

SAMPLE CONTRACT - NOT FOR EXECUTION

SOUTHERN CALIFORNIA EDISON COMPANY

STANDARD OFFER #3

POWER PURCHASE AGREEMENT

FOR

AS-AVAILABLE CAPACITY AND ENERGY

FROM

FACILITIES OF 100 KILOWATTS OR LESS

QFID NO XXXX

CUSTOMER NAME

APPROVED: DECISION NO. 89-02-065 (FEBRUARY 24, 1989)

AS REVISED PURSUANT TO D. 96-10-036 and D. 96-11-018

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SOUTHERN CALIFORNIA EDISON COMPANY
AS-AVAILABLE CAPACITY AND ENERGY
POWER PURCHASE AGREEMENT
FOR
FACILITIES OF 100 KILOWATTS OR LESS
(QFID XXXX)

_____ ("Seller"), and SOUTHERN CALIFORNIA EDISON COMPANY ("Edison"),
referred to collectively as "Parties" and individually as "Party", agree as
follows:

1. SELLER'S GENERATING FACILITY

1.1 QFID Number XXXX.

1.2 Nameplate rating: _____ kW.

1.3 Location: _____

(address)

1.4 Type of generator: (Check one)
_____ cogeneration facility.
_____ small power production facility.

(primary energy source)

1.5 Generation Facility will be ready to deliver power for sale
on or about _____.

1.6 Location of Edison Designated Switching Center:

EDISON SUBSTATION

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1.7 Location of Edison Customer Service District:

EDISON DISTRICT

1.8 Seller's arrangement includes a Host(s) which is an entity or entities which will purchase (a) useful thermal output of the Cogenerators, or (b) all or a portion of the electric output of the generating facility, or (c) both: (check one)

_____ Yes

_____ No

1.9 The Parties are entering into this Agreement based on California Public Utilities Commission (CPUC) Decision 96-10-036, dated October 9, 1996, and 96-11-018 copies of which are attached to this Agreement as Appendix C ("Decisions"). The Parties intend for this Agreement to fully conform to and implement these Decisions. Accordingly, if this Agreement does not conform in all respects with the Decisions, the parties shall amend this Agreement so that it does conform in all respects with the Decisions.

2. OPERATING OPTION

Seller has chosen to sell Edison energy under the following operating option: (check one)

_____ Operating Option I (Buy/Sell): Entire generator output, less station use, sold to Edison.

_____ Operating Option II (Surplus Sale): Generator output, less station use and any other use by Seller, sold to Edison.

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_____ Operating Option III (No Sale to Edison): Seller and Edison do not anticipate any flow of power to Edison while operating under this Agreement.

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3. PAYMENT OPTIONS

3.1 Seller has chosen to have its payment for as-available capacity and energy delivered to Edison determined under the following option: (check one)

_____ Payment Option No. 1: Seller elects to have the energy and capacity payment differentiated to reflect the time of delivery.

_____ Payment Option No. 2: Seller elects to have the energy and capacity payment made by an average, non-time-of-delivery price.

3.2 Payment to Seller for as-available capacity and energy delivered to Edison will be made within approximately thirty (30) days of the meter reading date.

3.3 Edison reserves the right to apply the value of Edison's purchase of energy and capacity toward: (a) any bill to Seller for electric service by Edison to Seller at the location in Section 1.3; or (b) any bill to Seller for any charges under this Agreement owing and unpaid by Seller. Seller shall pay any amount owing for electric service provided by Edison to Seller in accordance with applicable tariff schedules. Nothing in this Section 3.3

4. ENERGY AND CAPACITY PRICE

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On and after the date Edison gives its written approval for parallel operation pursuant to Section 6.6, Edison shall pay Seller for as-available capacity at prices authorized from time to time by the California Public Utilities Commission (CPUC) and which are derived from Edison's avoided costs as approved by the CPUC. Edison shall pay Seller for energy at prices equal to Edison's short run avoided operating costs as approved by the CPUC.

5. INTERRUPTION OR REDUCTION OF DELIVERIES

5.1 Edison shall not be obligated to accept or pay for and may require Seller to interrupt or reduce deliveries of as-available capacity and energy: (a) when necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or part of its system; or (b) if it determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices.

5.2 Whenever possible, Edison shall give Seller reasonable notice of the possibility that interruption or reduction of deliveries may be required.

5.3 Notwithstanding any other provision of this Agreement, if at any time Edison determines that either (a) the facility may endanger Edison personnel, or (b) the continued operation of Seller's facility may endanger the integrity of Edison's electric system, Edison shall have the right to disconnect Seller's facility from Edison's electric system. Seller's

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facility shall remain disconnected until such time as Edison is satisfied that the condition(s) referenced in (a) or (b) of this Section 5.3 have been corrected.

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6. INTERCONNECTION

- 6.1 Any interconnection facilities furnished by Edison shall be the subject of an Interconnection Facilities Agreement in accordance with Edison's Tariff Rule No. 21.
- 6.2 Seller shall deliver the as-available capacity and energy to Edison at the agreed point of delivery as shown in Appendix A.
- 6.3 Seller shall pay for designing, installing, operating, and maintaining the generating facility in accordance with all applicable laws and regulations and shall comply with Edison's Tariff Rule No. 21, which is attached hereto.
- 6.4 A list detailing the interconnection equipment for which Seller is responsible is included in Appendix A.
- 6.5 Edison shall furnish and install a detented watt-hour meter (and current transformers if required) to measure power flow to Seller. Seller shall provide and install a meter socket and enclosure equipment at or near the point of delivery. At Seller's option and expense, Edison shall furnish and install a time-of-delivery meter pursuant to an Interconnection Facilities Agreement.
- 6.6 Seller shall not commence parallel operation of the generating facility until written approval of the

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interconnection facilities has been given by Edison. Such approval shall not be unreasonably withheld. Seller shall notify Edison of Seller's intent to energize facilities at the point of delivery not less than forty-five (45) days prior to such energizing. Edison shall have the right to inspect the interconnection facilities within thirty (30) days of receipt of such notice. If the interconnection facilities are not approved by Edison, Edison shall provide written notice to Seller stating the reasons for Edison's disapproval within five (5) days of inspection. Seller shall also provide written notice to Edison at least fourteen (14) days prior to the initial testing of Seller's protective apparatus. Edison shall have the right to have representatives present at the initial testing of Seller's protective apparatus.

7. QUALIFYING FACILITY STATUS

Seller warrants that, at the date of initial energy deliveries and during the term of this Agreement, its generating facility shall meet the qualifying facility requirements established as of the effective date of the agreement by the Federal Energy Regulatory Commission's rules (18 Code of Federal Regulations 292) implementing the Public Utility Regulatory Act of 1978 (16 U.S.C.A. 796, et seq.).

8. MAINTENANCE AND PERMITS

Seller shall: (a) maintain the generating facility and interconnection facilities, except facilities owned by Edison, in a safe and prudent manner and in conformance with all applicable laws

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and regulations including, but not limited to, Edison's Tariff Rule No. 21; and (b) obtain any governmental authorizations and permits required for the construction and operation of the generating facility and interconnection facilities, except facilities owned by Edison. Seller shall reimburse Edison for any and all losses, damages, claims, penalties, or liability it incurs as a result of Seller's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of Seller's generating facility.

9. ACCESS TO PREMISES

Edison may enter Seller's premises: (a) to inspect at all reasonable hours Seller's protective devices and read or test meters; and (b) to disconnect, without notice, the interconnection facilities if, in Edison's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or Edison's facilities, or property of others from damage or interference caused by Seller's facilities, or lack of properly operating protective devices.

10. INDEMNITY AND LIABILITY

10.1 Each Party as indemnitor shall defend, save harmless and indemnify the other Party and the directors, officers, employees, and agents of such other Party against and from any and all loss, liability, damage, claim, cost, charge, demand, or expense (including any direct, indirect, or consequential loss, liability, damage, claim, cost, charge, demand, or expense, including attorneys' fees) for injury or death to persons including employees of either Party and

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damage to property including property of either Party arising out of or in connection with (a) the engineering, design, construction, maintenance, repair, operation, supervision, inspection, testing, protection or ownership of, or (b) the making of replacements, additions, betterments to, or reconstruction of, the indemnitor's facilities; provided, however, Seller's duty to indemnify Edison hereunder shall not extend to loss, liability, damage, claim, cost, charge, demand, or expense resulting from interruptions in electrical service to Edison's customers other than Seller or electric customers of Seller. This indemnity shall apply notwithstanding the active or passive negligence of the indemnitee. However, neither Party shall be indemnified hereunder for its loss, liability, damage, claim, cost, charge, demand or expense resulting from its sole negligence or willful misconduct.

10.2 Notwithstanding the indemnity of Section 10.1, and except for a Party's willful misconduct or sole negligence, each Party shall be responsible for damage to its facilities resulting from electrical disturbances or faults.

10.3 The provisions of this Section 10 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.

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10.4 Except as otherwise provided in Section 10.1, neither Party shall be liable to the other Party for consequential damages incurred by that Party.

10.5 If Seller fails to comply with the provisions of Section 11, Seller shall, at its own cost, defend, save harmless and indemnify Edison, its directors, officers, employees, agents, assignees, and successors in interest from and against any and all loss, liability, damage, claim, cost, charge, demand, or expense of any kind or nature (including direct, indirect, or consequential loss, liability, damage, claim, cost, charge, or expense, including attorneys' fee and other costs of litigation) resulting from the death or injury to any person or damage to any property, including the personnel and property of Edison, to the extent that Edison would have been protected had Seller complied with all of the provisions of Section 11. The inclusion of this Section 10.5 is not intended to create any express or implied right in Seller to elect not to provide the insurance required under Section 11.

11. INSURANCE

11.1 In connection with the generating facility, associated land, land rights and interests in land, and with Seller's performance of and obligations under this Agreement, Seller shall maintain, during the term of this Agreement, General Liability Insurance with a combined single limit of not less than (a) five hundred thousand dollars (\$500,000) for each

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occurrence if Seller's generating facility is over twenty (20) kW and less than or equal to one hundred (100) kW; and (b) one hundred thousand dollars (\$100,000) for each occurrence if Seller's generating facility is twenty (20) kW or less. Such General Liability Insurance shall include coverage for Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations.

11.2 The General Liability Insurance required in Section 11.1 shall, by endorsement to the policy or policies: (a) include Edison as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Edison shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days written notice to Edison prior to cancellation, termination, alternation, or material change of such insurance.

11.3 If the requirement of Section 11.2 (a) prevents Seller from obtaining the insurance required in Section 11.1, then upon written notification by Seller to Edison, Section 11.2 (a) shall be waived.

11.4 Evidence of the insurance required in Section 11.1 shall state that coverage provided is primary and is not excess to

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or contributing with any insurance or self-insurance maintained by Edison.

11.5 Edison shall have the right to inspect or obtain a copy of the original policy or policies of insurance.

11.6 Seller shall furnish the required certificates and endorsements to Edison prior to commencing operation.

11.7 A Seller who is a self-insured governmental agency with an established record of self-insurance may comply with the following in lieu of Sections 11.1 through 11.6:

(a) Seller shall provide to Edison at least thirty (30) calendar days prior to the date of initial energy deliveries evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 11.1; and

(b) If Seller ceases to self-insure to the level required hereunder, or if Seller is unable to provide continuing evidence of Seller's ability to self-insure, Seller shall immediately obtain the coverage required under Section 11.1.

11.8 All insurance certificates, statements of self-insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

Southern California Edison Company
Attention: Manager of QF Resources
P.O. Box 800
Rosemead, CA 91770

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12. GOVERNING LAW

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

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13. AMENDMENT, MODIFICATIONS OR WAIVER

Any amendments or modifications to this Agreement shall be in writing and agreed to by both Parties. The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

14. APPENDICES

The Agreement includes the following appendices which are attached and incorporated by reference:

Appendix A: Seller's Interconnection Facilities, including One-line Diagram showing Point of Delivery

Appendix B: Edison's Tariff Rule No. 21, Including Edison's Guidelines For Operating, Metering and Protective Relaying for Cogenerators and Small Power Producers

Appendix C: CPUC Decisions No. 96-10-036 and 96-11-018

15. NOTICES

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15.1 All written notices shall be directed as follows:

EDISON: Southern California Edison Company
Attention: Director of QF Resources
P.O. Box 800
Rosemead, CA 91770

SELLER: _____

15.2 Seller's notices to Edison pursuant to this Section 15 shall refer to the QFID number set forth in Section 1.1.

16. TERM OF AGREEMENT

This Agreement shall become effective as of the last date set forth in Section 17. Should this Agreement not be terminated by agreement of the Parties prior to December 31, 2001, this Agreement shall terminate, unless extended by a CPUC decision issued on or before December 31, 2001; provided, however, the term of this Agreement shall not continue for a period greater than 10 years after January 1, 2002. This Agreement may be terminated sooner by Seller upon providing thirty (30) days prior written notice in accordance with Section 15.

17. SIGNATURES

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

(SELLER)

SOUTHERN CALIFORNIA EDISON COMPANY

By: Sample Agreement

By: Sample Agreement

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Name: Not for Execution

Name: Not for Execution

Title:

Title:

Date: _____

Date: _____

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(A) INTERCONNECTION FACILITY AGREEMENT

APPENDIX A

SOUTHERN CALIFORNIA EDISON COMPANY
INTERCONNECTION FACILITIES AGREEMENT
UNIFORM STANDARD OFFER NO. 3
UNDER 100 KW

1. PARTIES:

The Parties to this Interconnection Facilities Agreement (Agreement) are SELLER (QFID # XXXX), hereinafter referred to as "Seller", and Southern California Edison Company, a California corporation, hereinafter referred to as "Edison", individually "Party", collectively "Parties".

2. RECITALS:

2.1 Seller plans to construct, own, operate, and control a _____ kW (nameplate capacity--net of auxiliary equipment load) generating facility which shall be operated in parallel with the Edison electric system, pursuant to Section 1.1 of the Power Purchase Agreement for As-Available Capacity and Energy from Facilities of 100 kilowatts or less (PPA) between the Parties.

3. TERM AND TERMINATION:

3.1 This Agreement shall be binding upon execution by the Parties and remain in effect thereafter, unless terminated in accordance with Section 16 of the PPA.

4. SELLER-OWNED INTERCONNECTION FACILITIES:

4.1 Seller shall, at Seller's expense, engineer, design, construct, install, own, operate, procure equipment, materials, and, if necessary, rights-of-way, and maintain the Seller-Owned Interconnection Facilities, as specified in

APPENDIX A

Exhibit A, attached hereto. Said Interconnection Facilities shall be engineered and designed in accordance with Edison's Tariff Rule No. 21, and Edison shall have the right to review and approve said engineering and design.

4.2 Seller shall notify Edison 30 days prior to the parallel operation of Seller's generating facility and Edison shall have the right to inspect the Seller-Owned Interconnection Facilities and shall notify Seller of any deficiencies within five days after inspection. Seller must correct any deficiencies prior to parallel operation of the generating facility.

4.3 Seller shall not operate the Generating Facility in parallel with the Edison electric system until Edison provides written authorization for such operation.

5. EDISON-OWNED INTERCONNECTION FACILITIES:

6. INTERCONNECTION FACILITIES CHARGE:

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7. INTERCONNECTION FACILITIES MODIFICATIONS:

Edison shall have the right to modify the Edison-Owned Interconnection Facilities and/or require Seller to modify the Seller-Owned Interconnection Facilities pursuant to Edison's Tariff Rule No. 21. Seller shall be responsible for the cost of said modifications.

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APPENDIX A

8. GOVERNING LAW:

This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California and shall, to the extent provided by law, at all times be subject to applicable tariff rules and modification of such rules as directed by the California Public Utilities Commission in the exercise of its jurisdiction.

9. SIGNATURES:

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

(SELLER)

SOUTHERN CALIFORNIA EDISON COMPANY

By: Sample Agreement
Name: Not For Execution
Title:
Date: _____

By: Sample Agreement
Name: Not For Execution
Title:
Date: _____

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9/1/99 DRAFT

EXHIBIT A

SCE STANDARD AGREEMENT UNDER 100 kW
INTERCONNECTION FACILITIES
EQUIPMENT SHEET

SELLER: _____ QFID NO. :XXXX

SERVICE ADDRESS: _____

DATE SELLER DESIRES EDISON-OWNED FACILITIES TO BE AVAILABLE: _____

DATE SELLER WILL BEGIN CONSTRUCTION OF THE GENERATING FACILITIES:

DESCRIPTION OF SELLER-OWNED INTERCONNECTION FACILITIES:

DESCRIPTION OF EDISON-OWNED INTERCONNECTION FACILITIES:

ONE- LINE DIAGRAM

POINT OF DELIVERY SKETCH

(B) EDISON'S TARIFF RULE NO. 21

(C) CPUC DECISIONS 96-10-036 AND 96-11-018