
23 required by Edison to meet its obligations under
24 this Contract.

25 7.3 Seller shall grant to Edison, without cost to
26 Edison, and by an instrument of conveyance,

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1 acceptable to Edison, rights of way, easements and
2 other property interests necessary to construct,
3 reconstruct, use, maintain, alter, add to, enlarge,
4 repair, replace, inspect and remove, at any time,
5 the electric lines, facilities or other equipment,
6 both overhead and underground, which are required by
7 Edison to effect the agreements contained in the
8 Contract. The rights of ingress and egress at all
9 reasonable times necessary for Edison to perform the
10 activities contemplated in the Contract.

11 7.4 The electric lines, facilities, or other equipment
12 referred to in this Section 7 installed by Edison on
13 or off Seller's Facility shall be and remain the
14 property of Edison.

15 7.5 Edison shall have no obligation to Seller for any
16 delay or cancellation due to inability to acquire a
17 satisfactory right of way, easements, or other
18 property interests.

19 8. METERING

20 8.1 All meters and equipment used for the measurement of
21 electric power for determining Edison's payments to
22 Seller pursuant to this Contract shall be provided,
23 owned, and maintained by Edison at Seller's expense
24 in accordance with Edison's Tariff Rule No. 21.

25 8.2 All meters and equipment used for billing Seller for
26 electric service provided to Seller by Edison under

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1 Operating Options II or III shall be provided,
2 owned, and maintained by Edison at Edison's expense
3 in accordance with Edison's Tariff Rule No. 16.

4 8.3 The meters and equipment used for measuring the
5 Energy sold to Edison shall be located on the side
6 of the Interconnection Facilities as specified by
7 Seller in Section 1.13. If the metering equipment
8 is located on Seller's side of the Interconnection
9 Facilities, then a loss compensation factor agreed
10 upon by the Parties shall be applied. At the
11 written request of the Seller, and at Seller's sole
12 expense, Edison shall measure actual transformer
13 losses. If the actual measured value differs from
14 the agreed-upon loss compensation factor, the actual
15 value shall be applied prospectively. If the meters
16 are placed on Edison's side of the Interconnection
17 Facilities, service shall be provided at the
18 available transformer high-side voltage.

19 8.4 For purposes of monitoring the Generator operation
20 and the determination of standby charges, Edison
21 shall have the right to require, at Seller's
22 expense, the installation of generation metering.
23 Edison may also require the installation of
24 telemetering equipment at Seller's expense for
25 Generating Facilities equal to or greater than
26 10 MW. Edison may require the installation of

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1 telemetering equipment at Edison's expense for
2 Generating Facilities less than 10 MW.

3 8.5 Edison's meters shall be sealed and the seals shall
4 be broken only when the meters are to be inspected,
5 tested, or adjusted by Edison. Seller shall be
6 given reasonable notice of testing and have the
7 right to have its Operating Representative present
8 on such occasions.

9 8.6 Edison's meters installed pursuant to this Contract
10 shall be tested by Edison, at Edison's expense, at
11 least once each year and at any reasonable time upon
12 request by either Party, at the requesting Party's
13 expense. If Seller makes such request, Seller shall
14 reimburse said expense to Edison within thirty days
15 after presentation of a bill therefore.

16 8.7 Metering equipment found to be inaccurate shall be
17 repaired, adjusted, or replaced by Edison such that
18 the metering accuracy of said equipment shall be
19 within two percent. If metering equipment
20 inaccuracy exceeds two percent, the correct amount
21 of Energy and Contract Capacity delivered during the
22 period of said inaccuracy shall be estimated by
23 Edison and agreed upon by the Parties.

24 9. POWER PURCHASE PROVISIONS

25 Prior to the date of Firm Operation, Seller shall be paid
26 for Energy only pursuant to Edison's published avoided

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1 cost of energy based on Edison's full avoided operating
2 cost as periodically updated and accepted by the
3 Commission. If at any time Energy can be delivered to
4 Edison and Seller is contesting the claimed jurisdiction
5 of any entity which has not issued a license or other
6 approval for the Project, Seller, in its sole discretion
7 and risk, may deliver Energy to Edison and for any Energy
8 purchased by Edison Seller shall receive payment from
9 Edison for (i) Energy pursuant to this Section, and
10 (ii) as-available capacity based on a capacity price from
11 the Standard Offer No. 1 Capacity Payment Schedule as
12 approved by the Commission. Unless and until all
13 required licenses and approvals have been obtained,
14 Seller may discontinue deliveries at any time.

15 9.1 Capacity Payments

16 Seller shall sell to Edison and Edison shall
17 purchase from Seller capacity pursuant to the
18 Capacity Payment Option selected by Seller in
19 Section 1.11. The Capacity Payment Schedules will
20 be based on Edison's full avoided operating costs as
21 approved by the Commission throughout the life of
22 this Contract. Data used to derive Edison's full
23 avoided costs will be made available to the Seller,
24 to the extent specified by Seller upon request.

25 9.1.1 Capacity Payment Option A -- As Available
26 Capacity.

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1 If Seller selects Capacity Payment Option A,
2 Seller shall be paid a monthly capacity
3 payment calculated pursuant to the following
4 formula:

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

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

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

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

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

26 //

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

10 9.1.1.2 If Seller specifies the Forecast of
11 Annual As-Available Capacity Payment
12 Schedule in Section 1.11, the
13 formula set forth in Section 9.1.1
14 shall be computed as follows:

15 a. During the First Period of the
16 Contract Term D shall equal the
17 appropriate time differentiated
18 capacity price from the Forecast
19 of Annual As-Available Capacity
20 Payment Schedule.

21 b. During the Second Period of the
22 Contract Term, the formula shall
23 be computed with D equal to the
24 appropriate time differentiated
25 capacity price from Standard
26 Offer No. 1 Capacity Payment

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1 Schedule, but not less than the
2 greater of (i) the appropriate
3 time differentiated capacity
4 price from the Forecast of
5 Annual As-Available Capacity
6 Payment Schedule for the last
7 year of the First Period, or
8 (ii) the appropriate time
9 differentiated capacity price
10 from the Standard Offer No. 1
11 Capacity Payment Schedule for
12 the first year of the Second
13 Period.

14 9.1.2 Capacity Payment Option B -- Firm Capacity
15 Purchase

16 If Seller selects Capacity Payment Option B,
17 Seller shall provide to Edison for the
18 Contract Term the Contract Capacity
19 specified in Section 1.5, or as adjusted
20 pursuant to Section 9.1.2.7, and Seller
21 shall be paid as follows:

22 9.1.2.1 If Seller meets the performance
23 requirements set forth in
24 Section 9.1.2.2, Seller shall be
25 paid a Monthly Capacity Payment,
26 beginning from the date of Firm

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1 Operation equal to the sum of the
2 on-peak, mid-peak, and off-peak Capacity
3 Period Payments. Each capacity period
4 payment is calculated pursuant to the
5 following formula:

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

7 Where A = Contract Capacity Price
8 specified in Section 1.11 based
9 on the Standard Offer No. 2
10 Capacity Payment Schedule as
11 approved by the Commission and
12 in effect on the date of the
13 execution of this Contract.

14 B = Conversion factors to convert
15 annual capacity prices to
16 monthly payments by time of
17 delivery as specified in
18 Standard Offer No. 2 Capacity
19 Payment Schedule and subject to
20 periodic modifications as
21 approved by the Commission.

22 C = Contract Capacity specified in
23 Section 1.5.

24 D = Period Performance Factor, not
25 to exceed 1.0, calculated as
26 follows:

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1 Section 9.1.2.2 during the
2 probationary period, Edison may
3 derate the Contract Capacity to
4 the greater of the capacity
5 actually delivered during the
6 probationary period, or the
7 capacity at which Seller can
8 reasonably meet such
9 requirements. A reduction in
10 Contract Capacity as a result of
11 this Section 9.1.2.2 shall be
12 subject to Section 9.1.2.6.

13 b. If Seller fails to meet the
14 requirements set forth in
15 Section 9.1.2.2 due to a Forced
16 Outage on the Edison system or a
17 request to reduce or curtail
18 delivery under Section 9.4,
19 Edison shall continue Monthly
20 Capacity Payments pursuant to
21 Capacity Payment Option B. The
22 Contract Capacity curtailed
23 shall be treated the same as
24 scheduled maintenance outages in
25 the Calculation of the Monthly
26 Capacity Payment.

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1 9.1.2.3 If Seller is unable to provide
2 Contract Capacity due to
3 Uncontrollable Forces, Edison shall
4 continue Monthly Capacity Payments
5 for 90 days from the occurrence of
6 the Uncontrollable Force. Monthly
7 Capacity Payments payable during a
8 period of interruption or reduction
9 by reason of an Uncontrollable Force
10 shall be treated the same as
11 scheduled maintenance outages.

12 9.1.2.4 Hydroelectric facilities which have
13 their Contract Capacity based on the
14 five dry-year average, shall not
15 have their Contract Capacity derated
16 when failure to meet the requirements
17 set forth in Section 9.1.2.2 is due
18 solely to the occurrence of a dry
19 year which is drier than the five
20 dry-year average.

21 9.1.2.5 Capacity Bonus Payment

22 For Capacity Payment Option B,
23 Seller may receive a Capacity Bonus
24 Payment as follows:

- 25 a. Bonus During Peak Months -- For
26 a Peak Month, Seller shall

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1 receive a Capacity Bonus Payment
2 if (i) the requirements set
3 forth in Section 9.1.2.2 have
4 been met, and (ii) the on-peak
5 capacity factor exceeds 85%.

6 b. Bonus During Non-Peak

7 Months -- For a non-peak month,
8 Seller shall receive a Capacity
9 Bonus Payment if (i) the
10 requirements set forth in
11 Section 9.1.2.2 have been met,
12 (ii) the on-peak capacity factor
13 for each Peak Month during the
14 year was at least 85%, and
15 (iii) the on-peak capacity
16 factor for the non-peak month
17 exceeds 85%.

18 c. For any eligible month, the
19 Capacity Bonus Payment shall be
20 calculated as follows:

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

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

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

25 //

26 //

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1 as-available capacity payment in
2 excess of Contract Capacity if
3 Seller's Generating Facility is
4 a small hydro project.

5 9.1.2.6 Capacity Reduction

6 a. Seller may reduce the Contract
7 Capacity specified in
8 Section 1.5, provided that
9 Seller gives Edison prior
10 written notice for a period
11 determined by the amount of
12 Contract Capacity reduced as
13 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

14
15
16
17 b. Subject to Section 10.4, Seller
18 shall refund to Edison with
19 interest at the current
20 published Federal Reserve Board
21 three months prime commercial
22 paper rate an amount equal to
23 the difference between (i) the
24 accumulated Monthly Capacity
25 Payments paid by Edison pursuant
26

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1 to Capacity Payment Option B up
2 to the time the reduction notice
3 is received by Edison, and
4 (ii) the total capacity payments
5 which Edison would have paid if
6 based on the Adjusted Capacity
7 Price.

8 c. From the date the reduction
9 notice is received to the date
10 of actual capacity reduction,
11 Edison shall make capacity
12 payments based on the Adjusted
13 Capacity Price for the amount of
14 Contract Capacity being reduced.

15 d. Seller may reduce Contract
16 Capacity without the notice
17 prescribed in Section 9.1.2.6(a),
18 provided that Seller shall
19 refund to Edison the amount
20 specified in Section 9.1.2.6(b)
21 and an amount equal to: (i) the
22 amount of Contract Capacity
23 being reduced, times (ii) the
24 difference between the Current
25 Capacity Price and the Contract
26 Capacity Price, times (iii) the

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1 number of years and fractions
2 thereof (not less than one year)
3 by which the Seller has been
4 deficient in giving prescribed
5 notice. If the Current Capacity
6 Price is less than the Contract
7 Capacity Price, only payment
8 under Section 9.1.2.6(b) shall
9 be due to Edison.

10 9.1.2.7 Adjustment to Contract Capacity

11 The Parties may agree in writing at
12 any time to adjust the Contract
13 Capacity. Seller may reduce the
14 Contract Capacity pursuant to
15 Section 9.1.2.6. Seller may increase
16 the Contract Capacity with Edison's
17 approval and thereafter receive
18 payment for the increased capacity
19 in accordance with the Contract
20 Capacity Price for the Capacity
21 Payment Option selected by Seller
22 for the remaining Contract Term.

23 9.2 Energy Payments - First Period

24 During the First Period of the Contract Term, Seller
25 shall be paid a Monthly Energy Payment for the
26 Energy delivered by the Seller to Edison at the

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1 Point of Interconnection pursuant to the Energy
2 Payment Option selected by Seller in Section 1.12,
3 as follows. (Data used to derive Edison's Energy
4 payments for the First Period will be made available
5 to the Seller, to the extent specified by Seller,
6 upon request.)

7 9.2.1 Energy Payment Option 1 -- Forecast of
8 Annual Marginal Cost of Energy.

9 If Seller selects Energy Payment Option 1,
10 then during the First Period of the Contract
11 Term, Seller shall be paid a Monthly Energy
12 Payment for Energy delivered by Seller and
13 purchased by Edison during each month in the
14 First Period of the Contract Term pursuant
15 to the following formula:

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

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

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

25 C = kWh purchased by Edison during
26 off-peak periods defined in

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1 Edison's Tariff Schedule

2 No. TOU-8.

3 D = The sum of:

4 (i) the appropriate time
5 differentiated energy price from
6 the Forecast of Annual Marginal
7 Cost of Energy, multiplied by
8 the decimal equivalent of the
9 percentage of the forecast
10 specified 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 Energy Payment Option 2 -- Levelized

20 Forecast of Marginal Cost of Energy.

21 If Seller selects Energy Payment Option 2,
22 then during the First Period of the Contract
23 Term, Seller shall be paid a Monthly Energy
24 Payment for Energy delivered by Seller and
25 purchased by Edison each month during the

26 //

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1 First Period of the Contract Term pursuant
2 to the following formula:

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

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

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

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

16 D = The sum of:
17 (i) the appropriate time
18 differentiated energy price from
19 the Levelized Forecast of
20 Marginal Cost of Energy, for the
21 First Period of the Contract
22 Term multiplied by the decimal
23 equivalent of the percentage of
24 the levelized forecast specified
25 in Section 1.12, and

26 //

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1 (ii) the appropriate time
2 differentiated energy price from
3 Edison's published avoided cost
4 of energy multiplied by the
5 decimal equivalent of the
6 percentage of the published
7 energy price specified in
8 Section 1.12.

9 9.2.2.1 Performance Requirement for Energy

10 Payment Option 2

11 During the First Period when the
12 annual forecast referred to in
13 Section 9.2.1 is greater than the
14 levelized forecast referred to in
15 Section 9.2.2, Seller shall deliver
16 to Edison at least 70 percent of the
17 average annual kWh delivered to
18 Edison during those previous periods
19 when the levelized forecast referred
20 to in Section 9.2.2 is greater than
21 the annual forecast referred to in
22 Section 9.2.1 as resource conditions
23 permit for solar, wind, and hydro
24 Generating Facilities and excluding
25 uncontrollable forces. If Seller does
26 not meet the performance requirements

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1 of this Section 9.2.2.1, Seller
2 shall be subject to Section 9.5.

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

5 If Seller selects Energy Payment Option 3,
6 Seller shall be paid a Monthly Energy
7 Payment for Energy delivered by Seller and
8 purchased by Edison each month during the
9 First Period of the Contract Term based on
10 the Forecast of Incremental Energy Rates
11 authorized by the Commission as specified in
12 Section 1.12. The Monthly Energy Payment
13 for Energy delivered by Seller and purchased
14 by Edison shall be calculated pursuant to
15 the following formula:

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

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

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

25 C = kWh purchased by Edison during
26 off-peak periods defined in

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1 Edison's Tariff Schedule

2 No. TOU-8.

3 D = appropriate time differentiated
4 energy price equal to:

5 $D = (i + ii + iii) \times iv$

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

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

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

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

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

24 x Gas IER conversion factor of
25 1.035

26 //

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

7 (iii) = Variable Operating and
8 Maintenance expense expressed in
9 ¢/kWh as accepted by the
10 Commission

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

13 9.2.3.1 Seller may elect during the First
14 Period to specify a range in
15 increments of 100 Btu/kWh above and
16 below Edison's Forecast of
17 Incremental Energy Rates in effect
18 at the time of execution of this
19 Contract as specified in Section
20 1.12 for the basis of calculation of
21 Seller's Monthly Energy Payment.

22 a. If the Incremental Heat Rates
23 for the Edison system fall
24 within the range of the forecast
25 IER and increments specified in
26 Section 1.12, Seller's Monthly

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1 Energy Payment shall be equal to
2 100% of Edison's published
3 avoided cost of energy as
4 updated and authorized by the
5 Commission pursuant to the
6 formula set forth in Section 9.3.

7 b. If the Incremental Heat Rates
8 for the Edison system fall
9 outside the range of the
10 forecast IER and increments
11 specified in Section 1.12,
12 Seller's Monthly Energy Payment
13 shall be calculated pursuant to
14 the formula used in
15 Section 9.2.3 using as the IER
16 the following value:

17 IER = Forecast IER \pm IER increments as specified in
18 Section 1.12.

19 9.3 Energy Payments - Second Period

20 During the Second Period of the Contract Term,
21 Seller shall be paid a Monthly Energy Payment for
22 Energy delivered by Seller and purchased by Edison
23 at a rate equal to 100% of Edison's published
24 avoided cost of energy based on Edison's full
25 avoided operating cost as updated periodically and
26 //

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1 accepted by the Commission, pursuant to the
2 following formula:

3 MONTHLY ENERGY PAYMENT = kWh purchased by Edison for each
4 on-peak, mid-peak, and off-peak
5 time period defined in Edison's
6 Tariff Schedule No. TOU-8
7 x Edison's published avoided cost
8 of energy by time of delivery
9 for each time period.

10 Data used to derive Edison's full avoided costs will
11 be made available to the Seller, to the extent
12 specified by Seller, upon request.

13 9.4 Edison shall not be obligated to accept or pay for
14 Energy, and may request Seller whose Generating
15 Facility is one (1) MW or greater to discontinue or
16 reduce delivery of Energy, for not more than 300
17 hours annually during off-peak hours when (i)
18 purchases would result in costs greater than those
19 which Edison would incur if it did not purchase
20 Energy from Seller but instead utilized an
21 equivalent amount of Energy generated from another
22 Edison source, or (ii) the Edison Electric System
23 demand would require that Edison hydro-energy be
24 spilled to reduce generation.

25 //

26 //

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 9.5 Energy Payment Refund

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

4 9.5.1 If Seller fails to perform the Contract
5 obligations for any reason during the First
6 Period of the Contract Term, or fails to
7 meet the performance requirements set forth
8 in Section 9.2.2.1, and at the time of such
9 failure to perform, the net present value of
10 the cumulative Energy payments received by
11 Seller pursuant to Energy Payment Option 2
12 exceeds the net present value of what Seller
13 would have been paid pursuant to Energy
14 Payment Option 1, Seller shall make an
15 energy payment refund equal to the
16 difference in such net present values in the
17 year in which the refund is due. The
18 present value calculation shall be based
19 upon the rate of Edison's incremental cost
20 of capital specified in Section 1.12.

21 9.5.2 Not less than 90 days prior to the date
22 Energy is first delivered to the Point of
23 Interconnection, Seller shall provide and
24 maintain a performance bond, surety bond,
25 performance insurance, corporate guarantee,
26 or bank letter of credit, satisfactory to

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 Edison, which shall insure payment to Edison
2 of the Energy Payment Refund at any time
3 during the First Period. Edison may, in its
4 sole discretion accept another form of
5 security except that in such instance a
6 1-1/2 percent reduction shall then apply to
7 the levelized forecast referred to in
8 Section 9.2.2 in computing payments for
9 Energy. Edison shall be provided with
10 certificates evidencing Seller's compliance
11 with the security requirements in this
12 Section which shall also include the
13 requirement that Edison be given 90 days
14 prior written notice of the expiration of
15 such security.

16 9.5.3 If Seller fails to provide replacement
17 security not less than 60 days prior to the
18 date of expiration of existing security, the
19 Energy Payment Refund provided in
20 Section 9.5 shall be payable forthwith.
21 Thereafter, payments for Energy shall be
22 100 percent of the Monthly Energy Payment
23 provided in Section 9.2.1.

24 9.5.4 If Edison at any time determines the
25 security to be otherwise inadequate, and so
26 notifies Seller, payments thereafter for

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 Energy shall be 100 percent of the Monthly
2 Energy Payment provided in Section 9.2.1.
3 If within 30 days of the date Edison gives
4 notice of such inadequacies, Seller
5 satisfies Edison's security requirements,
6 Energy Payment Option 2 shall be
7 reinstated. If Seller fails to satisfy
8 Edison's security requirements within the
9 30-day period, the Energy Payment Refund
10 provided in Section 9.5 shall be payable
11 forthwith.

12 10. PAYMENT AND BILLING PROVISIONS

13 10.1 For Energy and capacity purchased by Edison:

14 10.1.1 Edison shall mail to Seller not later than
15 thirty days after the end of each monthly
16 billing period (1) a statement showing the
17 Energy and Contract Capacity delivered to
18 Edison during the on-peak, mid-peak, and
19 off-peak periods, as those periods are
20 specified in Edison's Tariff Schedule No.
21 TOU-8 for that monthly billing period, (2)
22 Edison's computation of the amount due
23 Seller, and (3) Edison's check in payment of
24 said amount.

25 10.1.2 If the monthly payment period involves
26 portions of two different published Energy

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 payment schedule periods, the monthly Energy
2 payment shall be prorated on the basis of
3 the percentage of days at each price.

4 10.1.3 If the payment period is less than 27 days
5 or greater than 33 days, the capacity
6 payment shall be prorated on the basis of
7 the average days per month per year.

8 10.1.4 If within thirty days of receipt of the
9 statement Seller does not make a report in
10 writing to Edison of an error, Seller shall
11 be deemed to have waived any error in
12 Edison's statement, computation, and
13 payment, and they shall be considered
14 correct and complete.

15 10.2 For electric service provided by Edison:

16 10.2.1 Under Operating Option III pursuant to
17 Section 5.1, standby electric service shall
18 be provided under terms and conditions of
19 Edison's tariff schedule indicated below as
20 now in effect or as may hereafter be
21 authorized by the Commission to be revised.
22 The applicable tariff schedules are:

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

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SCE STANDARD CONTRACT
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1 10.2.1.1 (Applicable to SCG-1 only) The
2 Standby Demand for calculation of
3 the standby charge in SCG-1 as
4 specified in Section 1.9. Edison
5 reserves the right to adjust the
6 Standby Demand based on recorded
7 demand during periods standby
8 power is required.

9 10.2.1.2 (Applicable to SCG-1 only) The
10 capacity rating for determination
11 of standby waiver qualifications
12 shall be Contract Capacity plus
13 the maximum electric load served
14 by the Generating Facility during
15 the on-peak time period recorded
16 during the preceding 12-month time
17 period.

18 10.2.1.3 A minimum monthly charge may be
19 established for standby electric
20 service as provided in the tariff
21 schedule elected in Section 1.9.
22 Said minimum monthly charge shall
23 be specified in Section 1.9.

24 10.2.2 Under Operating Options II and III pursuant
25 to Section 5.1, electric service shall be
26 provided under terms, conditions, and rates

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 of Edison's tariff schedule indicated below
2 as now in effect or as may hereafter be
3 authorized by the Commission to be revised.
4 The applicable tariff schedule is:

5 TOU-8, or

6 GS-2

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

10 10.2.3 Edison shall commence billing Seller for
11 electric service rendered pursuant to the
12 applicable tariff schedule on the date that
13 the Point of Interconnection is energized.

14 10.3 Monthly charges associated with Interconnection
15 Facilities shall be billed pursuant to the
16 Interconnection Facilities Agreement contained in
17 the Appendix specified in Section 1.10.

18 10.4 Payments due to Contract Capacity Reduction

19 10.4.1 The Parties agree that the refund and
20 payments provided in Section 9.1.2.6
21 represent a fair compensation for the
22 reasonable losses that would result from
23 such reduction of Contract Capacity.

24 10.4.2 In the event of a reduction in Contract
25 Capacity, the quantity, in kW, by which the
26 Contract Capacity is reduced shall be used

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 to calculate the refunds and payments due
2 Edison in accordance with Section 9.1.2.6,
3 as applicable.

4 10.4.3 Edison shall provide invoices to Seller for
5 all refunds and payments due Edison under
6 this section which shall be due within
7 60 days.

8 10.4.4 If Seller does not make payments as required
9 in Section 10.4.3, Edison shall have the
10 right to offset any amounts due it against
11 any present or future payments due Seller
12 and may pursue any other remedies available
13 to Edison as a result of Seller's failure to
14 perform.

15 10.5 Energy Payment Refund

16 Energy Payment Refund is immediately due and payable
17 upon Seller's failure to perform the contract
18 obligations as specified in Section 9.5.

19 11. TAXES

20 11.1 Seller shall pay ad valorem taxes and other taxes
21 properly attributable to the Project. If such taxes
22 are assessed or levied against Edison, Seller shall
23 pay Edison for such assessment or levy.

24 11.2 Seller shall pay ad valorem taxes and other taxes
25 properly attributed to land, land rights, or
26 interest in land for the Project. If such taxes are

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 assessed or levied against Edison, Seller shall pay
2 Edison for such assessment or levy.

3 11.3 If the Interconnection Facilities are owned by
4 Edison, Edison shall pay ad valorem taxes and other
5 taxes properly attributed to said facilities. If
6 such taxes are assessed or levied against Seller,
7 Edison shall pay Seller for such assessment or levy.

8 11.4 Seller or Edison shall provide information
9 concerning the Project to any requesting taxing
10 authority.

11 12. TERMINATION

12 12.1 This Contract shall terminate if Firm Operation does
13 not occur within 5 years of the date of Contract
14 execution.

15 13. LIABILITY

16 13.1 Each Party (First Party) releases the other Party
17 (Second Party), its directors, officers, employees
18 and agents from any loss, damage, claim, cost,
19 charge, or expense of any kind or nature (including
20 any direct, indirect or consequential loss, damage,
21 claim, cost, charge, or expense), including
22 attorney's fees and other costs of litigation
23 incurred by the First Party in connection with
24 damage to property of the First Party caused by or
25 arising out of the Second Party's construction,
26 engineering, repair, supervision, inspection,

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 testing, protection, operation, maintenance,
2 replacement, reconstruction, use or ownership of its
3 facilities, to the extent that such loss, damage,
4 claim, cost, charge, or expense is caused by the
5 negligence of Second Party, its directors, officers,
6 employees, agents, or any person or entity whose
7 negligence would be imputed to Second Party.

8 13.2 Each Party shall indemnify and hold harmless the
9 other Party, its directors, officers, and employees
10 or agents from and against any loss, damage, claim,
11 cost, charge, (including direct, indirect or
12 consequential loss, damage, claim, cost charge, or
13 expense), including attorney's fees and other costs
14 of litigation incurred by the other Party in
15 connection with the injury to or death of any person
16 or damage to property of a third party arising out
17 of the indemnifying Party's construction,
18 engineering, repair, supervision, inspection,
19 testing, protection, operation, maintenance,
20 replacement, reconstruction, use, or ownership of
21 its facilities, to the extent that such loss,
22 damage, claim, cost, charge, or expense is caused by
23 the negligence of the indemnifying Party, its
24 directors, officers, employees, agents, or any
25 person or entity whose negligence would be imputed
26 to the indemnifying Party; provided, however, that

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SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 each Party shall be solely responsible for and shall
2 bear all cost of claims brought by its contractors
3 or its own employees and shall indemnify and hold
4 harmless the other Party for any such costs
5 including costs arising out of any workers
6 compensation law. Seller releases and shall defend
7 and indemnify Edison from, any claim, cost, loss,
8 damage, or liability arising from any contrary
9 representation concerning the effect of Edison's
10 review of the design, construction, operation, or
11 maintenance of the Project.

12 13.3 The provisions of this Section 13 shall not be
13 construed so as to relieve any insurer of its
14 obligations to pay any insurance claims in
15 accordance with the provisions of any valid
16 insurance policy.

17 13.4 Neither Party shall be indemnified under this
18 Section 13 for its liability or loss resulting from
19 its sole negligence or willful misconduct.

20 14. INSURANCE

21 14.1 Until Contract is terminated, Seller shall obtain
22 and maintain in force as hereinafter provided
23 comprehensive general liability insurance, including
24 contractual liability coverage, with a combined
25 single limit of (i) not less than \$1,000,000 each
26 occurrence for Generating Facilities 100 kW or

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 greater; (ii) not less than \$500,000 for each
2 occurrence for Generating Facilities between 20 kW
3 and 100 kW; and (iii) not less than \$100,000 for
4 each occurrence for Generating Facilities less than
5 20 kW. The insurance carrier or carriers and form
6 of policy shall be subject to review and approval by
7 Edison.

8 14.2 Prior to the date Seller's Generating Facility is
9 first operated in parallel with Edison's electric
10 system, Seller shall (i) furnish certificate of
11 insurance to Edison, which certificate shall provide
12 that such insurance shall not be terminated nor
13 expire except on thirty days prior written notice to
14 Edison, (ii) maintain such insurance in effect for
15 so long as Seller's Generating Facility is operated
16 in parallel with Edison's electric system, and
17 (iii) furnish to Edison an additional insured
18 endorsement with respect to such insurance in
19 substantially the following form:

20 "In consideration of the premium charged,
21 Southern California Edison Company (Edison) is
22 named as additional insured with respect to all
23 liabilities arising out of Seller's use and
24 ownership of Seller's Generating Facility."

25 "The inclusion of more than one insured under
26 this policy shall not operate to impair the

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 rights of one insured against another insured
2 and the coverages afforded by this policy will
3 apply as though separate policies had been
4 issued to each insured. The inclusion of more
5 than one insured will not, however, operate to
6 increase the limit of the carrier's liability.
7 Edison will not, by reason of its inclusion
8 under this policy, incur liability to the
9 insurance carrier for payment of premium for
10 this policy."

11 "Any other insurance carried by Edison which
12 may be applicable shall be deemed excess
13 insurance and Seller's insurance primary for
14 all purposes despite any conflicting provisions
15 in Seller's policy to the contrary."

16 If the requirement of Section 14.2(iii) prevents
17 Seller from obtaining the insurance required in
18 Section 14.1 then upon written notification by
19 Seller to Edison, Section 14.2(iii) shall be waived.

20 14.3 The requirements of this Section 14 shall not apply
21 to Seller who is a self-insured governmental agency
22 with established record of self-insurance.

23 14.4 If Seller fails to comply with the provisions of
24 this Section 14, Seller shall, at its own cost,
25 defend, indemnify, and hold harmless Edison, its
26 directors, officers, employees, agents, assigns, and

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 successors in interest from and against any and all
2 loss, damage, claim, cost, charge, or expense of any
3 kind of nature (including direct, indirect or
4 consequential loss, damage, claim, cost, charge, or
5 expense, including attorney's fees and other costs
6 of litigation) resulting from the death or injury to
7 any person or damage to any property, including the
8 personnel and property of Edison, to the extent that
9 Edison would have been protected had Seller complied
10 with all of the provisions of this Section 14.

11 15. UNCONTROLLABLE FORCES

12 15.1 Neither Party shall be considered to be in default
13 in the performance of any of the agreements
14 contained in this Contract, except for obligations
15 to pay money, when and to the extent failure of
16 performance shall be caused by an Uncontrollable
17 Force.

18 15.2 If either Party because of an Uncontrollable Force
19 is rendered wholly or partly unable to perform its
20 obligations under this Contract, the Party shall be
21 excused from whatever performance is affected by the
22 Uncontrollable Force to the extent so affected
23 provided that:

24 (1) the nonperforming Party, within two weeks after
25 the occurrence of the Uncontrollable Force,
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SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 gives the other Party written notice describing
2 the particulars of the occurrence,

3 (2) the suspension of performance is of no greater
4 scope and of no longer duration than is
5 required by the Uncontrollable Force,

6 (3) the nonperforming Party uses its best efforts
7 to remedy its inability to perform (this
8 subsection shall not require the settlement of
9 any strike, walkout, lockout or other labor
10 dispute on terms which, in the sole judgment of
11 the Party involved in the dispute, are contrary
12 to its interest. It is understood and agreed
13 that the settlement of strikes, walkouts,
14 lockouts or other labor disputes shall be at
15 the sole discretion of the Party having the
16 difficulty),

17 (4) when the nonperforming Party is able to resume
18 performance of its obligations under this
19 Contract, that Party shall give the other Party
20 written notice to that effect, and

21 (5) capacity payments during such periods of
22 Uncontrollable Force on Seller's part shall be
23 governed by Section 9.1.1.3.

24 15.3 In the event that either Party's ability to perform
25 cannot be corrected when the Uncontrollable Force is
26 caused by the actions or inactions of legislative,

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 judicial or regulatory agencies or other proper
2 authority, this Contract may be amended to comply
3 with the legal or regulatory change which caused the
4 nonperformance.

5 If a loss of Qualifying Facility status occurs due
6 to an Uncontrollable Force and Seller fails not to
7 make the changes necessary to maintain its
8 Qualifying Facility status, the Seller shall
9 compensate Edison for any economic detriment
10 incurred by Edison as a result of such failure.

11 16. NONDEDICATION OF FACILITIES

12 Neither Party, by this Contract, dedicates any part of
13 its facilities involved in this Project to the public or
14 to the service provided under the Contract, and such
15 service shall cease upon termination of the Contract.

16 17. PRIORITY OF DOCUMENTS

17 If there is a conflict between this document and any
18 Appendix, the provisions of this document shall govern.
19 Each Party shall notify the other immediately upon the
20 determination of the existence of any such conflict.

21 18. NOTICES AND CORRESPONDENCE

22 All notices and correspondence pertaining to this
23 Contract shall be in writing and shall be sufficient if
24 delivered in person or sent by certified mail, postage
25 prepaid, return receipt requested, to Seller as specified
26 in Section 1.1, or to Edison as follows:

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 Southern California Edison Company
2 Post Office Box 800
3 Rosemead, California 91770
4 Attention: Secretary

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

9 19. PREVIOUS COMMUNICATIONS

10 This Contract contains the entire agreement and
11 understanding between the Parties, their agents, and
12 employees as to the subject matter of this contract, and
13 merges and supersedes all prior agreements, commitments,
14 representations, and discussions between the Parties. No
15 Party shall be bound to any other obligations,
16 conditions, or representations with respect to the
17 subject matter of this Contract.

18 20. NONWAIVER

19 None of the provisions of the Contract shall be considered
20 waived by either Party except when such waiver is given
21 in writing. The failure of either Edison or Seller to
22 insist on any one or more instances upon strict
23 performance of any of the provisions of the Contract or
24 to take advantage of any of its rights hereunder shall not
25 be construed as a waiver of any such provisions or the
26 relinquishment of any such rights for the future, but the
same shall continue to remain in full force and effect.

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 21. SUCCESSORS AND ASSIGNS

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

13 22. EFFECT OF SECTION HEADINGS

14 Section headings appearing in this Agreement are inserted
15 for convenience only, and shall not be construed as
16 interpretations of text.

17 23. GOVERNING LAW

18 This Contract shall be interpreted, governed, and
19 construed under the laws of the State of California as if
20 executed and to be performed wholly within the State of
21 California.

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SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

1 24. MULTIPLE ORIGINALS

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


4 SIGNATURES

5 IN WITNESS WHEREOF, the Parties hereto have executed this
6 Contract this 7th of August, 1984.

8 SOUTHERN CALIFORNIA EDISON COMPANY

9
10 BY 
11

EDWARD A. MYERS, JR.
Vice President

12
13 
14 SIROCCO ENERGY, INC.

15 BY 
16

PHILLIP K. MESSER
President

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SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

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APPENDIX B

FORECAST OF ANNUAL AS-AVAILABLE
CAPACITY PAYMENT SCHEDULE

Document No. 2201C

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

CAPACITY PAYMENT SCHEDULE -

FORECAST OF ANNUAL AS-AVAILABLE CAPACITY¹

Line No.	Year	As-Available Capacity ² (\$/kW-year)
1	1984	76
2	1985	81
3	1986	87
4	1987	94
5	1988	101
6	1989	109
7	1990	117
8	1991	126
9	1992	148
10	1993	158
11	1994	169
12	1995	180
13	1996	194
14	1997	206
15	1998	221

¹This forecast to be used in conjunction with Capacity Payment Option A.

²The annual as-available capacity (\$/kW-yr) will be converted to a seasonal time-of-delivery (¢/kWh) value that is consistent with as-available time-of-delivery rates current authorized by the Commission for Avoided As-Available Capacity.

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

CAPACITY PAYMENT SCHEDULE -

FORECAST OF AS-AVAILABLE CAPACITY¹

SEASONAL TIME OF DELIVERY

Line No.	Year	Season	Period	As-Available Capacity ² (\$/kW-year)
1	1984	Summer	On-Peak	7.854
2			Mid-Peak	0.120
3			Off-Peak	0.000
4		Winter	On-Peak	1.516
5			Mid-Peak	0.424
6			Off-Peak	0.022

¹This forecast to be used in conjunction with Capacity Payment Option A.

²In subsequent years, the annual as-available capacity (\$/kW-yr) will be converted to a seasonal time-of-delivery (¢/kWh) value that is consistent with as-available time-of-delivery rates currently authorized by the Commission for Avoided As-Available Capacity.

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

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APPENDIX C

FORECAST OF ANNUAL MARGINAL COST OF ENERGY

Document No. 2201C

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE -

FORECAST OF ANNUAL MARGINAL COST OF ENERGY¹

Line No.	Year	Annual Marginal Cost of Energy ² (¢/kWh)
1	1984	5.6
2	1985	5.7
3	1986	6.0
4	1987	6.4
5	1988	6.9
6	1989	7.6
7	1990	8.1
8	1991	8.6
9	1992	9.3
10	1993	10.1
11	1994	10.9
12	1995	11.8
13	1996	12.6
14	1997	13.6
15	1998	14.6

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

²The 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.

SCE STANDARD CONTRACT
LONG-TERM POWER PURCHASE

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE -

FORECAST OF ANNUAL MARGINAL COST OF ENERGY¹

SEASONAL TIME OF DELIVERY

Line No.	Year	Season	Period	Annual Marginal Cost of Energy ² (¢/kWh)
1	1984	Summer	On-Peak	6.1
2			Mid-Peak	5.8
3			Off-Peak	5.5
4		Winter	On-Peak	5.7
5			Mid-Peak	5.6
6			Off-Peak	5.5
7		Annual		5.6

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

²In 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