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STANDARD OFFER NO. 4

LONG RUN STANDARD OFFER FOR POWER PURCHASE

AND INTERCONNECTION

FROM QUALIFYING FACILITIES

WITH

SANTA FE IRRIGATION DISTRICT

Transaction No. 84-0253

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SECTION

TITLE

Exhibit D            Interconnection and Line Extension Facilities  
                          Equipment List

Exhibit E            SDG&E's Electric Department Rule 21

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Part I

PROJECT DESCRIPTION

1.1 PARTIES

The Parties to this Agreement are  
Santa Fe Irrigation District (Seller), a  
Municipality, and San Diego Gas & Electric Company  
(SDG&E), a California corporation (hereinafter individually  
Party, collectively Parties).

1.2 AGREEMENT

The Parties agree as follows:

1.3 PROJECT SUMMARY

Seller represents that the statements specified  
below are true and selects the options to this Agreement  
specified below, which options are described in more detail in  
the sections referenced below:

1.3.1 Seller's Plant:

- 1.3.1.1 Nameplate Rating 1485 kW
- 1.3.1.2 Interconnection Voltage Level 12 kv
- 1.3.1.3 Location Badger Filtration Plant  
Aliso Canyon Road  
Rancho Santa Fe, CA  
(address)
- 1.3.1.4 Type: Hydro-Electric Facility  
(describe)  
         Cogeneration Facility  
  X   Small Power Production  
Facility

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1.3.1.5 Operation Date (Section 2.3).

July 1, 1987 .

Construction begin date (Section 2.3)

January 1, 1987 .

Term as measured from Operation

Date 30 years.

1.3.2 Electric Service to Seller (Section 2.8).

1.3.2.1 Service under SDG&E Rate Schedule

AD .

1.3.2.2 Standby Service Under SDG&E Rate

Schedule SQF .

1.3.2.3 Amount of Standby Service: 200 kW

1.3.3 Interconnection Facilities

1.3.3.1 Payment Option for cost of SDG&E

Facilities (Section 2.6) (check one):

X Option 1 - Advance Payment

       Option 2 - Financed Payment

1.3.3.2 Estimated cost of SDG&E Facilities

(Section 2.6.3): \$6,257.85

1.3.3.3 Estimated Cost of Line Extension

Facilities (Section 2.6.4):

\$ 0 .

1.3.3.4 Seller chooses to determine the cost

payable for both the SDG&E and Line

Extension Facilities as specified in

Section 1.3.3.2 and 1.3.3.3 based on

(Section 2.6.5):

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\_\_\_\_\_ Binding Estimate

  X   Actual Cost

1.3.3.5 Maximum Capacity of Interconnection  
Facilities   2500 KVA  

Limiting Interconnection Equipment

  Main Transformer (owned by Seller)  

1.3.4 Method of Purchase and Sale of Energy

(Section 3.1.1) (Check one):

\_\_\_\_\_ Simultaneous Purchase and Sale

  X   Sale of Surplus Energy

1.3.5 Energy Payment Options (Section 3.2)

(check where applicable):

1.3.5.1   X   Option A (Forecast Energy  
Payment)

1.3.5.1.1 Weighting of Forecast and  
Actual Avoided Cost (Sec-  
tion 3.3.2) (20% increments).

x =   1.0   weighting of forecast.

y =   0   weighting of actual short-run  
avoided cost.

x + y = 1.0

1.3.5.1.2 Forecast Period (Section 3.3.5):

  10   years.

1.3.5.2   N/A   Option B (Levelized  
Forecast Energy  
Payment)  
(Section 3.4).

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1.3.5.2.1 Weightings of Levelized Forecast  
and Actual Avoided Cost (Section  
3.4.2) (20% increments).

y = \_\_\_\_\_ weighting of actual short-run  
avoided cost.

z = \_\_\_\_\_ weighting of Levelized Forecast.

y + z = 1.0

1.3.5.2.2 Forecast Period (Section 3.4.5)  
\_\_\_\_\_ years.

1.3.5.2.3 Security Options (Section 3.7)

\_\_\_\_\_ Option 1 (Section 3.7.1)

\_\_\_\_\_ Option 2 (Section 3.7.2)

C<sub>est</sub> = \_\_\_\_\_

1.3.5.3 N/A Option C (Incremental  
Energy Rate)  
(Section 3.5.2.1).

1.3.5.3.1 Selection of ceiling and floor

Incremental Energy Rate (Section 3.5.2.1):

	1984	1985	1986	1987	1988	1989	1990
ceiling	_____	_____	_____	_____	_____	_____	_____
floor	_____	_____	_____	_____	_____	_____	_____
	1991	1992	1993	1994	1996	1997	1998
ceiling	_____	_____	_____	_____	_____	_____	_____
floor	_____	_____	_____	_____	_____	_____	_____



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1.3.5.3.2 Forecast Period (Section 3.5.5)  
\_\_\_\_\_ years.

1.3.6 Capacity Payment Options (Section 4.1)-  
(check where applicable, or fill in number):

1.3.6.1 \_\_\_\_\_ As-Delivered Option 1  
(Section 4.3.1).

1.3.6.2 X As-Delivered Option 2  
(Section 4.3.2).

1.3.6.2.1 Forecast period 10 years  
(must be same as Forecast Period  
for Energy - Sections 1.3.5.1.2  
and 1.3.5.2.2 subject to the  
terms of Section 4.3.2.3).

1.3.6.3 Note 1 Firm Capacity Option 3  
(Section 4.4).

1.3.6.3.1 Amount of Firm Capacity  
(Section 4.4.1): \_\_\_\_\_ kW.

1.3.6.3.2 Number of years of guaranteed  
Firm Capacity: \_\_\_\_\_ years.

1.3.6.3.3 Price per kW of Firm Capacity:  
\$ \_\_\_\_\_/kw.

1.3.7 Seller selects the following meter  
locations (Sections 1.3.7.3 and 2.9.1):

Note 1 : Firm Capacity initially 0 KW, but may be increased  
by Seller pursuant to Section 4.4.7.

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1.3.7.1      X        Metering on SDG&E's side  
   of Interconnection  
   Facilities  
  
            Metering on Seller's side  
   of Interconnection  
   Facilities

1.3.7.2    Transformer loss compensation factor  
         0      .

1.3.7.3    If Seller selects a metering location  
   on Seller's side of the  
   Interconnection Facilities the power  
   recorded as delivered to SDG&E shall  
   be adjusted by applying the  
   transformer loss compensation factor  
   specified in Section 1.3.7.2 to  
   derive the amount of energy and  
   capacity delivered. The transformer  
   loss compensation factor shall be  
   agreed to by the parties or at  
   Seller's election, shall be  
   determined from the measured value of  
   transformer losses from the  
   transformer to be used. If Seller  
   chooses the latter option, Seller  
   shall pay SDG&E for the cost of  
   determining this measured value.

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1.4 NOTICES

Any formal communication or notice in connection with this Agreement shall be in writing and shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid to the person specified below:

San Diego Gas & Electric Company  
c/o Secretary  
P. O. Box 1831  
San Diego, CA 92112

Santa Fe Irrigation District  
P.O. Box 409  
Rancho Santa Fe, CA 92070  
Attention : Mr. James S. Tolley

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PART II

GENERAL CONDITIONS AND PROVISION

2.1 RECITALS

2.1.1 This Agreement is made available by SDG&E and describes the conditions and prices available to Seller for capacity and energy sold and delivered to SDG&E from a Qualifying Facility (see Definition below) as mandated by the California Public Utilities Commission, and the Federal Energy Regulatory Commission in the Public Utility Regulatory Policies Act of 1978.

2.1.2 Seller desires to construct, own, operate and control a Qualifying Facility, generate electric energy, and sell and deliver capacity and energy produced by said facility to SDG&E.

2.1.3 SDG&E desires to purchase said energy and capacity made available to it from the Qualifying Facility subject to the terms of this Agreement.

2.2 DEFINITIONS

2.2.1 Agreement: This Long-Run Standard Offer for Power Purchase and Interconnection from Qualifying Facilities, between SDG&E and Seller including: Part I - Project Description; Part II - General Conditions and Provisions; Part III - Purchase Provisions for Energy; Part IV - Purchase Provisions for Capacity; Part V - Signature Clause; and Exhibit A, Energy Price Summary; Exhibit B, Capacity Price Summary; Exhibit C, Plant Schematic and Interconnection Facilities; Exhibit D, Interconnection and Line Extension

1 Facilities Equipment List; and Exhibit E, SDG&E's Electric  
2 Department Rule 21.

3           2.2.2     Authorized Representative: An employee of  
4 the Party designated in writing to the other Party to serve as  
5 primary contact for and represent such Party in the implemen-  
6 tation and administration of this Agreement.

7           2.2.3     Bill: A written statement setting forth  
8 charges and requiring payment for electrical service, gas  
9 service, or both, as more fully discussed in SDG&E's Rules of  
10 Service.

11           2.2.4     Cogeneration Facility: A facility which  
12 produces electric energy and steam or forms of useful thermal  
13 energy (such as heat), which are used for industrial, commer-  
14 cial, heating, or cooling purposes, as defined in Title 18  
15 Code of Federal Regulations, Part 292, as of the effective  
16 date of this Agreement.

17           2.2.5     CPUC: The California Public Utilities  
18 Commission or any successor agency having regulatory control  
19 over SDG&E or its successors.

20           2.2.6     Current Capacity Price. The \$/kW-Year  
21 capacity price from the Firm Capacity Payment Schedule,  
22 published by SDG&E, at the time of termination or reduction of  
23 Firm Capacity, assuming a term equal to the balance of the  
24 term of the Agreement.

25           2.2.7     Energy: Electric energy expressed in  
26 kilowatt-hours generated by the Plant.  
27  
28

1                   2.2.8       FERC: The Federal Energy Regulatory  
2 Commission or any successor agency having a similar function.

3                   2.2.9       Firm Capacity. The amount of kilowatts  
4 that the Plant can supply at all times during the period  
5 covered by the Agreement as specified by Seller in Section  
6 1.3.6.3.1 (if a Firm Capacity option is selected).

7                   2.2.10       Forecast Period. The Period during which  
8 Seller shall be paid, at least in part, based on the forecast-  
9 ed energy prices or forecasted Incremental Energy Rate set  
10 forth in Exhibit A and, where applicable, the forecasted  
11 as-delivered capacity prices set forth in Exhibit B. Such  
12 period shall commence on the Operation Date set forth in  
13 Section 1.3.1.5 and shall have a duration as specified in  
14 Sections 1.3.5.1.2, 1.3.5.2.2, 1.3.5.3.2 and 1.3.6.2.1, as  
15 applicable.

16                   2.2.11       Forced Outage: Any Plant outage resulting  
17 from a design defect, inadequate construction, operation error  
18 or a breakdown of the mechanical or electrical equipment or in  
19 the case of solar, photovoltaic, wind or other related renew-  
20 able resource facilities, a lack or insufficient supply of  
21 sun, wind or other such resources, resulting in a full or  
22 partial curtailment of the electric output of the Plant.

23                   2.2.12       Interconnection Facilities: Facilities  
24 and devices which are required for the proper and safe opera-  
25 tion of the Plant in parallel with SDG&E's electric system and  
26 which are either owned by Seller or are SDG&E Facilities, all  
27  
28

1 as described in Section 2.6, and generally shown in Exhibits C  
2 and D.

3           2.2.13     Line Extension Facilities: All facil-  
4 ities, excluding the Interconnection Facilities, as generally  
5 shown on Exhibit D and determined by SDG&E to be necessary to  
6 connect SDG&E's existing system to the Point of Delivery in  
7 order to accept the output of the Plant.

8           2.2.14     Meters: Any meter installed as part of  
9 the Interconnection Facilities to measure the amount of Energy  
10 and capacity delivered to SDG&E, as specified in Parts III and  
11 IV of this Agreement.

12           2.2.15     Minimum Load Condition: A situation when  
13 SDG&E's electric system load minus the margin required for  
14 regulation of its generation resources is equal to or less  
15 than the sum of (1) the minimum electrical output of generat-  
16 ing units committed for system security; (2) the electrical  
17 output associated with firm purchases which SDG&E is obligated  
18 to accept due to contractual terms or penalties; and (3) the  
19 output of Qualifying Facilities providing electricity to  
20 SDG&E.

21           2.2.16     O&M Charge: An amount paid monthly by  
22 Seller to SDG&E to cover the operation and maintenance of the  
23 Line Extension and SDG&E Facilities.

24           2.2.17     Operation Date: The day upon which the  
25 plant is deemed, by both Parties, to be capable of reliable  
26 delivery of Energy and capacity, as specified in Sec-  
27 tion 1.3.1.5.  
28

1                   2.2.18     Plant: The Cogeneration Facility or Small  
2 Power Production Facility controlled by Seller including the  
3 generator with all associated equipment and improvements  
4 necessary for generating electric energy.

5                   2.2.19     Plant Start-up Date: The date upon which  
6 the Plant becomes operational and begins to produce Energy.

7                   2.2.20     Point of Delivery: The point shown in  
8 Exhibit C where delivery of Energy and Capacity by Seller to  
9 SDG&E shall take place.

10                  2.2.21     Qualifying Facility: A Cogeneration  
11 Facility or a Small Power Production Facility, as defined in  
12 Section 2.2.4 and 2.2.22, respectively.

13                  2.2.22     SDG&E Facilities: Facilities owned by  
14 SDG&E for the proper parallel operation of the Plant with  
15 SDG&E's system. These facilities may include, but not be  
16 limited to, connection, transformation, switching, metering,  
17 safety equipment and any necessary additions and/or reinforce-  
18 ments required and added by SDG&E to SDG&E's system, excluding  
19 any Line Extension Facilities.

20                  2.2.23     Short-Run Energy-Payment Schedule:  
21 SDG&E's schedule of time-differentiated payments and condi-  
22 tions for purchase of Energy from Qualifying Facilities. The  
23 Energy prices contained therein will be derived from SDG&E's  
24 full avoided operating costs, as approved by the CPUC,  
25 throughout the life of the Agreement. The current Short-Run  
26 Energy Payment Schedule appears in Table 1 of Exhibit A,  
27 attached hereto.  
28



1                   2.2.24     Small Power Production Facility:  A  
2 facility which produces electric energy solely by the use, as  
3 a primary energy source, of biomass, waste, renewable re-  
4 sources, or any combination thereof, as defined in Title 18,  
5 Code of Federal Regulations, Part 292, as of the effective  
6 date of this Agreement.

7                   2.2.25     Station Load:  Load specifically related  
8 to the operation of the generation auxiliary equipment.  Such  
9 auxiliary equipment includes, but is not necessarily limited  
10 to, forced and induced draft fans, cooling towers, boiler feed  
11 pumps, lubricating oil systems, plant lighting, fuel handling  
12 systems, control systems, and sump pumps.

13                  2.2.26     Statement:  A written statement setting  
14 forth amounts of Energy and capacity delivered and sold to  
15 SDG&E and amounts due to Seller for such Energy and capacity,  
16 as more fully described in Section 2.10.

17                  2.2.27     Surplus Energy:  The total output of the  
18 Plant, less Station Load and other load requirements of the  
19 Seller, that the Seller actually delivers to the Point of  
20 Delivery from the Plant's generation facilities.

21                  2.2.28     System Emergency:  A condition on SDG&E's  
22 system which is likely to result in imminent significant  
23 disruption of service to any of SDG&E's customers or is  
24 imminently likely to endanger life or property.

25                  2.2.29     Willful Action:

26                         2.2.29.1  Action taken or not taken by a Party  
27 at the direction of its directors, officers or supervisory  
28

1 employees affecting its performance under this Agreement,  
2 which action is knowingly or intentionally directed by such  
3 directors, officers or supervisory employees with conscious  
4 indifference to the injurious consequences thereof, or with  
5 intent that injury or damage would result or would probably  
6 result therefrom. Willful Action does not include any act or  
7 failure to act which is merely involuntary, accidental, or  
8 negligent.

9                   2.2.29.2 Action taken or not taken by a Party  
10 at the direction of its directors, officers or supervisory  
11 employees affecting its performance under this Agreement,  
12 which action has been determined by arbitration award or final  
13 judgment or judicial decree to be a contract breach under this  
14 Agreement and which occurs or continues beyond the time spec-  
15 ified in such arbitration award or judgment or judicial decree  
16 for curing such default or, if no time to cure is specified  
17 therein, occurs or continues thereafter beyond a reasonable  
18 time to cure such default.

19                   2.2.29.3 Action taken or not taken by a Party  
20 at the direction of its directors, officers of supervisory  
21 employees affecting its performance under this Agreement,  
22 which action is knowingly or intentionally directed by such  
23 directors, officers or supervisory employees with the knowl-  
24 edge that such action taken or not taken is a contract breach  
25 under this Agreement.  
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1           2.3    EFFECTIVE DATE AND TERM

2                   2.3.1       This Agreement shall be binding upon  
3 execution and shall remain in effect for the number of years  
4 from the Operation Date specified in Section 1.3.1.5, which  
5 shall not be less than fifteen (15) years nor more than thirty  
6 (30) years.

7                   2.3.2       The Operation Date shall not be more than  
8 five (5) years from the date of execution of this Agreement.  
9 Seller shall begin construction of the Plant on or before the  
10 date specified in Section 1.3.1.5.

11                   2.3.3       The Operation Date shall be as specified  
12 in Section 1.3.1.5. Seller may change the Operation Date only  
13 upon written notice by Seller to SDG&E and written consent by  
14 SDG&E to such change, which consent shall not be unreasonably  
15 withheld. Seller acknowledges that a change in the Operation  
16 Date will be dependent upon SDG&E's ability to reasonably  
17 accommodate such change. Seller agrees to provide the maximum  
18 notice feasible of any desired change in the Operation Date.  
19 If SDG&E does not consent to the change desired by Seller, the  
20 Parties shall work together to agree on a mutually acceptable  
21 Operation Date.

22                   2.3.4       For the period beginning with the Plant  
23 Start-up Date and ending on the Operation Date SDG&E will  
24 purchase Energy and as-available capacity made available from  
25 the Plant and delivered to SDG&E at SDG&E's then current  
26 as-available energy and capacity payment schedules.  
27  
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1       2.4   SELLER'S GENERAL OBLIGATIONS

2                   Seller shall:

3                   2.4.1       Design, own, construct, operate and  
4 maintain the Plant, provided that SDG&E shall have the right  
5 to require modifications to such design as provided in Section  
6 2.5.2.

7                   2.4.2       Operate and maintain the Plant in accor-  
8 dance with prudent electrical practices. If a condition is  
9 created by Seller which may unreasonably interfere with the  
10 reliability and safety of operation of the Plant, the Seller  
11 shall correct or eliminate such condition with reasonable  
12 diligence.

13                   2.4.3       Notify SDG&E's Authorized Representative  
14 (i) by January 1, May 1 and September 1 of each year, of the  
15 estimated scheduled maintenance and estimated daily Energy and  
16 capacity deliveries for the succeeding four months and (ii) by  
17 September 1 of each year, of the estimated scheduled mainte-  
18 nance and estimated daily Energy and capacity deliveries for  
19 the following year.

20                   2.4.4       Place its main disconnect switch under the  
21 control of both SDG&E and Seller by (i) allowing SDG&E to add  
22 its lock to Seller's lock on the switch door, (ii) allowing  
23 SDG&E to stencil its markings on the switch door, and (iii)  
24 allowing SDG&E 24 hour access to the switch. Switch operation  
25 shall be reserved exclusively for SDG&E and Seller personnel  
26 and each Party will be able to lock out the switch. Switch  
27 maintenance shall be performed by Seller's personnel.  
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1                   2.4.5       Provide SDG&E, by means of a separate,  
2 written instrument, any rights-of-way and access required for  
3 construction, operation, maintenance, inspection and testing  
4 of Interconnection Facilities and testing and reading of  
5 Meters and operating of Seller's main disconnect switch.

6                   2.4.6       Maintain proper daily Plant operating  
7 records including, but not limited to, fuel consumption,  
8 cogeneration fuel efficiency, kilowatts, kilovars and kilo-  
9 watt-hours generated and maintenance performed, and make such  
10 records available to SDG&E during normal business hours upon  
11 request, as are reasonably needed by SDG&E to implement this  
12 Agreement.

13                   2.4.7       Provide to SDG&E Plant electrical design  
14 and Interconnection Facilities design drawings for SDG&E's  
15 review prior to finalizing Plant design and before beginning  
16 construction work based on such drawings. SDG&E may require  
17 modification of such design as provided in Section 2.5.2.

18                   2.4.8       Provide to SDG&E reasonable advance  
19 written notice of any changes in the Plant and provide to  
20 SDG&E design drawings of any such changes in the Plant for its  
21 review and approval as provided in Section 2.5.2. SDG&E may  
22 require modification of such changes.

23                   2.4.9       Test its Interconnection Facilities at  
24 least every 12 months, by qualified personnel, notify SDG&E at  
25 least 72 hours in advance of such tests and permit SDG&E to  
26 have a representative present at such tests.

1           2.4.10     Design and operate the Plant to limit the  
2 adverse effects of reactive power flow on the utility system.  
3 Seller shall operate the Plant in a manner to satisfy the  
4 reactive power requirement of Seller's load within the limit  
5 of the Plant's capability as set forth in SDG&E's Electric  
6 Department Rule 21.

7           2.4.11     Notify SDG&E of the Plant start-up date at  
8 least forty-five (45) days prior to such date. SDG&E shall  
9 inspect the Interconnection Facilities within thirty (30) days  
10 of receipt of such notice. If SDG&E concludes in good faith  
11 that the Interconnection Facilities are for any reason unac-  
12 ceptable, SDG&E will notify Seller in writing within five (5)  
13 days of completion of the inspection, stating the reasons for  
14 its determination. Seller shall correct any deficiencies  
15 noted by SDG&E and shall provide SDG&E with the further right  
16 to inspect in accordance with the guidelines set forth above.

17           2.4.12     Notify SDG&E at least fourteen (14)  
18 calendar days prior to: (i) the initial energizing of the  
19 Point of Interconnection; (ii) the initial parallel operation  
20 of each of Seller's generators; and (iii) the initial testing  
21 of Seller's protective apparatus. SDG&E shall have the right  
22 to have a representative present at such times.

23           2.4.13     Reimburse SDG&E for the cost of acquiring  
24 any property rights which are determined by SDG&E to be  
25 required pursuant to this Agreement.

26           2.4.14     Be liable to SDG&E for any loss of whatev-  
27 er kind which SDG&E incurs as a result of (i) Seller's failure  
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1 to obtain or maintain any necessary permit or approval,  
2 including completion of required environmental studies,  
3 necessary for the construction, operation and maintenance of  
4 the Plant, and (ii) Seller's failure to comply with necessary  
5 permits and approvals or with any applicable law.

6           2.4.15     Notify SDG&E in a timely manner of any  
7 possible changes in the Operation Date of the Plant. The  
8 Operation Date shall only be changed as agreed to by the  
9 Parties in writing.

10           2.4.16     As of the Operation Date of the Plant and  
11 throughout the term of this Agreement, maintain and operate  
12 the Plant to assure that the Plant meets the requirements of a  
13 Qualifying Facility established as of the effective date of  
14 this Agreement. Seller warrants that such facility will meet  
15 the requirements of a Qualifying Facility as defined herein  
16 from the date of first power delivery throughout the term of  
17 this Agreement.

18           2.4.17     Comply with the requirements of and design  
19 the Plant consistently with SDG&E Electric Department Rule 21  
20 as attached hereto as Exhibit E; provided, however, that the  
21 charge for operation and maintenance of Line Extension and  
22 Interconnection facilities specified in Rule 21 is subject to  
23 revision from time-to-time as authorized by the CPUC.

24 2.5 SDG&E'S GENERAL OBLIGATIONS

25           SDG&E shall:

26           2.5.1     Operate and maintain its electrical  
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1 facilities in accordance with applicable, generally accepted  
2 practices in the electric utility industry.

3           2.5.2       Have the right to review all Plant and  
4 Interconnection Facilities specifications and designs submit-  
5 ted by Seller. SDG&E may require modifications to such speci-  
6 fications and designs as it deems necessary to allow SDG&E to  
7 operate its system as safely and reliably as possible. SDG&E  
8 shall notify Seller in writing of the results of the review of  
9 the specifications and designs submitted by Seller, within  
10 thirty (30) days of receipt of such specifications and desings  
11 by SDG&E. SDG&E shall include in its notification to Seller  
12 any flaws or design errors, perceived by the utility in its  
13 review of the material submitted by the Seller. SDG&E's review  
14 of Seller's specifications and designs shall not be construed  
15 as confirming or endorsing the design or as any warranty of  
16 safety, durability or reliability of the Plant or any of the  
17 equipment or the technical or economic feasibility of the  
18 Plant. SDG&E shall not, by reason of such review or failure  
19 to review, be responsible for strength, details of design,  
20 adequacy or capacity of the Plant or equipment, nor shall  
21 SDG&E's acceptance of such specifications or designs be deemed  
22 to be an endorsement of any facility or equipment.

23 Notwithstanding anything in this Agreement to the contrary,  
24 SDG&E shall not be liable to Seller and Seller shall indemnify  
25 and hold SDG&E harmless from any claim, cost, loss, damage or  
26 liability, including attorney's fees and interest, in  
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1 connection with SDG&E's exercise of its rights under this  
2 Section 2.5.

3           2.5.3       Make such SDG&E Facilities' records avail-  
4 able to Seller upon request as are needed by Seller to imple-  
5 ment this Agreement.

6           2.5.4       Make available to Seller any data filed in  
7 accordance with CPUC Decision No. 83-10-093, Ordering Para-  
8 graph 5f, as specifically requested by Seller.

9           2.5.5       Make available SDG&E Electric Department  
10 rules and other existing publications governing interconnec-  
11 tion, at Seller's request.

12 2.6 INTERCONNECTION FACILITIES

13           2.6.1       Seller shall own and shall be solely  
14 responsible for the design, purchase, installation, operation  
15 and maintenance of Interconnection Facilities to protect  
16 SDG&E's system, employees and customers from damage or injury  
17 arising out of or connected with the operation of the Plant.

18           2.6.2       SDG&E shall design, own, operate and maintain  
19 the SDG&E Facilities and Line Extension Facilities required to  
20 connect the Seller's Plant to SDG&E's electric system as set  
21 forth in Exhibit D of this Agreement. Exhibit D shall be  
22 modified as necessary to accommodate interconnection to  
23 Seller. SDG&E shall construct and install the Facilities so  
24 designated in Exhibit D. Seller shall construct and install  
25 and, after installation, transfer title to SDG&E free of all  
26 liens, the Facilities so designated in Exhibit D, in accor-  
27 dance with SDG&E's Electric Department Rule 21.  
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1                   2.6.3 Seller shall reimburse SDG&E for all costs  
2 associated with the purchase, installation and inspection of  
3 SDG&E Facilities, including engineering costs incurred by  
4 SDG&E prior to the execution of this Agreement but in further-  
5 ance of development of an interconnection arrangement between  
6 Seller and SDG&E, according to one of the following options;

7                   2.6.3.1 Option 1 - Advance Payment

8                   2.6.3.2 Option 2 - Financed Payment

9 as set forth in SDG&E's Electric Department Rule 21. The  
10 Option selected by Seller and the estimated cost of the SDG&E  
11 Facilities as described above are set forth in Sections  
12 1.3.3.1 and 1.3.3.2, respectively.

13                   2.6.4 Seller shall reimburse SDG&E for all costs  
14 incurred by SDG&E associated with the purchase, installation  
15 and inspection of any Line Extension according to the method  
16 set forth in SDG&E's Electric Department Rule 21. The esti-  
17 mated cost of the Line Extension Facilities is as specified in  
18 Section 1.3.3.3.

19                   2.6.4.1 If capacity is available on the  
20 existing SDG&E line(s), such capacity shall be allocated among  
21 all Qualifying Facility owners wishing to interconnect on such  
22 line(s) on a first-come first-served basis, based on the date  
23 a letter of intent of such owners is received by SDG&E. Such  
24 allocation shall be made as set forth in SDG&E's Electric  
25 Department Rule 21. Seller's maximum capacity deliverable to  
26 SDG&E shall be limited to the maximum capacity of the  
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1 Interconnection Facilities as specified in Section 1.3.3.5,  
2 per SDG&E's Electric Department Rule 21.

3                   2.6.4.2 Seller shall commence construction of  
4 the Plant on or before the date as specified in Section  
5 1.3.1.5. Should Seller fail to commence construction by said  
6 date, SDG&E will notify Seller in writing that Seller has  
7 thirty (30) days in which to begin construction. Should  
8 construction not begin within the additional thirty (30) days,  
9 SDG&E shall have the right to reallocate any or all of Sell-  
10 er's portion of the capacity on the line(s).

11                   2.6.5 The costs payable by Seller for the Intercon-  
12 nection Facilities and the Line Extension Facilities as  
13 specified in Sections 1.3.3.2 and 1.3.3.3 shall be based on  
14 either a binding estimate or actual cost (non-binding) as  
15 selected in Section 1.3.3.4 and described below:

16                   Actual Cost: Seller shall receive from SDG&E an  
17 estimate of costs for all Intercon-  
18 nection and Line Extension work to be  
19 performed by SDG&E, as required to  
20 interconnect with Seller. Upon  
21 completion of construction, SDG&E  
22 shall either bill or reimburse Seller  
23 for the difference between the actual  
24 and estimated costs according to the  
25 procedures specified in SDG&E's  
26 Electric Department Rule 21.  
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1                   Binding Estimate:     Seller shall receive a binding  
2   estimate of costs for all Intercon-  
3   nection and Line Extension work to be  
4   performed by SDG&E as required to  
5   interconnect with Seller.  Such costs  
6   shall not be changed except that in  
7   the event that changes are deemed  
8   necessary in the Interconnection or  
9   Line Extension Facilities prior to  
10    the Operation Date due to a change in  
11    the Seller's Plant, the costs as  
12    specified in Section 1.3.3.2 and  
13    1.3.3.3 will be revised to reflect  
14    any modifications necessary to be  
15    made by SDG&E to accommodate changes  
16    in Seller's Plant.

17                   2.6.6   The Parties recognize that from time-to-time  
18    certain improvements, additions or other changes in the  
19    Interconnection Facilities may be required for the proper and  
20    safe operation of the Plant in parallel with SDG&E's system.  
21    SDG&E shall have the right to make such changes or require  
22    Seller to make such changes, whichever is appropriate, upon  
23    reasonable advance written notice to Seller.  Seller shall,  
24    through the option chosen in Section 1.3.3.1, reimburse SDG&E  
25    for all costs incurred by SDG&E for any additions or changes  
26    in the SDG&E Facilities to the extent required by SDG&E's  
27    Electric Department Rule 21 and the cost of SDG&E Facilities  
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1 upon which the O&M charge is based shall be adjusted to  
2 reflect the cost of such changes.

3           2.6.7 Seller shall pay for operation and mainte-  
4 nance of Line Extension and SDG&E Facilities in accordance  
5 with SDG&E's Electric Department Rule 21 and Section 2.10 of  
6 this Agreement. Seller shall be solely responsible for  
7 maintaining in good operating condition all Interconnection  
8 Facilities owned by Seller. When the Plant is generating  
9 electrical energy whether or not it is operating in parallel  
10 with SDG&E's system, all Interconnection Facilities shall be  
11 in good repair and proper operating condition.

#### 12 2.7 CANCELLATION CHARGES

13           Seller shall be responsible for the reimbursement to  
14 SDG&E of any and all cancellation charges incurred as a result  
15 of SDG&E cancelling order(s) for equipment necessary for the  
16 interconnection between SDG&E and Seller, provided that said  
17 charges be due to Seller's cancellation or modification of the  
18 Plant. Seller shall pay SDG&E within thirty (30) days after  
19 receipt of notice for said charges.

#### 20 2.8 ELECTRIC SERVICE TO SELLER

21           2.8.1 SDG&E will provide electric service to Seller  
22 pursuant to the SDG&E Rate Schedule specified in Section  
23 1.3.2.1, if applicable, or any revision or replacement  
24 thereof. Seller shall be subject to SDG&E's Rules for  
25 Electric Service, as may be revised from time-to-time, which  
26 are incorporated by this reference as though fully set forth  
27 herein. If a change in the service provided to Seller is  
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1 necessary during the term of this Agreement, the parties shall  
2 amend this Agreement to reflect any such change.

3           2.8.2 SDG&E will provide standby service to Seller  
4 in accordance with the SDG&E Schedule specified in Section  
5 1.3.2.2, if applicable, in the amount specified in Section  
6 1.3.2.3.

7           2.9 METERING OF ENERGY DELIVERIES

8           2.9.1       Metering for electric service to Seller  
9 and for Energy and capacity purchased by SDG&E shall be as  
10 shown in Exhibit C, or as otherwise required by SDG&E.  
11 Metering will be installed which will measure and record flows  
12 in each direction. If metering is on Seller's side of the  
13 Interconnection Facilities, a transformer loss compensation  
14 factor shall also be specified (see Section 1.3.7). All the  
15 meters and equipment used for measuring power delivered to  
16 SDG&E shall be located on the side of the Interconnection  
17 Facilities selected by Seller as shown on Exhibit A and  
18 selected in Section 1.3.7.1.

19           2.9.2       All Meters shall be sealed and the seal  
20 shall be broken only by SDG&E upon occasions when the Meters  
21 are to be inspected, tested or adjusted.

22           2.9.3       SDG&E shall inspect and test all Meters  
23 upon their installation and on its regular testing schedule.  
24 If requested to do so by Seller, SDG&E shall inspect or test a  
25 Meter, but the expense of such inspection or test shall be  
26 paid by Seller unless the Meter is found not to comply with  
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1 the accuracy specifications found in SDG&E's Electric Depart-  
2 ment Rule 18, or any superseding standard.

3           2.9.4       If a Meter is found to be in error, bills  
4 or statements shall be adjusted in accordance with Section B  
5 of SDG&E's Electric Department Rule 18, or any superseding  
6 standard.

7           2.9.5       Seller shall report the hourly and daily  
8 Energy recordings to SDG&E periodically as agreed upon by the  
9 Authorized Representatives. Where the Plant's rated capacity  
10 is greater than 2MW, the Plant output shall be telemetered to  
11 SDG&E's Mission Control Center as specified in SDG&E's  
12 Electric Department Rule 21.

13 2.10 BILLS AND STATEMENTS

14           2.10.1       SDG&E shall read all Meter(s) monthly  
15 according to its regular meter reading schedule beginning no  
16 more than thirty (30) days after the date that Energy and  
17 capacity are first delivered to SDG&E. SDG&E shall mail to  
18 Seller not later than thirty (30) days after the end of each  
19 monthly billing period (i) a Statement showing Energy and the  
20 Firm Capacity delivered to SDG&E during on-peak, semi-peak,  
21 and off-peak periods during the monthly billing period,  
22 (ii) SDG&E's computation of the amount due Seller, and  
23 (iii) SDG&E's check in payment of said amount. If within  
24 thirty (30) days of receipt of the Statement Seller does not  
25 make a report in writing to SDG&E of an error, Seller shall be  
26 deemed to have waived any error in SDG&E's Statement, computa-  
27 tion, and payment, and they shall be considered correct and  
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1 complete. SDG&E reserves the right to provide such Statement  
2 concurrently with any Bill to Seller for electric or gas  
3 service provided by SDG&E to Seller and to credit such Bill  
4 with the value of SDG&E's purchase of Energy and Firm Capac-  
5 ity. Seller shall pay any amount owing for electrical or gas  
6 service provided by SDG&E to Seller in accordance with appli-  
7 cable Rules of Service.

8           2.10.2 Seller shall pay SDG&E (i) the installed  
9 cost of SDG&E Facilities (to the extent appropriate) pursuant  
10 to Option 1 of Sections 1.3.3 and 2.6 of this Agreement, and  
11 the installed cost of any Line Extension Facilities, (ii) a  
12 monthly payment for specified SDG&E facilities, if appropri-  
13 ate, pursuant to Option 2 of Sections 1.3.3 and 2.5 of this  
14 Agreement, (iii) a monthly O&M Charge for Line Extension  
15 Facilities and SDG&E Facilities, pursuant to SDG&E Electric  
16 Department Rule 21, and (iv) a monthly charge to reimburse  
17 SDG&E for leased communication facilities when required by  
18 SDG&E for telemetering the Plant output. Seller shall pay  
19 SDG&E for such charges within thirty (30) days of the receipt  
20 of a bill for any such charge.

21           2.10.3 If either Party disputes a Statement,  
22 payment shall be made as if no dispute existed pending resolu-  
23 tion of the dispute by the Authorized Representatives. If the  
24 statement is determined to be in error, the amount determined  
25 to be in error shall be refunded by the Party owing, with  
26 monthly interest at a rate equal to that applied to SDG&E's  
27 Energy Cost Adjustment Clause pursuant to Section 9.(i).(4) of  
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1 SDG&E's Electric Department Preliminary Statement, or succes-  
2 sor CPUC approved interest rate.

3           2.10.4     If either Party disputes a Bill, such  
4 dispute shall be resolved in accordance with SDG&E's applica-  
5 ble Rules of Service.

6 2.11 CONTINUITY OF SERVICE.

7           2.11.1     SDG&E shall not be obligated to accept, and  
8 SDG&E may require Seller to temporarily curtail, interrupt or  
9 reduce deliveries of Energy upon advance notice to Seller, in  
10 order for SDG&E to construct, install, maintain, repair,  
11 replace, remove, investigate or inspect any of its equipment  
12 or any part of its system, or if SDG&E determines that such  
13 curtailment, interruption or reduction is necessary because of  
14 a System Emergency, forced outage, operating conditions on its  
15 system, or compliance with prudent electrical practices,  
16 provided that SDG&E shall not interrupt deliveries pursuant to  
17 this section solely in order to take advantage, or to make  
18 purchases, of less expensive energy elsewhere.

19           2.11.2     SDG&E shall not be obligated to accept or  
20 pay for, and may require Seller, with a Qualifying Facility  
21 with a nameplate rating of one megawatt or greater, to tempo-  
22 rarily curtail, interrupt or reduce deliveries of Energy up to  
23 a maximum of 300 hours during any calendar year during periods  
24 of Minimum Load Condition where such purchase results in  
25 "negative avoided cost" to SDG&E as such term is defined by  
26 the CPUC. Such curtailment shall not be made during peak and  
27 semi-peak hours.  
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1           2.11.3 Notwithstanding any other provisions of this  
2 Agreement, if at any time SDG&E determines that either (i) the  
3 facility may endanger SDG&E personnel, or (ii) the continued  
4 operation of Seller's facility may endanger the integrity of  
5 SDG&E's electric system, SDG&E shall have the right upon  
6 notice to Seller, to disconnect Seller's facility from SDG&E's  
7 system. Seller's facility shall remain disconnected until  
8 such time as SDG&E is satisfied that the condition(s) refer-  
9 enced in (i) or (ii) of this Section 2.11.3 have been correct-  
10 ed.

11           2.11.4 Whenever possible, SDG&E shall give Seller  
12 reasonable advance notice of the possibility that it will  
13 refuse to purchase Energy under this Section 2.11.

14           2.11.5 The Authorized Representatives will coordi-  
15 nate temporary curtailment and interruption or reduction of  
16 deliveries of Energy required for either Party to construct,  
17 install, maintain, repair, replace, remove, investigate or  
18 inspect equipment in its respective electric system.

19 2.12 AUTHORIZED REPRESENTATIVES

20           2.12.1 Within thirty (30) days after the date of  
21 execution of this Agreement, each Party shall designate in  
22 writing to the other Party an Authorized Representative to  
23 serve as primary contact for and person to represent such  
24 Party in the implementation and administration of this Agree-  
25 ment.

26           2.12.2 SDG&E's Authorized Representative may  
27 develop detailed written procedures as may be necessary and  
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1 convenient for SDG&E to administer this Agreement. Any such  
2 procedures will be submitted to Seller's Authorized Represen-  
3 tative for review, comment and discussion. SDG&E shall revise  
4 such procedures as agreed to by the Authorized Representatives  
5 before putting them into effect. Such procedures may include,  
6 without limitation, specified equipment tests and operating  
7 matters which affect or may affect quality and reliability of  
8 service to SDG&E electric customers.

9           2.12.3     The Authorized Representative shall have  
10 no authority to modify any of the provisions of this Agree-  
11 ment.

12     2.13     NONDEDICATION OF FACILITIES

13           Seller does not hereby dedicate any part of the  
14 Plant to serve SDG&E, its customers, or the public. SDG&E  
15 does not hereby dedicate any part of its system or facilities  
16 to serving or accepting Energy from Seller to any greater  
17 extent than may be provided by law.

18     2.14     LIABILITY

19           2.14.1     Except in the case of Willful Action or  
20 sole negligence, neither Party shall hold the other Party, its  
21 officers, agents and employees liable for any loss, damage,  
22 claim, cost, and expense for loss of or damage to property, or  
23 injury or death of persons, which arises out of the other  
24 Party's ownership, operation or maintenance of facilities on  
25 its own side of the Point of Delivery.

26           2.14.2     Except as set forth in Section 2.14.1,  
27 each Party agrees to defend, indemnify and save harmless the  
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1 other Party, its officers, agents, and employees against all  
2 losses, claims, demands, costs, and expense, including attor-  
3 neys' fees and interest for loss of or damage to property, or  
4 injury or death of persons, which directly or indirectly arise  
5 out of the indemnifying Party's performance pursuant to this  
6 Agreement; provided, however, that a Party shall be solely  
7 responsible for any such losses, claims, demands, costs or  
8 expenses which result from its sole negligence or Willful  
9 Action.

10 2.15 INSURANCE

11 2.15.1 Seller, at its own expense, shall secure  
12 and maintain in effect during the life of its Agreement the  
13 following insurance as will protect Seller and SDG&E during  
14 the performance of operation hereunder:

15 2.15.1.1 General Liability Insurance with a  
16 combined single limit for bodily injury and property damage of  
17 not less than (a) \$1,000,000 each occurrence if the Generating  
18 Facility is 100 KW or greater; (b) \$500,000 each occurrence if  
19 the Generating Facility is between 20 KW and 100 KW; and (c)  
20 \$100,000 each occurrence if the Generating Facility is 20 KW  
21 or less. Such General Liability Insurance shall include  
22 coverage for Premises-Operations, Owners and Contractors  
23 Protective, Products/Completed Operations Hazard, Explosion,  
24 Collapse, Underground, Contractual Liability, and Broad Form  
25 Property Damage including Completed Operations.

26 2.15.1.2 The liability insurance specified in  
27 Section 2.15.1.1 shall name SDG&E as additional insured and  
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1 shall contain a severability of interest or cross-liability  
2 clause. The requirement to name SDG&E as additional insured  
3 shall be waived if such requirement prevents Seller from  
4 obtaining insurance as specified herein.

5           2.15.2     Certificates of Insurance evidencing the  
6 coverages and provisions required in 2.15.1.1 and 2.15.1.2  
7 above shall be furnished to SDG&E prior to interconnected  
8 operation of the Plant and shall provide that written notice  
9 be given to SDG&E at least thirty (30) days prior to cancella-  
10 tion or reduction of any coverage. SDG&E shall have the  
11 right, but not the obligation, to inspect the original poli-  
12 cies of such insurance. Seller will not be allowed to com-  
13 mence interconnected operations unless evidence of satisfacto-  
14 ry insurance has been provided to SDG&E in a timely manner.

15           2.15.3     SDG&E will allow Seller to self-insure in  
16 lieu of compliance with the requirements of Section 2.15.1.1  
17 under the following conditions:

18                   2.15.3.1   Seller must be a governmental agency  
19 with an established record of self-insurance.

20                   2.15.3.2   Seller must provide to SDG&E at least  
21 thirty (30) days prior to the Operation Date evidence of an  
22 acceptable plan to self-insure to a level of coverage equiva-  
23 lent to that required under Section 2.15.1.1.

24                   2.15.3.3   If Seller ceases to self-insure to  
25 the level required hereunder, or if Seller is unable to  
26 provide continuing evidence of Seller's ability to  
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1 self-insure, Seller shall immediately obtain the coverage  
2 required under Sections 2.15.1.1.

3 2.16 UNCONTROLLABLE FORCE

4           Neither Party shall be considered to be in default  
5 with respect to any obligation hereunder, other than obliga-  
6 tions to pay money, if prevented from fulfilling such obliga-  
7 tion by reason of an Uncontrollable Force. The term "Uncon-  
8 trollable Force" means causes, other than Forced Outages  
9 beyond the reasonable control of and without the fault or  
10 negligence of the Party claiming Uncontrollable Force, includ-  
11 ing, but not limited to, acts of God, labor disputes, sudden  
12 actions of the elements and actions by federal, state municipi-  
13 pal, or any other government agency. Whichever Party is  
14 rendered unable to fulfill any obligation by reason of Uncon-  
15 trollable Forces shall give prompt written notice of such fact  
16 to the other Party and shall exercise due diligence to remove  
17 such inability with all reasonable dispatch. Nothing in this  
18 Agreement shall require a Party to settle any strike or labor  
19 dispute in which it is involved.

20 2.17 NON-WAIVER

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

3 2.18 SUCCESSORS AND ASSIGNS

4           2.18.1 This Agreement shall be binding upon and  
5 inure to the benefit of the respective successors and assigns  
6 of the Parties.

7           2.18.2 Neither Party shall voluntarily assign its  
8 rights nor delegate its duties under this Agreement, or any  
9 part of such rights or duties, without the written consent of  
10 the other Party, except in connection with the sale or merger  
11 of a substantial portion of its properties. Any such assign-  
12 ment or delegation made without such written consent shall be  
13 null and void. Consent for assignment will not be withheld  
14 unreasonably. Such assignment shall include, unless otherwise  
15 specified therein, all of Seller's rights to any refunds which  
16 might become due under this Agreement.

17 2.19 EFFECT OF SECTION HEADINGS

18           Section headings appearing in this Agreement are  
19 inserted for convenience only, and shall not be construed as  
20 interpretations of text.

21 2.20 GOVERNING LAW

22           This Agreement shall be interpreted, governed and  
23 construed under the laws of the State of California as if  
24 executed and to be performed wholly within the State of  
25 California.

26 2.21 SEVERAL OBLIGATIONS

27           Except where specifically stated in this Agreement  
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1 to be otherwise, the duties, obligations and liabilities of  
2 the Parties are intended to be several and not joint or  
3 collective. Nothing contained in this Agreement shall ever be  
4 construed to create an association, trust, partnership, or  
5 joint venture or impose a trust or partnership duty, obliga-  
6 tion or liability on or with regard to either Party. Each  
7 Party shall be individually and severally liable for its own  
8 obligations under this Agreement.

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PART III

PURCHASE PROVISIONS - ENERGY

3.1 METHOD OF PURCHASE AND SALE

3.1.1 All Energy delivered to SDG&E at the Point of Delivery and registered by the Meters located thereat shall be provided according to the option described below and selected in Section 1.3.4:

3.1.1.1 Simultaneous Purchase And Sale

Seller shall sell and deliver to SDG&E the total Plant output, minus Station Load, to the Point of Delivery. Seller shall purchase from SDG&E all energy used by Seller for its own consumption.

3.1.1.2 Sale of Surplus Energy

Seller shall sell and deliver to SDG&E at the Point of Delivery any Surplus Energy generated by the Plant. Seller shall purchase from SDG&E any energy required for Seller's own consumption.

3.1.2 All Energy delivered to SDG&E by Seller shall be metered according to time-of-use metering at Seller's expense.

1                   3.1.3       Seller shall not be allowed to convert  
2 between 3.1.1.1 and 3.1.1.2 during the Forecast Period as  
3 selected and specified in either Sections 3.3, 3.4, or 3.5.

4                   3.1.4       Except as provided in Section 3.1.3,  
5 Seller shall have the ability to convert between the options  
6 specified in Section 3.1.1 commencing at the end of the Fore-  
7 cast Period, provided that the Seller gives SDG&E a minimum of  
8 sixty (60) days advance written notice prior to the desired  
9 date of such conversion. Seller may not convert more than  
10 once in any 12 month period. Any and all costs incurred by  
11 SDG&E as a result of any such conversion shall be paid by the  
12 Seller within thirty (30) days of receipt of notice from SDG&E  
13 of the amount of such costs. In addition, the cost of SDG&E  
14 Facilities and Line Extension Facilities upon which the  
15 monthly O&M charge is based shall be adjusted to reflect the  
16 costs of such conversion. SDG&E shall not be required to  
17 remove or reserve capacity of the Interconnection Facilities  
18 or Line Extension Facilities made idle by Seller's energy sale  
19 conversion except as provided in SDG&E's Electric Department  
20 Rule 21 and may use such facilities at any time to serve other  
21 customers or to interconnect with other electric power sources  
22 as provided in SDG&E's Electric Department Rule 21.

23                   3.1.5       If the option described in Section 3.1.4  
24 is exercised, then termination provisions (as described in  
25 Section 4.4.8) shall apply to the amount by which the Firm  
26 Capacity is reduced as a result of such conversion.

1                   3.1.6       SDG&E shall process a request by Seller to  
2 convert between the Options specified in Section 3.1.1 and act  
3 to institute any changes made necessary by such request as  
4 expeditiously as possible. Seller acknowledges that other  
5 demands on SDG&E resources may delay such changes beyond the  
6 desired dated of conversion. The conversion shall be effec-  
7 tive on the later of (i) the desired date of conversion, or  
8 (ii) the date SDG&E notifies Seller that all changes necessary  
9 to accommodate such conversion have been completed.

10       3.2   ENERGY PAYMENT OPTIONS

11                   3.2.1       Seller may choose between three (3) Energy  
12 Payment Options whose terms are specified below, except that  
13 Option B is not available to oil or gas Cogeneration Facil-  
14 ities. Seller shall comply with each and every term of the  
15 option selected. The three (3) energy options available are:

- 16                   (i)               Energy Payment Option A  
17                                       (Forecast Energy Payment-Section 3.3)
- 18                   (ii)              Energy Payment Option B  
19                                       (Levelized Forecast Energy  
20                                       Payment-Section 3.4)
- 21                   (iii)             Energy Payment Option C  
                                      (Incremental Energy Rate-Section  
                                      3.5).

22 The Option applicable for this Agreement is specified in  
23 Section 1.3.5.

24                   3.2.2       Upon written notice to SDG&E, Seller may  
25 convert between Options A and B at any time prior to ninety  
26 (90) days before the Operation Date set forth in Section  
27 1.3.1.5; provided, however, that the percentage weighting of  
28 actual short-run avoided cost shall not be allowed to change.



1 modified for the duration of  
2 this Agreement.

3 C = SDG&E's published short-run  
4 avoided energy cost, as filed  
5 with the CPUC and updated from  
6 time to time.

7 A = adjustment factor reflecting  
8 time of delivery, as updated by  
9 SDG&E from time to time.

10 Seller may select the weightings for the formula set forth  
11 above provided that such weightings shall be selected at  
12 twenty (20) percent increments and shall be effective for the  
13 duration of the Forecast Period. If Seller's Plant is an oil  
14 or gas Cogeneration Facility, Seller may not weight the  
15 forecasted marginal energy cost any greater than .20. The  
16 weightings selected are specified in Section 1.3.5.1.1.

17 3.3.3 At the conclusion of the Forecast Period,  
18 and continuing for the remaining term of the Agreement, the  
19 purchase price shall revert to SDG&E's short-run avoided  
20 energy cost as filed with the CPUC and updated from time to  
21 time.

22 3.3.4 The Forecast Period shall commence with  
23 the Operation Date of the Plant, as specified in Section  
24 1.3.1.5.

25 3.3.5 The Forecast Period shall be selectable by  
26 Seller in one (1) year increments, for up to a maximum period  
27 specified as follows: (i) where the term of this Agreement is  
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1 twenty (20) years or greater from the Operation Date as set  
2 forth in Section 1.3.1.5, the Forecast Period shall be a  
3 maximum of ten (10) years, (ii) where the term of this Agree-  
4 ment is less than twenty (20) years from the Operation Date,  
5 the Forecast Period shall not exceed one-third (1/3) of such  
6 term. The Forecast Period for this Agreement shall be as  
7 specified in Section 1.3.5.1.2.

8 3.4 ENERGY PAYMENT OPTION B (Levelized Forecast Energy  
9 Payment) (This Option is not available for oil or gas  
10 Cogeneration Facilities.)

11 Except as otherwise provided in this Agreement,  
12 Seller shall sell and deliver and SDG&E shall purchase Energy  
13 delivered to SDG&E at a purchase price determined as follows:

14 3.4.1 The purchase price shall be on a cents per  
15 kilowatt-hour basis.

16 3.4.2 The purchase price during the Forecast  
17 Period shall be determined from the following formula:

$$18 \quad P = (yC + zL) A \quad ; \quad y + z = 1.0$$

19 where P = purchase price for Energy  
20 delivered in cents per  
21 kilowatt-hour by  
22 time-of-use period.

23 y = weighting of price based on  
24 SDG&E's short-run avoided  
25 energy cost as filed with  
26 the CPUC and updated from  
27 time to time.  
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- z = weighting of price based on levelized forecasted marginal energy cost.
- L = levelized forecasted marginal energy cost as set forth in Table 3 of Exhibit A, attached hereto.
- C = SDG&E's short-run avoided Energy as filed with the CPUC and updated from time to time.
- A = Adjustment factor reflecting time of delivery, as updated by SDG&E from time to time.

Seller may select the weightings for the formula set forth above provided that such weighting shall be selected at twenty (20) percent increments and shall be effective for the duration of the Forecast Period. The weightings selected are specified in Section 1.3.5.2.1.

3.4.3 At the conclusion of the Forecast Period, and continuing for the remaining term of the Agreement, the purchase price shall revert to SDG&E's short-run avoided energy price as published and updated from time to time by SDG&E.

1                   3.4.4       The Forecast Period shall commence with  
2 the Operation Date of the Plant, as specified in Sec-  
3 tion 1.3.1.5.

4                   3.4.5       The Forecast Period shall be selectable,  
5 by Seller, in one (1) year increments, for up to a maximum  
6 period specified as follows: (i) where the term of this  
7 Agreement is twenty (20) years or greater from the Operation  
8 Date as set forth in Section 1.3.1.5, the Forecast shall be a  
9 maximum of ten (10) years; (ii) where the term of this Agree-  
10 ment is less than twenty (20) years, from the Operation Date,  
11 the Forecast Period shall not exceed one-third (1/3) of such  
12 term. The Forecast Period for this Agreement shall be as  
13 specified in Section 1.3.5.2.2.

14   3.5   ENERGY PAYMENT OPTION C (Incremental Energy Rate)

15                   Except as otherwise provided in this Agreement,  
16 Seller shall sell and deliver and SDG&E shall purchase Energy  
17 delivered to SDG&E at a purchase price determined as follows:

18                   3.5.1       The purchase price shall be on a cents per  
19 kilowatt-hour basis.

20                   3.5.1       The purchase price during the Forecast  
21 Period shall be determined as follows:

22                   3.5.1.1   Seller shall select, for each year of  
23 the Forecast Period, a symmetrical  
24 band width around the forecast of  
25 Incremental Energy Rates (IER)  
26 representing a ceiling and a floor  
27 annual IER of from zero percent (0%)  
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to one hundred percent (100%) of the forecasted IERs set forth in Table 4 of Exhibit A, selectable in one hundred (100) BTU/kWhr increments, as a basis for energy payment calculations. Such selections shall be as indicated by Seller in Section 1.3.5.3.1 and shall not be changed for the duration of the Forecast Period.

3.5.1.2 The purchase price shall be calculated according to the formula below:

$$\text{price/kWhr IER based payment} = \frac{\text{Contract}}{\text{oil/gas fuel price}} \times \text{IER} \times A + \text{O\&M}$$

where A = Adjustment factor reflecting time of delivery as updated by SDG&E from time to time.

oil/gas fuel price = the oil or gas fuel price used to compute short-run avoided energy cost for the period in which the Energy is sold by Seller.

Contract IER = Actual annual IER as approved by the CPUC for the applicable year, except that where such IER is greater than the ceiling IER selected by Seller in Section 1.3.5.3.1, the IER used for calculation shall be the ceiling IER, and where such IER is less than the floor IER selected by Seller in Section 1.3.5.3.1, the IER used for calculation shall be the floor IER.

O&M = Variable Operation and Maintenance in an amount as defined from time-to-time by the CPUC.

1                   3.5.3       At the conclusion of the Forecast Period  
2 and continuing for the remaining term of the Agreement (where  
3 applicable), the purchase price shall revert to SDG&E's short-  
4 run avoided energy price as published and updated from time to  
5 time by SDG&E.

6                   3.5.4       The Forecast Period shall commence with  
7 the Operation Date of the Plant, as specified in Sec-  
8 tion 1.3.1.5.

9                   3.5.5       The Forecast Period shall be selectable by  
10 Seller in one (1) year increments, up to a maximum period of  
11 fifteen (15) years from the date of execution of this Agree-  
12 ment. The length of the Forecast Period shall be selected in  
13 Section 1.3.5.3.2.

14   3.6   SECURITY PROVISIONS

15                   If Seller chooses Energy Payment Option B, as  
16 security for Seller's continued performance under this Agree-  
17 ment, Seller shall provide and maintain during the Forecast  
18 Period at Seller's sole cost and expense one or more of the  
19 following as further specified in Section 3.7.

20                   3.6.1       An unconditional and irrevocable bank  
21 letter of credit (i) with form and substance acceptable to  
22 SDG&E, (ii) which shall be callable by SDG&E upon demand and  
23 without further authorization in the event of material breach  
24 by Seller, including a significant decrease in the amount of  
25 Energy sold to SDG&E pursuant to Section 3.7.4, and (iii)  
26 dated to expire not sooner than thirty (30) days following the  
27 end of the Forecast Period; provided that if the letter of  
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1 credit expires sooner than thirty (30) days following the end  
2 of the Forecast Period, SDG&E may draw on the letter of credit  
3 thirty (30) days prior to the expiration date unless, before  
4 such date, Seller has amended the letter of credit to extend  
5 the expiration date, or provided security of equivalent  
6 quality and amount as required in this Agreement.

7           3.6.2       A surety bond providing for payment to  
8 SDG&E in the event of material breach by Seller, failure of  
9 Seller to perform as required by this Agreement, including a  
10 significant decrease in the amount of Energy sold to SDG&E  
11 pursuant to Section 3.7.4, or as otherwise provided by this  
12 Agreement, upon notice by SDG&E to the surety. Such bond  
13 shall be issued by a surety company acceptable to SDG&E with  
14 terms acceptable to SDG&E and shall have an expiration date of  
15 not sooner than thirty (30) days following the end of the  
16 Forecast Period; provided that if the surety bond expires  
17 sooner than the thirty (30) days following the end of the  
18 Forecast Period, SDG&E shall be entitled to payment thirty  
19 (30) days prior to the expiration date unless, before such  
20 date, Seller has extended the expiration date of the surety  
21 bond or provided security of equivalent quality and amount as  
22 required in this Agreement.

23           3.6.3       Fully paid-up, noncancellable Project  
24 Failure Insurance made payable to SDG&E with terms of such  
25 policy(ies) acceptable to SDG&E, and to expire not sooner than  
26 thirty (30) days following the end of the Forecast Period.  
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1                   3.6.4       A performance bond providing for payment  
2 to SDG&E in the event of Seller's failure to perform or breach  
3 of this Agreement, including a decrease in the amount of  
4 energy sold to SDG&E pursuant to Section 3.7.4, upon notice by  
5 SDG&E to the performance bondholder. Such performance bond  
6 shall be issued by a company acceptable to SDG&E, with terms  
7 acceptable to SDG&E, and shall have an expiration date of not  
8 sooner than thirty (30) days following the end of the Forecast  
9 Period. SDG&E's rights under such bond shall not terminate  
10 prior to thirty (30) days following the end of the Forecast  
11 Period.

12                   3.6.5       A corporate guarantee which SDG&E, at its  
13 discretion, deems to be equivalent in quality to the security  
14 as listed in Sections 3.6.1 through 3.6.4. Such corporate  
15 guarantee(s) shall have terms and provision acceptable to  
16 SDG&E and shall expire not sooner than thirty (30) days  
17 following the end of the Forecast Period.

18                   3.6.6       Other forms of security which SDG&E does  
19 not deem to be equivalent in quality to the security listed in  
20 Sections 3.6.1 through 3.6.5, and which SDG&E, at its discre-  
21 tion, may deem adequate. Such other forms of security may  
22 include, but not necessarily be limited to, corporate guaran-  
23 tees, or first liens on the Facility or the land upon which it  
24 is located. Should a form of security under this Section  
25 3.6.6 be deemed to be acceptable by SDG&E, a one and one-half  
26 (1 1/2%) percent discount shall be deducted from the  
27  
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1 levelized portion of the energy payment for the entire Fore-  
2 cast Period as specified in Section 3.4.5.

3 3.7 SECURITY OPTIONS

4 The amount of security that must be maintained at  
5 any given point during the term of the Agreement in accordance  
6 with Section 3.6 shall be determined as follows:

7 3.7.1 Option 1

8 Commencing ninety (90) days prior to  
9 the Operation Date, security as  
10 described in Section 3.6 with form  
11 and content acceptable to SDG&E shall  
12 be in place in an amount equal to:

13  
14 
$$S = [(C_{est}) (R) (8760)] \left[ \sum_{n=1}^Y (z) (L_n - F_n) (1.15)^{Y-n} \right]$$

- 15 Where S = Amount of Security which  
16 must be in place by the  
17 time specified above
- 18 R = Plant rated capacity as set  
19 forth in Section 1.3.1.1
- 20 Y = number of years or fraction  
21 thereof after the Operation  
22 Date at which Forecasted  
23 energy prices exceed  
24 levelized energy prices as  
25 set forth in Exhibit A,  
26 Tables 2 and 3, respective-  
27 ly
- 28 n = year of the Forecast Period
- z = weighting of price based on  
levelized forecasted  
marginal energy cost as set  
forth in Section 1.3.5.2
- L<sub>n</sub> = levelized Forecasted  
marginal energy cost as set  
forth in Table 3 of  
Exhibit A

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$F_n$  = forecasted marginal energy cost in year  $n$  of the Forecast Period, as set forth in Table 2 of Exhibit A

$C_{est}$  = estimated capacity factor of the Plant. For purposes of this Agreement,  $C_{est}$

shall be determined by the type of plant as follows:

- Wind Turbines = .40
- Solar = .50
- Geothermal = .80

If the Plant is not a type specified above,  $C_{est}$  shall be established by mutual Agreement of the Parties at the time of execution of this Agreement.  $C_{est}$  for this Agreement is set forth in Section 1.3.5.2.3

3.7.2 Option 2

3.7.2.1 Commencing ninety (90)

days

prior to the Operation Date, security as described in Section 3.6, with form and content acceptable to SDG&E shall be in place in an amount equal to that computed by the following formula:

$S =$

$(C_{est}) (R) (8760) (z) (L-F)$

where  $S$  = Amount of security which must be in place by the time specified above

$R$  = Plant rated capacity as set forth in Section 1.3.1.1

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z = weighting of price based on levelized marginal energy cost as set forth in Section 1.3.5.2

L = levelized forecasted marginal energy cost as set forth in Table 3 of Exhibit A

F = forecasted marginal energy cost for applicable year of Forecast Period as set forth in Table 2 of Exhibit A

$C_{est}$  = estimated capacity factor of the Plant. For purposes of this Agreement  $C_{est}$  shall be determined by the type of Plant as follows:

Wind Turbines	=	.40
Solar	=	.50
Geothermal	=	.80

If the Plant is of a type not specified above,  $C_{est}$  shall be established by mutual agreement of the Parties at the time of execution of this Agreement.  $C_{est}$  for this

Agreement is set forth in Section 1.3.5.2.3

3.7.2.2 On or before August 1 of each year, Seller shall provide SDG&E with adequate documentation of the Plant's actual capacity factor for the preceding period from July 1 to June 30.





1 Forecast Period under the terms of Energy Payment Option A  
2 with the weighting of forecasted marginal cost equal to the  
3 weighting previously applied to levelized marginal cost. The  
4 foregoing shall not be SDG&E's sole or exclusive remedy for  
5 Seller's breach, but the Parties agree that such amounts  
6 payable to SDG&E constitute a reasonable approximation of the  
7 minimum damages incurred as a result of such breach.

8           3.7.4       Seller shall operate and maintain the  
9 Plant in accordance with good engineering practices in order  
10 to maximize the likelihood that the Plant's output as deliv-  
11 ered to SDG&E during the latter part of the Forecast Period,  
12 when the levelized forecasted marginal energy cost (Exhibit A,  
13 Table 3) is less than the forecasted marginal energy cost  
14 (Exhibit A, Table 2), will essentially equal or exceed the  
15 Plant's output during the first part of the Forecast Period,  
16 when the levelized forecasted marginal energy cost exceeds the  
17 forecasted marginal energy cost. In the event that the  
18 Plant's output sold to SDG&E during any year or series of  
19 years during the latter part of the Forecast Period (as  
20 defined above) is determined by SDG&E to be seventy (70)  
21 percent of the Plant's average annual output during the first  
22 part of the Forecast Period (as defined above), SDG&E may, at  
23 its discretion, draw on up to the full security provided for  
24 its benefit. In such event, Seller's Energy Payment option  
25 shall be converted to Energy Payment Option A with the weight-  
26 ing of the forecasted marginal energy payments equal to the  
27 weighting previously applied to levelized marginal cost.  
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1 SDG&E shall not draw on the security and Seller's Energy  
2 Payment Option shall not be converted to Energy Payment  
3 Option A as described above if the reduction in Plant output  
4 sold to SDG&E is solely because of limitations in the avail-  
5 ability or supply of sun, wind, water, or other such  
6 resources used as fuel, because of the effects of an Uncon-  
7 trollable Force, or because of curtailment of deliveries  
8 pursuant to Section 2.11.1 and 2.11.2.  
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2 PART IV

3 PURCHASE PROVISIONS FOR CAPACITY

4 4.1 CAPACITY PAYMENT OPTIONS

5 4.1.1 Seller shall sell and deliver capacity to  
6 SDG&E based on the option selected below:

7 (i) As-Delivered - Option 1  
(Section 4.3)

8 (ii) As-Delivered - Option 2  
(Section 4.3)

9 (iii) Firm - Option 3  
10 (Section 4.4)

11 Seller may not switch between options during the term of this  
12 Agreement.

13 4.1.2 Seller may select a portion of its capaci-  
14 ty payment from either of Option 1 or Option 2 and a portion  
15 to be committed to SDG&E as Firm Capacity under Option 3.

16 Seller shall indicate the amount of Firm Capacity commitment  
17 in Section 1.3.6.3.1 and the As-Delivered Option selection in  
18 Section 1.3.6.1 and 1.3.6.2. If the Seller elects to provide  
19 firm Capacity under this Agreement, Seller shall choose to  
20 receive As-Delivered capacity payments under either Options 1  
21 or 2 and Capacity payments will be made as follows:

22 (i) Firm Capacity payments shall be paid as  
23 described in Section 4.4, and

24 (ii) As-Delivered capacity payments shall be  
25 paid in accordance with the option select-  
26 ed, for each time period in which the  
27 Seller's capacity delivered exceeds the  
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1  
2 one hundred (100%) percent of the Firm  
3 Capacity commitment.

4 4.2. TIME PERIODS

5 Purchase of capacity shall be based on time of  
6 delivery of such capacity as expressed in the option selected  
7 on a cents per kilowatt-hour basis. The time periods pres-  
8 ently in use are currently defined as set forth in Exhibit B  
9 but may be revised by SDG&E from time to time.

10 4.3 AS-DELIVERED CAPACITY OPTIONS

11 4.3.1 Option 1. Seller shall sell and deliver and  
12 SDG&E shall purchase capacity from the Plant on an  
13 as-delivered basis. Such capacity payments will be made on a  
14 cents per kilowatt-hour of delivery basis, according to the  
15 current capacity payment schedule for As-Available Qualifying  
16 Facilities filed by SDG&E with the CPUC. SDG&E will update  
17 the capacity payment schedule from time-to-time in accordance  
18 with the requirements of the CPUC. The current capacity  
19 payment schedule appears in Exhibit B of this Agreement.

20 4.3.2 Option 2. Seller shall sell and deliver and  
21 SDG&E shall purchase capacity on an as-delivered basis. Such  
22 capacity payments will be made on a cents per kilowatt-hour of  
23 delivery basis, according to a forecast of avoided capacity  
24 cost.

25 4.3.2.1 SDG&E shall make such payments based on the  
26 forecast appearing in Table 2 of Exhibit B. Payments shall be  
27 adjusted based on time of delivery and SDG&E reserves the  
28 right to change these adjustment factors as necessary upon

1 written notice. Commencing at the conclusion of the Forecast  
2 Period, Seller shall receive payments for capacity delivered  
3 in accordance with As-Delivered Capacity Option 1; provided,  
4 however, that in no event shall the yearly price for as-  
5 delivered capacity be less than the greater of (i) the as-  
6 delivered capacity price for the last year of the Forecast  
7 Period, as set forth in Table 2 of Exhibit B, or (ii) the as-  
8 delivered capacity price for the first year after the end of  
9 the Forecast Period.

10 4.3.2.2 The Forecast Period for capacity payments  
11 shall be selectable by Seller in one year increments for up to  
12 a maximum period specified as follows:

13 (i) where the term of this Agreement is twenty (20)  
14 years or greater from the Operation Date as set  
15 forth in Section 1.5, the Forecast Period shall be a  
16 maximum of ten (10) years; and

17 (ii) where the term of this Agreement is less than  
18 twenty (20) years, from the Operation Date, the  
19 Forecast Period shall not exceed one-third of such  
20 term. The Forecast Period for this Agreement shall  
21 be as specified in Section 1.3.6.2.1.

22 4.3.2.3 The Forecast Period shall be of the same  
23 duration as that selected for the Energy Payment Options in  
24 Sections 3.3, or 3.4 or, if Energy Payment Option C (Sec-  
25 tion 3.5) is selected by Seller, the Forecast Period shall be  
26 the lesser of (i) the Forecast Period applicable to such  
27 option and (ii) one-third (1/3) of the term of this Agreement,  
28

1 as set forth in Section 1.3.1.5, or if the term is twenty (20)  
2 years or greater from the Operation date, ten (10) years.

3 4.4 FIRM CAPACITY OPTION.

4           4.4.1 Option 3 - (Payment in Dollars per Kilowatt  
5 per Month). If this option is chosen, the Firm Capacity Price  
6 shall be based on the term of this Agreement and the Operation  
7 Date of the Plant as determined from Table 3 in Exhibit B. The  
8 Firm Capacity Price shall be as specified in  
9 Section 1.3.6.3.3, if this option is chosen. SDG&E shall pur-  
10 chase Firm Capacity based upon the Capacity Payment Schedule  
11 for Firm Capacity Qualifying Facilities in effect at the date  
12 of execution of this Agreement. The actual value will be  
13 determined by the Operation Date of the Plant in relation to  
14 said schedule.

15           The monthly payment for Firm Capacity will be the  
16 product of the Period Price Factor (PPF), the Monthly Deliv-  
17 ered Capacity (MDC) and the Capacity Bonus Factor (CBF), plus  
18 any allowable payment for outages due to scheduled mainte-  
19 nance.

20            $(\$) = \text{PPF} \times \text{MDC} \times \text{CBF}$

21           The PPF is determined by multiplying the Firm  
22 Capacity price, taken from the Firm Capacity Payment  
23 Schedule in effect at the time of execution, by the  
24 following Allocation Factor (AF):

25  $\text{AF (1/month)} \times \text{Firm Capacity Price (\$/kw-yr)} = \text{PPF (\$/kw-month)}$

26 Summer 0.10720 x \_\_\_\_\_ = \_\_\_\_\_  
27 Winter 0.06628 x \_\_\_\_\_ = \_\_\_\_\_

1 AF = The factor that allocates the Firm Capacity  
2 price between summer and winter months. These  
3 factors may be changed upon one year notice  
from SDG&E.

The MDC is determined as follows:

- 4 (1) Determine the Performance Factor (P), which is  
5 defined as follows:

6 
$$P = \frac{A}{C \times (B-S) \times (E)} \quad (P \leq 1)$$

7 A = Total kilowatt-hours delivered during all  
8 on-peak and semi-peak hours excluding any  
Energy associated with generation levels  
greater than the Firm Capacity.

9 C = Firm Capacity in kilowatts.

10 B = Total on-peak and semi-peak hours during the  
11 month.

12 S = Total on-peak and semi-peak hours during the  
13 month the Plant is out of service on scheduled  
maintenance.

14 E = 0.8 to reflect a 20% allowance for forced  
outage.

- 15 (2) Determine the Monthly Capacity Factor (MCF), which  
16 is computed using the following expression:

17 
$$MCF = P \times \left( 1.0 - \frac{M}{D} \right)$$

18 M = The number of hours during the month the Plant  
19 is out of service on scheduled maintenance.

20 D = The number of hours in the month.

- 21 (3) Determine the MDC by multiplying the MCF by C;

22 
$$\text{MDC (kilowatts)} = \text{MCF} \times C$$

23 The monthly payment for Firm Capacity is then  
24 determined by multiplying the proper PPF determined  
above by MDC and CBF.

25 CBF = Capacity Bonus Factor (See Following Section)

26 The payment for a month in which there is an outage  
27 for scheduled maintenance shall also include an  
amount equal to the product of the average daily  
28 capacity payment for the most recent month during  
which deliveries were made and the number of days of

1 outage for scheduled maintenance in the current  
2 month.

3 4.4.2 Capacity Bonus Factor (CBF). Seller who  
4 actually delivers Firm Capacity during the on-peak hours of  
5 the peak months at a Capacity Factor of .85, as defined by the  
6 CPUC, is entitled to an incentive payment. The CBF will be  
7 calculated as follows:

8  
9 ED = Energy delivered during on-peak hours of the  
10 peak months excluding any energy associated  
11 with generation levels greater than the Firm  
12 Capacity.

11 C = Firm Capacity in Kilowatts

12 PP = Peak hours in peak months

13 CBF = 
$$\frac{ED}{C \times PP \times (.85)} \quad (CBF \geq 1.0)$$
  
14

15 Conditions

16 (1) Agreement must be in effect and Plant must be  
17 operable for all of the peak months in order  
that CBF be calculated.

18 (2) The CBF for the period October 1 to Septem-  
19 ber 30 will be determined by the plant's  
performance in the preceding peak months.

20 (3) CBF will be equal to 1.0 until Seller's peak  
month data is available.

21 (4) During probationary period CBF will be limited  
22 to 1.0.

23 4.4.3 Scheduled Maintenance. Scheduled Maintenance  
24 shall be taken into account in computing capacity payments  
25 subject to the following conditions:

26 4.4.3.1 Outage periods for scheduled maintenance  
27 shall not exceed 840 hours (35 days) in any 12-month period.  
28



1                   4.4.3.2 Seller may accumulate unused scheduled  
2 maintenance hours on a year-to-year basis up to a maximum of  
3 1,080 hours (45 days). This accrued time must be used consec-  
4 utively and only for major overhauls.

5                   4.4.3.3 Major overhauls shall not be scheduled  
6 during the peak months and shall be limited to once every  
7 three years.

8                   4.4.3.4 Scheduled maintenance shall not exceed 30  
9 peak hours during the peak months.

10                   4.4.3.5 Seller shall notify SDG&E's Authorized  
11 Representative: 24 hours prior to a scheduled outage of less  
12 than one day, one week prior to a scheduled outage of one day  
13 or more (except for major overhauls), and six months prior to  
14 a major overhaul during periods acceptable to both parties.  
15 Agreed upon dates shall not be changed without formal written  
16 notice to SDG&E in accordance with Section 1.4 of this Agree-  
17 ment.

18                   4.4.3.6 Capacity payments will continue during  
19 allowed outages for scheduled maintenance.

20                   4.4.4 Minimum Performance Requirements. To receive  
21 capacity payments the Plant must meet the following require-  
22 ments:

23                   (1) The amount of Firm Capacity shall be as actual-  
24 ly delivered to SDG&E for all of the on-peak hours of all peak  
25 months (Option 3). These months are currently defined as the  
26 months of June, July, August and September, and may be changed  
27 upon one-year notice by SDG&E. All energy generated by the  
28

1 Plant at levels greater than the amount of Firm Capacity will  
2 be specifically excluded from the Firm Capacity payment  
3 calculations.

4 (2) If Seller chooses Option 3, the Firm Capacity  
5 must be actually delivered to SDG&E for all of the on-peak  
6 hours of all peak months, subject to a 20 percent monthly  
7 allowance for Forced Outages including outages for scheduled  
8 maintenance as set forth in Section 4.4.3.

9 4.4.5 Curtailments by SDG&E. Subject to the  
10 conditions as detailed below, whenever curtailments are made  
11 at the request of SDG&E, under this Agreement, such curtail-  
12 ments shall not result in a loss of hours for the purposes of  
13 calculating capacity performance or capacity bonus factors,  
14 provided the QF would have been able to perform during the  
15 hours of curtailment.

16 4.4.5.1 Calculations for the purpose of determining  
17 capacity performance and capacity bonus factors, under Op-  
18 tion 3 of this Agreement, shall be made as if the Plant were  
19 in operation during the hours when curtailments were made by  
20 and for the utility, subject to Sections 4.5.5.2 and 4.5.5.3  
21 below.

22 4.4.5.2 A determination of whether the QF would  
23 have been able to perform during the hours of curtailments  
24 shall be based on the following criteria:

- 25 (i) The Plant was in operation or capable of  
26 operation prior to the curtailment request, or  
27  
28

1 (ii) The Plant would have been able to perform  
2 during the time of the curtailments

3 4.4.5.3 The Plant output shall be based on either  
4 (a) the actual capacity of the plant, averaged for the hour  
5 just prior to curtailment; or (b) the capacity that the Plant  
6 would have been able to perform during the time of curtailment  
7 in the cases where (i) the Plant was either partially or fully  
8 out of service during the hour preceding curtailment; or (ii)  
9 the Plan was in the process of ramping up its capacity at the  
10 time of curtailment.

11 4.4.6 Failure to Meet Minimum Performance Require-  
12 ments. If Seller fails to meet the minimum performance  
13 requirements, on a monthly basis, then the Seller will be  
14 placed on probation for a period not to exceed 15 months.  
15 During the probationary period the Seller shall earn capacity  
16 payments for the amount of capacity actually delivered. If  
17 the Seller fails to deliver the full contract capacity during  
18 each of the following year's peak months, the amount of Firm  
19 Capacity shall be derated to the greater of the Firm Capacity  
20 actually delivered when the minimum requirements are not met,  
21 or the amount of Firm Capacity which would be reasonably  
22 likely to be met. The amount by which the Firm Capacity is  
23 reduced shall be subject to Section 4.4.8 of the Agreement.

24 4.4.7 Adjustments to Firm Capacity.

25 4.4.7.1 Seller may increase the amount of Firm  
26 Capacity with the approval of SDG&E and receive payment for  
27 the additional capacity thereafter. A new overall capacity  
28

1 price will be established based on the original capacity price  
2 for the original Firm Capacity and the applicable capacity  
3 price for the remaining term of this Agreement published by  
4 SDG&E at the time the increase is first delivered to SDG&E.  
5 This new overall capacity price will be prorated in proportion  
6 to the original Firm Capacity and the increase in Firm Capaci-  
7 ty.

8           4.4.7.2 Either Party may request, when it rea-  
9 sonably appears that the capacity of the Plant may have  
10 changed for any reason, that a new Firm Capacity be deter-  
11 mined. If a decrease occurs, that decrease will be subject to  
12 Section 4.4.8 of the Agreement.

13           4.4.8 Reduction and Termination.

14           4.4.8.1 The Parties recognize that the payments due  
15 SDG&E under this Section 4.4.8 represent liquidated damages  
16 and adjustments due to Seller's failure to provide the guaran-  
17 teed Firm Capacity or reduction or termination of Firm Capaci-  
18 ty. In view of the difficulty of assessing the actual damages  
19 to SDG&E and the reliability of SDG&E's system, the Parties  
20 agree that such payments represent a fair and reasonable  
21 estimate of the minimum losses to SDG&E resulting from such  
22 reduction or termination of guaranteed capacity.

23           These payments shall be made within thirty (30) days receipt  
24 of notice.

25           4.4.8.2 For purposes of this Section 4.4.8, "Termi-  
26 nation Payment A" shall mean an amount equal to the difference  
27 between payments for Firm Capacity to date based on the  
28

1 original Agreement length and payments that would have been  
2 made, based upon the period of Seller's actual performance, up  
3 to reduction or termination, plus interest as set forth  
4 herein. Seller shall pay interest on the above difference,  
5 compounded monthly, at a rate of 1/12 of the sum of (i)  
6 interest rate on Commercial Paper (prime, 3 months), published  
7 the prior month in the Federal Reserve Statistical Release,  
8 and (ii) 50 basis points, to compensate for opportunity costs  
9 lost due to overpayment. An example of this computation  
10 appears in Section 4.4.8.5.

11 4.4.8.3 If Seller terminates this Agreement, or all  
12 or part of the Firm Capacity stated in Section 1.3.6.3.1, with  
13 the following prescribed written notice:  
14

<u>Amount of Capacity Terminated</u>	<u>Length of Notice</u>
Under 5,000 kW	12 months
5,001 kW to 10,000 kW	36 months
10,001 kW to 20,000 kW	48 months
20,001 kW and over	60 months

15  
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19 Seller shall refund to SDG&E Termination Payment A as de-  
20 scribed in Section 4.4.8.2. SDG&E shall then make capacity  
21 payments to Seller for the remainder of Seller's performance,  
22 if any, at an adjusted capacity price.

23 4.4.8.4 If Seller terminates this Agreement, or all  
24 or part of the Firm Capacity stated in Section 1.3.6.3.1,  
25 without the notice prescribed in Section 4.4.8.3, Seller shall  
26 pay SDG&E "Termination Payment B". Termination Payment B  
27 shall consist of the sum of (i) Termination Payment A and  
28

1 (ii) a one-time payment. The one-time payment shall be equal  
2 to the amount of Firm Capacity being terminated times the  
3 difference between the Current Capacity Price on the date of  
4 termination for a term equal to the balance of the term of the  
5 Agreement and the Firm Capacity price. This product shall be  
6 pro-rated for the length of notice given, if any, by taking  
7 the difference between the amount of months of notice pre-  
8 scribed minus the amount of months of notice given divided by  
9 twelve (See Section 4.4.8.5, Example 2). In the event that  
10 the Current Capacity Price is less than the Firm Capacity  
11 price or the termination or reduction is a result of an  
12 Uncontrollable Force on the part of the Seller, then only  
13 Termination Payment A shall apply.

14 4.4.8.5 The examples provided in this Section are  
15 for demonstration purposes only and should not be construed as  
16 a projection of actual termination payments that may be due.

17 Example 1:

18 Termination with 36 months written notice give 12  
19 years after the Operation Date for termination 15  
20 years after the Operation Date or on December 31,  
21 1999.

22 Assumptions for this example:

23 Contract Capacity - 10 megawatts (10,000 kilowatts)  
24 Contract Term - 25 years  
25 Operation Date - January 1, 1985  
26 Contract Capacity  
27 Price - \$115 per kilowatt per year  
28

1 Monthly Interest

2 Rate - 1% per month (assumed to be  
3 constant)

4 (a) Total Capacity Payment made - \$1,150,000 per year.

5 (b) Total Capacity Payments which would have been made  
6 for a 15 year Contract Term = \$100/Kw-yr x 10,000 Kw  
7 = \$1,000,000 per year.

8 (c) The difference between (a) and (b) of annual over-  
9 payments = \$1,150,000 - \$1,000,000/yr = \$150,000/yr.

10 Termination Payment A

11 \$150,000/yr x 1 yr/12 months x (Compound Amount Factor at  
12 1% month for 12 years) = \$3,619,950.

13  
14 SDG&E would then purchase capacity from the QF for the  
15 remaining 36 months of revised contract term based on a  
16 price of \$100/kw-yr.

17 Example 2:

18 Termination without prescribed notice 12 years after  
19 the Operation Date or on December 31, 1997.

20 Assumptions for this example:

21 Contract Capacity - 10 megawatts (10,000 kilowatts)

22 Contract Term - 25 years

23 Operation Date - January 1, 1985

24 Contract Capacity

25 Price - \$115 per kilowatt per year

26 Current Capacity

27 Price - \$200 per kilowatt per year

28

1 Length of Notice

2 Given - 3 months

3 Monthly Interest

4 Rate - 1% per month (assumed to be  
5 constant)

6 Termination Payment B is equal to the sum of Termination  
7 Payment A (using the same methodology as in Example 1 above),  
8 and a one-time payment, as follows:

9 Termination Payment A

10 (a) Total Capacity Payment made = \$115/Kw-yr x 10,000 kW  
11 = \$1,150,000/yr

12 (b) Total Capacity Payment which would have been made, using  
13 the same Capacity Payment Schedule in effect, at the time  
14 of execution, for a 12 year Contract Term = \$93/Kw-yr x  
15 10,000 Kw  
16 = \$930,000/yr

17 (c) The difference between (a) and (b), of overpayment  
18 \$1,150,000 - \$930,000 = \$220,000/yr

19 Termination Payment A

20 \$220,000/year x 1 year/12 months x (Compound Amount  
21 Factor at 1% month for 12 years) = \$5,309,260.

22 One Time Payment

23 The payment can be formulated as follows:

24 = (Amount of Firm Capacity Terminated x (Current  
25 Capacity Price - Firm Capacity Price) x (Amount of  
26 notice prescribed - Amount of Notice Given)

27 12 months/year



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$$= (10,000 \text{ Kw}) (200 \text{ \$/Kw-yr} - 115 \text{ \$/Kw-yr}) \frac{(36-3 \text{ mos})}{(12 \text{ mos/yr})}$$

$$= \$2,337,500$$

Termination Payment B

Termination Payment B = Termination Payment A + One Time  
Payment

$$= \$5,309,260 + \$2,337,500$$

$$= \$7,646,760$$

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PART V

SIGNATURE CLAUSE

IN WITNESS WHEREOF, the Parties have caused this Agree-  
ment to be executed in their respective names, in duplicate by  
their respective official representatives hereunto this 28<sup>th</sup>  
day of JANUARY, 1985

*Ru*  
*PL*

SELLER:

By: *Ray Griset*  
Title: PRESIDENT

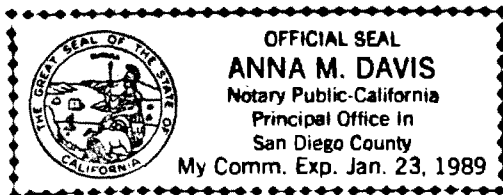
SAN DIEGO GAS & ELECTRIC COMPANY

By: *P.W. Ward*  
Vice President  
February 28, 1985

STATE OF CALIFORNIA  
SS.  
COUNTY OF SAN DIEGO

ON January 28, 1985 before me, the undersigned, a Notary Public in and for said State, personally appeared Ray Griset, known to me ( or proved to me on the basis of satisfactory evidence), to be the President of Santa Fe Irrigation District also known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument on behalf of the irrigation district therein named, and acknowledged to me that such irrigation district executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



*Anna M. Davis*  
Notary Public in and for said State

EXHIBIT A

ENERGY PRICE SUMMARY

SAN DIEGO GAS & ELECTRIC

Effective November 1, 1984 through January 31, 1985

Page 1 of 5

Introduction

These prices are available to all Qualifying Facilities generating energy in accordance with the terms of this Agreement.

Time periods are currently defined in accordance with the following table:

	<u>Summer</u> May 1 - September 30	<u>Winter</u> All Other
On-Peak	11 a.m. - 6 p.m. Weekdays	5 p.m. - 8 p.m. Weekdays
Semi-Peak	6 a.m. - 11 a.m. Weekdays	6 a.m. - 5 p.m. Weekdays
	6 p.m. - 10 p.m. Weekdays	8 p.m. - 10 p.m. Weekdays
Off-Peak	10 p.m. - 6 a.m. Weekdays	10 p.m. - 6 a.m. Weekdays
	Plus Weekends & Holidays	Plus Weekends & Holidays

All time periods listed are clock time.

The holidays specified are: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day as designated by California Law.

The time period definitions may be revised to comply with CPUC orders regarding billing hours.

The energy payments currently are calculated and published three times a year in accordance with the following table:

<u>Effective Date</u>	<u>Applicable Period</u>
March 1	March 1 - June 30
July 1	July 1 - October 31
November 1	November 1 - February 28

EXHIBIT A  
TABLE 1

SHORT RUN ENERGY PAYMENT SCHEDULE

Effective November 1, 1984 through January 31, 1985

Payment will be made during the applicable months for energy delivered to SDG&E by the Qualifying Facility in accordance with the following table:

GENERATION VOLTAGE LEVEL

<u>Time Period</u>	<u>Purchase Price ¢/Kwhr</u>	
	<u>Winter</u>	<u>Summer</u>
On-Peak	6.56	6.49
Semi-Peak	6.26	6.21
Off-Peak	5.94	5.57

TRANSMISSION VOLTAGE LEVEL

<u>Time Period</u>	<u>Loss Factor</u>		<u>Purchase Price ¢/Kwhr</u>	
	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>	<u>Summer</u>
On-Peak	1.0306	1.0313	6.77	6.69
Semi Peak	1.0282	1.0298	6.44	6.39
Off-Peak	1.0215	1.0214	6.07	5.69

PRIMARY AND SECONDARY VOLTAGE LEVELS

<u>Time Period</u>	<u>Loss Factor</u>		<u>Purchase Price ¢/Kwhr</u>	
	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>	<u>Summer</u>
On-Peak	1.0734	1.0752	7.05	6.98
Semi-Peak	1.0675	1.0714	6.68	6.65
Off-Peak	1.0512	1.0511	6.24	5.86

EXHIBIT A  
TABLE 2

FORECAST MARGINAL ENERGY COST

(¢/kWhr)

NON-TIME DIFFERENTIATED

Page 3 of 5

Effective	through						September 6, 1985
<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
5.9	6.4	6.4	6.3	6.7	7.9	8.6	9.2
<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	
10.0	10.3	11.1	11.8	12.6	13.4	14.2	

Includes 5.6% adjustment to Primary Voltage Level.  
There will be no additional adjustments for voltage level of Seller.

EXHIBIT A

LEVELIZATION OF FORECASTED MARGINAL ENERGY COST

TABLE 3

Effective	through	September 6, 1985										
<u>Operating Date Beginning</u>	<u>Length of Forecast Period (Years) (¢/kWhr)</u> (Non-time Differentiated)											
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>		
1984	5.9	6.1	6.2	6.2	6.3	6.5	6.7	6.9	7.0	7.2		
1985	6.4	6.4	6.4	6.4	6.7	6.9	7.1	7.3	7.5	7.7		
1986	6.4	6.4	6.5	6.7	7.0	7.3	7.5	7.7	7.9	8.1		
1987	6.3	6.5	6.9	7.2	7.5	7.8	8.0	8.3	8.5	8.7		
1988	6.7	7.3	7.6	8.0	8.3	8.5	8.7	9.0	9.2	9.4		

Discount Rate = 15.0%  
 Includes 5.6% adjustment to Primary Voltage Level.  
 There will be no further adjustments for the Voltage Level of Seller.

EXHIBIT A

TABLE 4

Page 5 of 5

Incremental Energy Rate Forecast\*

Effective \_\_\_\_\_ through \_\_\_\_\_ September 6, 1985

<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
9100	8600	7700	7700	7700	8200	8200	8200
<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	
8200	8200	8200	8200	8200	8200	8200	

\*Figures shown are based on oil as incremental fuel. These figures should be multiplied by 1.046 if gas is the incremental fuel.

EXHIBIT B

CAPACITY PRICE SUMMARY

San Diego Gas & Electric

Effective November 1, 1984 through January 31, 1985

Page 1 of 4

Introduction

These prices are available to all Qualifying Facilities with a capacity agreement in accordance with the terms of this Agreement.

Time periods are currently defined in accordance with the following table.

	<u>Summer</u>	<u>Winter</u>
	<u>May 1 - September 30</u>	<u>All Other</u>
On-Peak	11 a.m. - 6 p.m. Weekdays	5 p.m. - 8 p.m. Weekdays
Semi-Peak	6 a.m. - 11 a.m. Weekdays 6 p.m. - 10 p.m. Weekdays	6 a.m. - 5 p.m. Weekdays 8 p.m. - 10 p.m. Weekdays
Off-Peak	10 p.m. - 6 a.m. Weekdays Plus Weekends & Holidays	10 p.m. - 6 a.m. Weekdays Plus Weekends & Holidays

All time periods listed are clock time.

The holidays specified are: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day as designated by California Law.

The time period definitions may be revised to conform with CPUC orders regarding billing hours.



EXHIBIT B

TABLE 1

Capacity Payment Schedule  
 For  
 As-Delivered Qualifying Facilities  
 Effective November 1, 1984 through January 31, 1985

Page 2 of 4

The capacity payment will be made on an energy basis for energy delivered during time periods to SDG&E by the Qualifying Facility in accordance with the following table:

TRANSMISSION VOLTAGE LEVEL

<u>Time Period</u>	<u>Purchase Price ¢/Kwhr</u>	
	<u>Winter</u>	<u>Summer</u>
On-Peak	1.31	2.47
Semi-Peak	0.17	0.26
Off-Peak	0.00	0.00

PRIMARY AND SECONDARY VOLTAGE LEVEL

<u>Time Period</u>	<u>Purchase Price ¢/Kwhr</u>	
	<u>Winter</u>	<u>Summer</u>
On-Peak	1.36	2.58
Semi-Peak	0.18	0.27
Off-Peak	0.00	0.00

EXHIBIT B

TABLE 2

Page 3 of 4

Forecast As-Delivered Capacity

Non-Time Differentiated

¢/kWhr

Effective \_\_\_\_\_ through September 6, 1985

<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
.70	.74	.80	.87	.95	1.02	1.10	1.31
<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	
1.40	1.50	1.60	1.72	1.84	1.96	2.10	

EXHIBIT B

TABLE 3

San Diego Gas & Electric Company  
 Firm Capacity Payment Schedule  
 for  
 Qualifying Facilities

Capacity Payment Table  
 Dollars/Kw-Yr

(Effective thru September 6, 1985)

INITIAL OPERATING

DURATION OF CONTRACT (YEARS)

DATE	1	2	3	4	5	6	7	8	9	10	11	12	13
1983	56	59	61	63	65	67	69	71	73	75	77	80	82
1984	62	63	65	67	70	72	74	76	79	82	84	86	88
1985	65	68	70	73	75	77	80	83	86	89	91	93	96
1986	70	73	76	78	81	84	87	91	94	96	99	101	104
1987	76	79	81	84	88	92	96	99	102	105	107	110	112

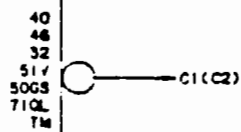
INITIAL OPERATING

DURATION OF CONTRACT (YEARS)

DATE	14	15	16	17	18	19	20	21	22	23	24	25	30
1983	83	85	87	89	90	92	93	94	96	97	98	99	104
1984	90	92	94	96	97	99	100	102	103	104	106	107	112
1985	98	100	102	104	105	107	108	110	111	113	114	115	121
1986	106	108	110	112	114	115	117	119	120	122	123	124	131
1987	115	117	119	121	123	125	127	128	130	131	133	134	141

EXHIBIT C

PLANT SCHEMATIC AND INTERCONNECTION FACILITIES



LOGIC DIAGRAM  
GENERATOR PROTECTION

- 148
- 150/151
- 127/159
- 149T
- 159N
- 17:GT
- 181H/181L
- 187T-188
- LOGIC PROTECTION 0

- AMMETER
- ANMETER SWITCH
- GENERATOR CONTACTOR
- MEGAVAR
- MEGAWATT
- MEGAWATT HOUR
- PHENECTERING
- TRANSODLER
- VOLTAFTER
- VARHOUR METER
- VOLTMETER SWITCH
- WATTMETER
- WATTHOUR METER
- TLST SWITCHES

- 51(108) SHUTDOWN RELAY
- 208P TELEMOTOR BYPASS SOLENOID
- 20T TURBINE CONTROLLER BYPASS SOL.
- 25 AUTOMATIC SYNCHRONIZING
- 25C SYNCHRO CHECK RELAY
- 25TS MANUAL TRANSFER SWITCH
- 27(127) UNDERVOLTAGE
- 32 REVERSE POWER RELAY
- 38G/TH BEARING TEMPERATURE
- 40 LOSS OF FIELD
- 50GS ZERO SEQUENCE DIFFERENTIAL RELAY
- 51V OVERCURRENT VOLTAGE CONTROLLED
- 149GT TRANSFORMER OIL TEMPERATURE
- 152 CIRCUIT BREAKER
- 59(159) OVERVOLTAGE
- 71QL OIL LEVEL
- 713T TRANSFORMER OIL LEVEL
- 181H/L OVER/UNDER FREQUENCY RELAY
- 46(146) NEGATIVE SEQUENCE CURRENT
- 150/151 OVERCURRENT RELAY
- 159N GROUND FAULT RELAY
- 186 LINE LOCKOUT RELAY
- 187T TRANSFORMER DIFFERENTIAL

SECTION AND METERING FOR GENERATOR NO. 2  
IDENTICAL TO THE ONE SHOWN FOR GENERATOR NO. 1.

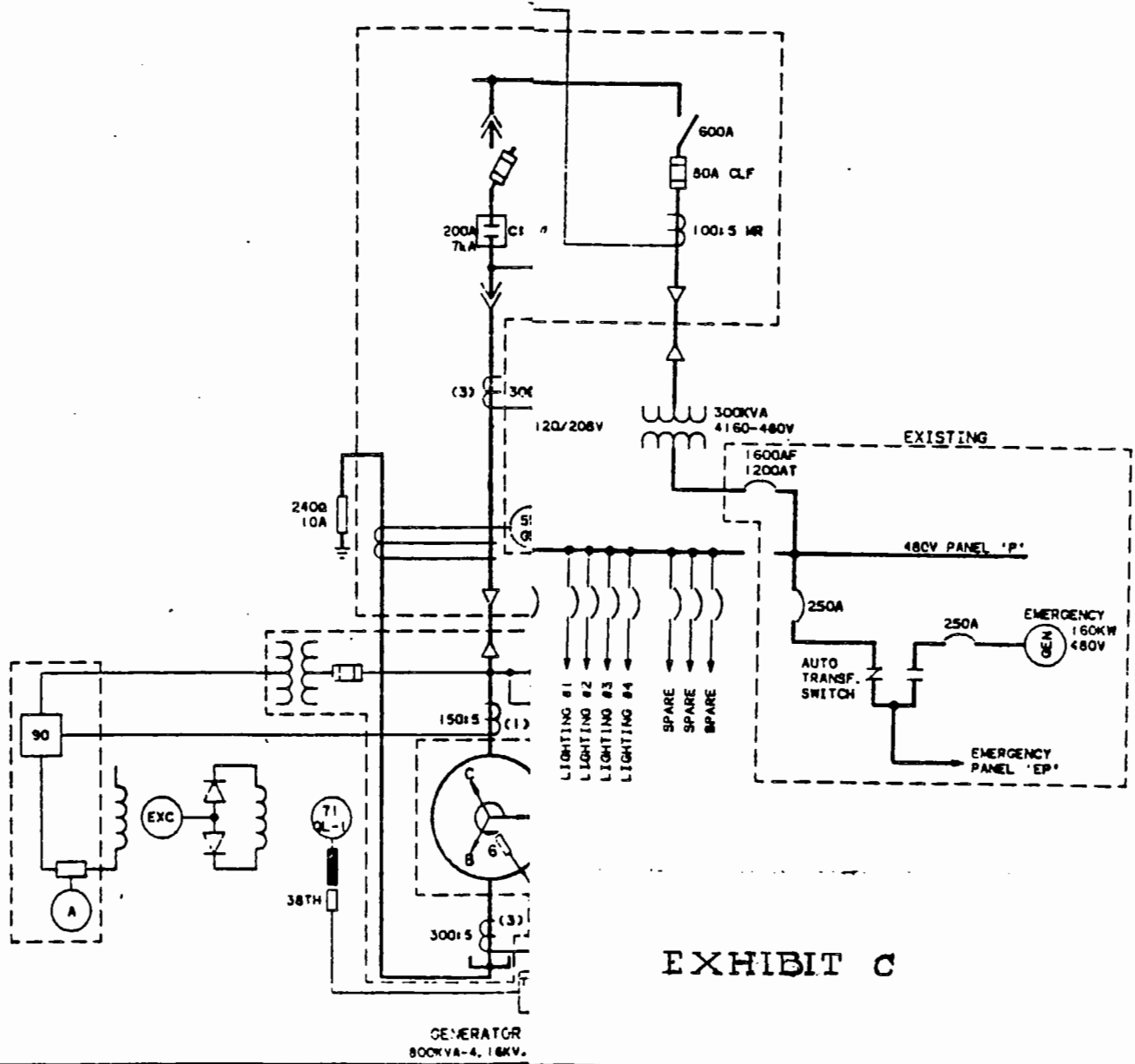


EXHIBIT C

GENERATOR  
800kVA-4.16KV.

R. E. BADGER FILTRATION PLANT  
HYDROELECTRIC PROJECT

SINGLE LINE DIAGRAM

LOG NO.	3083D-PEI
SHEET OF	REV. 2

EXHIBIT D

INTERCONNECTION AND LINE EXTENSION  
FACILITIES EQUIPMENT LIST

1  
2  
3  
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28

INTERCONNECTION FACILITIES EQUIPMENT<sup>1</sup>

<u>Item</u>	<u>Quantity</u>
1. Current Transformer	2
2. Potential Transformer	2
3. Kilowatthour Meter	2
4. Test Switch and Cover	1
5. Labor	

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<sup>1</sup>Equipment installed by SDG&E and paid for by Seller in accordance with Sections 1.3.3.2, 2.6.2 and 2.6.3 of the subject Agreement.

EXHIBIT E

Rule 21