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SCE CONTRACT
LONG TERM POWER PURCHASE

POWER PURCHASE CONTRACT
BETWEEN
SOUTHERN CALIFORNIA EDISON COMPANY
AND
ENERGY DISTRIBUTION COMPANY
DESERT WINDS III

CLD NO. 399941

QF ID NO. 6114

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

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1. PROJECT SUMMARY

This Contract is entered into between Southern California Edison Company ("Edison") and Energy Distribution Company, a California corporation, ("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 2877

Northridge, CA 91323-2877

1.2 Seller's Generating Facility:

a. Nameplate Rating: 40,500 kW.

b. Location: A portion of the East 1/2 of Section 13, Township 11 North, Range 13 West, SBBM, Kern County, California

c. Type: Small Power Production Facility *t*

d. Delivery of power to Edison at a nominal 66,000 volts.

e. Seller shall commence construction of the Generating Facility by *January 1987* *[Signature]*

1.3 Edison Customer Service District:

Antelope Valley

42060 10th Street West

Lancaster, CA 93534

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

1 1.4 Location of Edison Operating Switching Center:

2 Vincent Substation

3 33301 Angeles Forest Highway

4 Palmdale, CA 93350

5 1.5 Contract Capacity: 0 kW

6 1.5.1 Estimated as-available capacity: 40,500kW.

7 1.6 Expected annual production: ^{75,000,000}~~162,000,000~~ kWh. *W.S.J.*

8 1.7 Expected Firm Operation for each generating

9 unit(s): Should 3/87 Firm 8/87 *W.S.J.*

10 1.8 Contract Term: 30 years.

11 1.9 Operating Options pursuant to Section 5:

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

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

22 1.10 Interconnection Facilities Agreement pursuant to

23 Section 6 shall be: to be determined *W.S.J.*

24 (Appendix A)

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1 1.11 The Capacity Payment Option selected by Seller
2 pursuant to Section 9.1 shall be:

3 X Option A - As-available capacity based upon:

4 _____ Standard Offer No. 1 Capacity Payment
5 Schedule, or

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

9 \$ 94.00 ^{15.8%} (Appendix B)

10 1.12 The Energy Payment Option selected by Seller
11 pursuant to Section 9.2 shall be:

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

15 _____ Option 2 - Levelized Forecast of Marginal Cost
16 of Energy in effect at date of execution of
17 this Contract. Levelized Forecast for expected
18 date of Firm Operation is ^{6.4} ~~6.0~~¢/kWh. ^{15.8%}

19 For the energy payment refund pursuant to
20 Section 9.5 under Option 2, Edison's
21 Incremental Cost of Capital is 15 %.

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

26 //

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

4 100 percent of Forecast of Marginal Cost of Energy
5 (Annual or Levelized); and

6 0 percent of Edison's published avoided cost of
7 energy based on Edison's full avoided operating
8 costs as updated periodically and accepted by
9 the Commission.

10 1.13 Metering Location

11 Seller elects metering location pursuant to Section 8
12 as follows: Edison's side of the Interconnection
13 Facilities.

14 2. DEFINITIONS

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

18 2.1 Appendix A: Interconnection Facilities Agreement --
19 Seller Owned and Operated Basis

20 2.2 Appendix B: Forecast of Annual As Available
21 Capacity Payment Schedule

22 2.3 Appendix C: Forecast of Annual Marginal Cost of
23 Energy

24 2.4 Appendix D: Schedule No. TOU-8; Rule No..21

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

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

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

2.8 Contract Capacity: The electric power producing capability of the Generating Facility which is committed to Edison.

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

2.10 Edison: The Southern California Edison Company.

2.11 Edison Electric System Integrity: The state of operation of Edison's electric system in a manner which is deemed to minimize the risk of injury to persons and/or property and enables Edison to provide adequate and reliable electric service to its customers.

2.12 Emergency: A condition or situation which in Edison's sole judgment affects Edison Electric System Integrity.

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1 2.13 Energy: Kilowatthours generated by the Generating
2 Facility which are purchased by Edison at the Point
3 of Interconnection.

4 2.14 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 2.15 First Period: The period of the Contract Term
11 specified in Section 3.1.

12 2.16 Forced Outage: Any outage other than a scheduled
13 outage of the Generating Facility that fully or
14 partially curtails its electrical output.

15 2.17 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 ✓ 2.18 Generator: The generator(s) and associated prime
21 mover(s), which are a part of the Generating
22 Facility.

23 2.19 Incremental Heat Rate(s): Those Edison system
24 values expressed in Btu/kWh by time of delivery for
25 the Summer and Winter Periods which are authorized
26 and adopted by the Commission to be used in the

1 calculation of Edison's published avoided cost of
2 energy.

3 2.20 Interconnection Facilities: Those protection,
4 metering, electric line(s), and other facilities
5 required in Edison's sole judgment to permit an
6 electrical interface between Edison's system and the
7 Generating Facility in accordance with Edison's
8 Tariff Rule No. 21 titled Cogeneration and Small
9 Power Production Interconnection Standards filed
10 with the Commission.

11 2.21 Interconnection Facilities Agreement: That document
12 which is specified in Section 1.10 and is attached
13 hereto.

14 2.22 KVAR: Reactive kilovolt-ampere, a unit of measure
15 of reactive power.

16 2.23 Operate: To provide the engineering, purchasing,
17 repair, supervision, training, inspection, testing,
18 protection, operation, use, management, replacement,
19 retirement, reconstruction, and maintenance of and
20 for the Generating Facility in accordance with
21 applicable California utility standards and good
22 engineering practices.

23 2.24 Operating Representatives: Individual(s) appointed
24 by each Party for the purpose of securing effective
25 cooperation and interchange of information between
26 //

1 the Parties in connection with administration and
2 technical matters related to this Contract.

3 2.25 Parties: Edison and Seller.

4 2.26 Party: Edison or Seller.

5 2.27 Peak Months: Those months which the Edison annual
6 system peak demand could occur. Currently, but
7 subject to change with notice, the peak months for
8 the Edison system are June, July, August, and
9 September.

10 2.28 Point of Interconnection: The point where the
11 transfer of electrical energy between Edison and
12 Seller takes place.

13 2.29 Project: The Generating Facility and Interconnection
14 Facilities required to permit operation of Seller's
15 Generator in parallel with Edison's electric system.

16 2.30 Protective Apparatus: That equipment and apparatus
17 installed by Seller and/or Edison pursuant to
18 Section 4.2.

19 2.31 Qualifying Facility: Small Power Production
20 Facility which meets the criteria as defined in
21 Title 18, Code of Federal Regulations, Section
22 292.201 through 292.207.

23 2.32 Second Period: The period of the Contract Term
24 specified in Section 3.2.

25 2.33 Seller: The Party identified in Section 1.0.

26 //

1 2.34 Seller's Facility: The premises and equipment of
2 Seller located as specified in Section 1.2.

3 2.35 Small Power Production Facility: The facilities and
4 equipment which use biomass, waste, or renewable
5 resources, including wind, solar, geothermal, and
6 water, to produce electrical energy as defined in
7 Title 18, Code of Federal Regulations, Section
8 292.201 through 292.207.

9 2.36 Summer Period: Defined in Edison's Tariff Schedule
10 No. TOU-8 as now in effect or as may hereafter be
11 authorized by the Commission.

12 2.37 Tariff Schedule No. TOU-8: Edison's time-of-use
13 energy tariff for electric service exceeding 500 kW,
14 as now in effect or as may hereafter be authorized
15 by the Commission.

16 2.38 Uncontrollable Forces: Any occurrence beyond the
17 control of a Party which causes that Party to be
18 unable to perform its obligations hereunder and
19 which a Party has been unable to overcome by the
20 exercise of due diligence, including but not limited
21 to flood, drought, earthquake, storm, fire,
22 pestilence, lightning and other natural catastrophes,
23 epidemic, war, riot, civil disturbance or
24 disobedience, strike, labor dispute, action or
25 inaction of legislative, judicial, or regulatory
26 agencies, or other proper authority, which may

1 conflict with the terms of this Contract, or
2 failure, threat of failure or sabotage of facilities
3 which have been maintained in accordance with good
4 engineering and operating practices in California.

5 2.39 Winter Period: Defined in Edison's Tariff Schedule
6 No. TOU-8 as now in effect or as may hereafter be
7 authorized by the Commission.

8 3. TERM

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

15 3.1 The First Period of the Contract Term shall commence
16 upon date of Firm Operation but not later than
17 5 years from the date of execution of this Contract
18 and shall be for 10 years.

19 3.2 The Second Period of the Contract Term shall
20 commence upon expiration of the First Period and
21 shall continue for the remainder of the Contract
22 Term.

23 4. GENERATING FACILITY

24 4.1 Ownership

25 The Generating Facility shall be owned by Seller.

26 //

1 4.2 Design

2 4.2.1 Seller, at no cost to Edison, shall:

- 3 a. Design the Generating Facility.
- 4 b. Acquire all permits and other approvals
- 5 necessary for the construction, operation,
- 6 and maintenance of the Generating Facility.
- 7 c. Complete all environmental impact studies
- 8 necessary for the construction, operation,
- 9 and maintenance of the Generating Facility.
- 10 d. Furnish and install the relays, meters,
- 11 power circuit breakers, synchronizer, and
- 12 other control and Protective Apparatus as
- 13 shall be agreed to by the Parties as being
- 14 necessary for proper and safe operation of
- 15 the Project in parallel with Edison's
- 16 electric system.

17 4.2.2 Edison shall have the right to:

- 18 a. Review the design of the Generating
- 19 Facility's electrical system and the
- 20 Seller's Interconnection Facilities. Such
- 21 review may include, but not be limited to,
- 22 the Generator, governor, excitation
- 23 system, synchronizing equipment, protective
- 24 relays, and neutral grounding. The Seller
- 25 shall be notified in writing of the
- 26 outcome of the Edison review within

1 30 days of the receipt of all specifications
2 for both the Generating Facility and the
3 Interconnection Facilities. Any flaws
4 perceived by Edison in the design shall be
5 described in Edison's written notice.

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

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

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

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

11 4.3 Construction

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

19 4.4 Operation

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

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

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

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

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

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

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

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

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

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

25 //

26 //

1 4.4.6 Notification by each Party's Operating
2 Representative of outage date and duration
3 should be directed to the other Party's
4 Operating Representative by telephone.

5 4.4.7 Seller shall not schedule major overhauls
6 during Peak Months.

7 4.4.8 Seller shall maintain an operating log at
8 Seller's Facility with records of: real and
9 reactive power production; changes in
10 operating status, outages, Protective
11 Apparatus operations; and any unusual
12 conditions found during inspections. In
13 addition, Seller shall maintain records
14 applicable to the Generating Facility,
15 including the electrical characteristics of
16 the Generator and settings or adjustments of
17 the Generator control equipment and
18 protective devices. Information maintained
19 pursuant to this Section 4.4.8 shall be
20 provided to Edison, within 30 days of
21 Edison's request.

22 4.4.9 If, at any time, Edison doubts the integrity
23 of any of Seller's Protective Apparatus and
24 believes that such loss of integrity would
25 impair the Edison Electric System Integrity,
26 Seller shall demonstrate, to Edison's

1 satisfaction, the correct calibration and
2 operaton of the equipment in question.

3 4.4.10 Seller shall test all protective devices
4 specified in Section 4.2 with qualified
5 Edison personnel present at intervals not to
6 exceed four years.

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

14 4.4.12 The Seller warrants that the Generating
15 Facility meets the requirements of a
16 Qualifying Facility as of the effective date
17 of this Contract and continuing through the
18 Contract Term.

19 4.4.13 The Seller warrants that the Generating
20 Facility shall at all times conform to all
21 applicable laws and regulations. Seller
22 shall obtain and maintain any governmental
23 authorizations and permits for the continued
24 operation of the Generating Facility. If at
25 any time Seller does not hold such
26 authorizations and permits, Seller agrees to

1 reimburse Edison for any loss which Edison
2 incurs as a result of the Seller's failure to
3 maintain governmental authorization and
4 permits.

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

16 4.5 Maintenance

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

1 4.5.2 Seller shall make a reasonable effort to
2 schedule routine maintenance during Off-Peak
3 Months and expected minimal generation
4 periods for renewable resources. Outages for
5 scheduled maintenance shall not exceed a
6 total of 30 peak hours for the Peak Months.

7 4.5.3 The allowance for scheduled maintenance is as
8 follows:

9 a. Outage periods for scheduled maintenance
10 shall not exceed 840 hours (35 days) in
11 any 12-month period. This allowance may
12 be used in increments of an hour or longer
13 on a consecutive or nonconsecutive basis.

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

19 4.6 Any review by Edison of the design, construction,
20 operation, or maintenance of the Project is solely
21 for the information of Edison. By making such
22 review, Edison makes no representation as to the
23 economic and technical feasibility, operational
24 capability, or reliability of the Project. Seller
25 shall in no way represent to any third party that
26 any such review by Edison of the Project, including

1 but not limited to, any review of the design,
2 construction, operation, or maintenance of the
3 Project by Edison is a representation by Edison as
4 to the economic and technical feasibility,
5 operational capability, or reliability of said
6 facilities. Seller is solely responsible for
7 economic and technical feasibility, operational
8 capability, or reliability thereof.

9 5. OPERATING OPTIONS

10 5.1 Seller shall elect in Section 1.9 to Operate its
11 Generating Facility in parallel with Edison's
12 electric system pursuant to one of the following
13 options:

- 14 a. Operating Option I: Seller dedicates the
15 entire Generator output to Edison with no
16 electrical service required from Edison.
- 17 b. Operating Option II: Seller dedicates the
18 entire Generator output to Edison with
19 electrical service required from Edison.
- 20 c. Operating Option III: Seller dedicates to
21 Edison only that portion of the Generator
22 output in excess of Seller's electrical service
23 requirements. As much as practicable, Seller
24 intends to serve its electrical requirements
25 from the Generator output. Seller will require
26 electrical standby service from Edison which

1 will be arranged for by execution of a separate
2 electrical service agreement.

3 5.2 After expiration of the First Period of the Contract
4 Term, Seller may change the Operating Option, but
5 not more than once per year upon at least 90 days
6 prior written notice to Edison. Edison shall not be
7 required to remove or reserve capacity of
8 Interconnection Facilities made idle by a change in
9 operating options. Edison may dedicate any such
10 idle Interconnection Facilities at any time to serve
11 other customers or to interconnect with other
12 electric power sources. Edison shall process
13 requests for changes of operating option in the
14 chronological order received.

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

1 to serve other customers, the Seller shall
2 receive the fair market value of the
3 facilities determined as of the date the
4 Seller either decides no longer to use said
5 facilities or fails to pay the required
6 maintenance fee.

7 **6. INTERCONNECTION FACILITIES**

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

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

25 6.3 The nature of the Interconnection Facilities and the
26 Point of Interconnection shall be set forth either

1 by equipment lists or appropriate one-line diagrams
2 and shall be attached to the appropriate appendix
3 specified in Section 1.10.

4 6.4 The design, installation, operation, maintenance,
5 and modifications of the Interconnection Facilities
6 shall be at Seller's expense.

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

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

24 7. ELECTRIC LINES AND ASSOCIATED EASEMENTS

25 7.1 Edison shall, as it deems necessary or desirable,
26 build electric lines, facilities and other equipment,

1 both overhead and underground, on and off Seller's
2 Facility, for the purpose of effecting the agreements
3 contained in this Contract. The physical location
4 of such electric lines, facilities and other
5 equipment on Seller's Facility shall be determined
6 by agreement of the Parties.

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

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

24 7.4 The electric lines, facilities, or other equipment
25 referred to in this Section 7 installed by Edison on
26 //

1 or off Seller's Facility shall be and remain the
2 property of Edison.

3 7.5 Edison shall have no obligation to Seller for any
4 delay or cancellation due to inability to acquire a
5 satisfactory right of way, easements, or other
6 property interests.

7 8. METERING

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

13 8.2 The meters and equipment used for measuring the
14 Energy sold to Edison shall be located on the side
15 of the Interconnection Facilities as specified by
16 Seller in Section 1.13. If the meters are placed on
17 Edison's side of the Interconnection Facilities,
18 service shall be provided at the available
19 transformer high-side voltage.

20 8.3 For purposes of monitoring the Generator operation,
21 Edison 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 greater than 10 MW.

26 //

1 8.4 Edison's meters shall be sealed and the seals shall
2 be broken only when the meters are to be inspected,
3 tested, or adjusted by Edison. Seller shall be
4 given reasonable notice of testing and have the
5 right to have its Operating Representative present
6 on such occasions.

7 8.5 Edison's meters installed pursuant to this Contract
8 shall be tested by Edison, at Edison's expense, at
9 least once each year and at any reasonable time upon
10 request by either Party, at the requesting Party's
11 expense. If Seller makes such request, Seller shall
12 reimburse said expense to Edison within thirty days
13 after presentation of a bill therefore.

14 8.6 Metering equipment found to be inaccurate shall be
15 repaired, adjusted, or replaced by Edison such that
16 the metering accuracy of said equipment shall be
17 within two percent. If metering equipment
18 inaccuracy exceeds two percent, the correct amount
19 of Energy and Contract Capacity delivered during the
20 period of said inaccuracy shall be estimated by
21 Edison and agreed upon by the Parties.

22 9. POWER PURCHASE PROVISIONS

23 Prior to the date of Firm Operation, Seller shall be paid
24 for Energy only pursuant to Edison's published avoided
25 cost of energy based on Edison's full avoided operating
26 cost as periodically updated and accepted by the

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

13 9.1 Capacity Payments

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

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1 9.1.1 Capacity Payment Option A -- As Available
2 Capacity.

3 Seller shall be paid a monthly capacity
4 payment calculated pursuant to the following
5 formula:

6 Monthly Capacity Payment = (A x D)+(B x D)+(C x D)

7 Where A = kWh purchased by Edison during
8 on-peak periods defined in Edison's
9 Tariff Schedule 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 the Forecast of Annual
21 As-Available Capacity Payment
22 Schedule as specified by Seller
23 in Section 1.11.

24 9.1.1.1 The formula set forth in Section 9.1.1
25 shall be computed as follows:

26 //

1 a. During the First Period of the
2 Contract Term D shall equal the
3 appropriate time differentiated
4 capacity price from the Forecast of
5 Annual As-Available Capacity Payment
6 Schedule.

7 b. During the Second Period of the
8 Contract Term, the formula shall be
9 computed with D equal to the
10 appropriate time differentiated
11 capacity price from Standard Offer
12 No. 1 Capacity Payment Schedule, but
13 not less than the greater of (i) the
14 appropriate time differentiated
15 capacity price from the Forecast of
16 Annual As-Available Capacity Payment
17 Schedule for the last year of the
18 First Period, or (ii) the appropriate
19 time differentiated capacity price
20 from the Standard Offer No. 1
21 Capacity Payment Schedule for the
22 first year of the Second Period.

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

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 Annual
8 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 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

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 Forecast
20 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 //

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

1 First Period of the Contract Term pursuant to
2 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 //

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
26 does not meet the performance

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

4 9.3 Energy Payments - Second Period

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

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

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

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

1 300 hours annually during off-peak hours when
2 (i) purchases would result in costs greater than
3 those which Edison would incur if it did not purchase
4 Energy from Seller but instead utilized an equivalent
5 amount of Energy generated from another Edison
6 source, or (ii) the Edison Electric System demand
7 would require that Edison hydro-energy be spilled to
8 reduce generation.

9 9.5 Energy Payment Refund

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

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

1 Edison's incremental cost of capital
2 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

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

19 10. PAYMENT AND BILLING PROVISIONS

20 10.1 For Energy and capacity purchased by Edison:

21 10.1.1 Edison shall mail to Seller not later than
22 thirty days after the end of each monthly
23 billing period (1) a statement showing the
24 Energy and Contract Capacity delivered to
25 Edison during the on-peak, mid-peak, and
26 off-peak periods, as those periods are

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

6 10.1.2 If the monthly payment period involves
7 portions of two different published Energy
8 payment schedule periods, the monthly Energy
9 payment shall be prorated on the basis of the
10 percentage of days at each price.

11 10.1.3 If the payment period is less than 27 days or
12 greater than 33 days, the capacity payment
13 shall be prorated on the basis of the average
14 days per month per year.

15 10.2 Monthly charges associated with Interconnection
16 Facilities shall be billed pursuant to the
17 Interconnection Facilities Agreement contained in
18 the Appendix specified in Section 1.10.

19 10.3 Energy Payment Refund

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

23 11. TAXES

24 11.1 Seller shall pay ad valorem taxes and other taxes
25 properly attributable to the Project. If such taxes
26 //

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

3 11.2 Seller shall pay ad valorem taxes and other taxes
4 properly attributed to land, land rights, or
5 interest in land for the Project. If such taxes are
6 assessed or levied against Edison, Seller shall pay
7 Edison for such assessment or levy.

8 11.3 Edison shall pay ad valorem taxes and other taxes
9 properly attributed to the Interconnection
10 Facilities. If such taxes are assessed or levied
11 against Seller, Edison shall pay Seller for such
12 assessment or levy.

13 11.4 Seller or Edison shall provide information
14 concerning the Project to any requesting taxing
15 authority.

16 12. TERMINATION

17 12.1 This Contract shall terminate if Firm Operation does
18 not occur within 5 years of the date of Contract
19 execution.

20 13. LIABILITY

21 13.1 Each Party (First Party) releases the other Party
22 (Second Party), its directors, officers, employees
23 and agents from any loss, damage, claim, cost,
24 charge, or expense of any kind or nature (including
25 any direct, indirect or consequential loss, damage,
26 claim, cost, charge, or expense), including

1 attorney's fees and other costs of litigation
2 incurred by the First Party in connection with
3 damage to property of the First Party caused by or
4 arising out of the Second Party's construction,
5 engineering, repair, supervision, inspection,
6 testing, protection, operation, maintenance,
7 replacement, reconstruction, use or ownership of its
8 facilities, to the extent that such loss, damage,
9 claim, cost, charge, or expense is caused by the
10 negligence of Second Party, its directors, officers,
11 employees, agents, or any person or entity whose
12 negligence would be imputed to Second Party.

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

1 damage, claim, cost, charge, or expense is cause by
2 the negligence of the indemnifying Party, its
3 directors, officers, employees, agents, or any
4 person or entity whose negligence would be imputed
5 to the indemnifying Party; provided, however, that
6 each Party shall be solely responsible for and shall
7 bear all cost of claims brought by its contractors
8 or its own employees and shall indemnify and hold
9 harmless the other Party for any such costs
10 including costs arising out of any workers
11 compensation law. Seller releases and shall defend
12 and indemnify Edison from, any claim, cost, loss,
13 damage, or liability arising from any contrary
14 representation concerning the effect of Edison's
15 review of the design, construction, operation, or
16 maintenance of the Project.

17 13.3 The provisions of this Section 13 shall not be
18 construed so as to relieve any insurer of its
19 obligations to pay any insurance claims in
20 accordance with the provisions of any valid
21 insurance policy.

22 13.4 Neither Party shall be indemnified under this
23 Section 13 for its liability or loss resulting from
24 its sole negligence or willful misconduct.

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1 14. INSURANCE

2 14.1 Until Contract is terminated, Seller shall obtain
3 and maintain in force as hereinafter provided
4 comprehensive general liability insurance, including
5 contractual liability coverage, with a combined
6 single limit of not less than \$1,000,000 each
7 occurrence. The insurance carrier or carriers and
8 form of policy shall be subject to review and
9 approval by Edison.

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

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

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

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

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

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

25 14.4 If Seller fails to comply with the provisions of
26 this Section 14, Seller shall, at its own cost,

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

13 15. UNCONTROLLABLE FORCES

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

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

26 //

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

23 15.3 In the event that either Party's ability to perform
24 cannot be corrected when the Uncontrollable Force is
25 caused by the actions or inactions of legislative,
26 judicial or regulatory agencies or other proper

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

4 If a loss of Qualifying Facility status occurs due
5 to an Uncontrollable Force and Seller fails to make
6 the changes necessary to maintain its qualifying
7 Facility status, the Seller shall compensate Edison
8 for any economic detriment incurred by Edison as a
9 result of such failure.

10 16. NON-DEDICATION OF FACILITIES

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

15 17. PRIORITY OF DOCUMENTS

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

20 18. NOTICES AND CORRESPONDENCE

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

26 //

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

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, conditions,
16 or representations with respect to the subject matter of
17 this Contract.

18 20. NON-WAIVER

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 performance
23 of any of the provisions of the Contract or to take
24 advantage of any of its rights hereunder shall not be
25 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.

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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 Contract 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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ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

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 20th of AUGUST, 1985.

APPROVED AS TO FORM:
JOHN R. BURY
Vice President and General Counsel
By John R. Bury
September 3, 1985 Attorney

SOUTHERN CALIFORNIA EDISON COMPANY

By [Signature]
Name EDWARD A. MYERS, JR.
Title Vice President

ENERGY DISTRIBUTION COMPANY -
DESERT WINDS III

By William Schnell
Name WILLIAM SCHNELI
Title President

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APPENDIX B

FORECAST OF ANNUAL AS-AVAILABLE

CAPACITY PAYMENT SCHEDULE

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

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	1985	81
2	1986	87
3	1987	94
4	1988	101
5	1989	109
6	1990	117
7	1991	126
8	1992	148
9	1993	158
10	1994	169
11	1995	180
12	1996	194
13	1997	206
14	1998	221
15	1999	235

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.

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

CAPACITY PAYMENT SCHEDULE -

FORECAST OF AS-AVAILABLE CAPACITY¹

SEASONAL TIME OF DELIVERY

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Line No.	Year	Season	Period	As-Available Capacity ² (¢/kWh)
1	1985	Summer	On-Peak	10.08
2			Mid-Peak	0.11
3			Off-Peak	0.05
4		Winter	On-Peak	2.41
5			Mid-Peak	0.54
6			Off-Peak	0.06

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.

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APPENDIX C

FORECAST OF ANNUAL MARGINAL COST OF ENERGY

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

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	1985	5.7
2	1986	6.0
3	1987	6.4
4	1988	6.9
5	1989	7.6
6	1990	8.1
7	1991	8.6
8	1992	9.3
9	1993	10.1
10	1994	10.9
11	1995	11.8
12	1996	12.6
13	1997	13.6
14	1998	14.6
15	1999	15.6

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.

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE -

FORECAST OF ANNUAL MARGINAL COST OF ENERGY¹

SEASONAL TIME OF DELIVERY

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Line No.	Year	Season	Period	Annual Marginal Cost of Energy ² (¢/kWh)
1	1985	Summer	On-Peak	7.8
2			Mid-Peak	6.0
3			Off-Peak	5.2
4		Winter	On-Peak	7.4
5			Mid-Peak	6.0
6			Off-Peak	5.2
7		Annual		5.7

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

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APPENDIX D

FORECAST OF INCREMENTAL ENERGY RATE

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE -

FORECAST OF INCREMENTAL ENERGY RATES (IER)¹

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Line No.	Year	Annual IER ² (Btu/kWh)
1	1985	8920
2	1986	8870
3	1987	8900
4	1988	8900
5	1989	9030
6	1990	8880
7	1991	8750
8	1992 - 1998	8750

¹This forecast to be used in conjunction with Energy Payment Option 3.

²The annual forecast of incremental energy rates in the table will be converted to time-of-delivery rates proportional to the current Commission approved time-of-delivery rates.

ENERGY DISTRIBUTION COMPANY - DESERT WINDS III

SOUTHERN CALIFORNIA EDISON COMPANY

LONG-TERM STANDARD OFFER

ENERGY PAYMENT SCHEDULE -

FORECAST OF INCREMENTAL ENERGY RATES (IER)¹

SEASONAL TIME OF DELIVERY

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Line No.	Year	Season	Period	Annual IER ² (Btu/kWh)
1	1985	Summer	On-Peak	12,318
2			Mid-Peak	9,450
3			Off-Peak	8,047
4		Winter	On-Peak	11,621
5			Mid-Peak	9,343
6			Off-Peak	8,047
7		Annual		8,920

¹This forecast to be used in conjunction with Energy Payment Option 3.

²In subsequent years, the annual forecast of incremental energy rates in the table will be converted to time-of-delivery rates proportional to the current Commission-approved time-of-delivery rates.