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FPSC - COMMISSION CLERK



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April 1, 2015

-VIA ELECTRONIC FILING-

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Florida Power & Light Company's Petition for Approval of a Renewable Energy Tariff
and Standard Offer Contract

Dear Ms. Stauffer:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") is FPL's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract.

Thank you for your assistance. Please contact me should you or your staff have any questions regarding this filing.

Sincerely,

s/ William P. Cox
William P. Cox
Senior Attorney

WPC/msw
Enclosures

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Florida Power & Light Company's)
Petition for Approval of Renewable Energy)
Tariff and Standard Offer Contract)
_____)

Docket No. 15-_____

Dated: April 1, 2015

PETITION

Pursuant to Sections 366.04 and 366.91, Florida Statutes (“F.S.”), and Rule 25-17.250, Florida Administrative Code (“F.A.C.”), Florida Power & Light Company (“FPL” or the “Company”) petitions this Commission for approval of FPL’s revised standard offer contract and revised accompanying Rate Schedules QS-2 (“Rate Schedule QS-2”), prepared in compliance with Rule 25-17.0832 and Rules 25-17.200 through 25-17.310, F.A.C.

Rule 25-17.250, F.A.C., directs that each investor-owned electric utility file with the Commission a standard offer contract or contracts for the firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kW or less. A separate standard offer contract shall be based on the next avoidable fossil fueled generating unit of each technology type identified in the utility’s Ten-Year Site Plan. The rule requires that FPL file a standard offer contract by April 1 of each year.

FPL’s current generation plan projects that its next potentially avoidable fossil fueled generating unit within the meaning of Rule 25-17.250, F.A.C., would be a 1,622 MW combined cycle (“CC”) unit at a greenfield site with an expected in-service date of June 1, 2019. Accordingly, the existing standard offer contract has been updated to reflect the CC unit.

A copy of the revised pages of the current standard offer contract is attached in proposed format as Attachment A and in legislative format as Attachment B. FPL’s proposed revised

tariff pages of Rate Schedule QS-2 are attached in proposed format as Attachment C and in legislative format as Attachment D. FPL also submits in support of the Petition Attachment E, showing detailed economic assumptions used in determining the full avoided costs that are reflected in FPL's proposed Schedule QS-2.

Additionally, FPL proposes to delete Rate Schedule QS-2A, as the unit on which it was based is no longer avoidable. Finally, FPL proposes to delete Rate Schedule COG-2 and associated standard offer contract, as they are obsolete and have functionally been replaced by Rate Schedule QS-2 and the current standard offer contract, as well as amend indices to delete references to the obsolete standard offer contract and schedules.

These changes are attached in proposed format as Attachment F and in legislative format as Attachment G.

In support of this Petition, FPL states as follows:

1. FPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes. FPL's corporate offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408. The Commission has jurisdiction pursuant to Section 366.91, Florida Statutes, to establish rates at which a public utility shall purchase capacity and/or energy from specified renewable energy facilities, and FPL invokes that jurisdiction in filing this petition. FPL has a substantial interest in the rates it pays renewable energy facilities for capacity and energy.
2. The names and addresses of FPL's representative to receive communications regarding this docket are:

William P. Cox
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard

Kenneth A. Hoffman
Vice President, Regulatory Affairs
Florida Power & Light Company
215 S. Monroe Street

Juno Beach, Florida 33408
Will.Cox@fpl.com
561-304-5662
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Tallahassee, Florida 32301
Ken.Hoffman@fpl.com
850-521-3919
850-521-3939 (fax)

3. During 2005, the State of Florida enacted Section 366.91, F.S., which states in relevant part that:

(3) On or before January 1, 2006, each public utility must continuously offer a purchase contract to producers of renewable energy. The commission shall establish requirements relating to the purchase of capacity and energy by public utilities from renewable energy producers and may adopt rules to administer this section. The contract shall contain payment provisions for energy and capacity which are based upon the utility's full avoided costs, as defined in s. 366.051; however, capacity payments are not required if, due to the operational characteristics of the renewable energy generator or the anticipated peak and off-peak availability and capacity factor of the utility's avoided unit, the producer is unlikely to provide any capacity value to the utility or the electric grid during the contract term. Each contract must provide a contract term of at least 10 years. Prudent and reasonable costs associated with a renewable energy contract shall be recovered from the ratepayers of the contracting utility, without differentiation among customer classes, through the appropriate cost-recovery clause mechanism administered by the commission.

4. Rule 25-17.250, F.A.C., requires that a separate standard offer contract shall be based on the next avoidable fossil fueled generating unit of each technology type identified in the utility's Ten-Year Site Plan filed pursuant to Rule 25-22.071, F.A.C. The Rule further requires that if there are no planned generation additions in the Ten-Year Site Plan, then the standard offer contract is to be based on avoiding or deferring a planned purchase.

5. The revised tariff sheets for the standard offer contract for which FPL seeks Commission approval based on the CC unit are Thirteenth Revised Sheet No. 9.011 and Ninth Revised Sheet No. 9.032.

6. The revised tariff sheets for the Rate Schedule QS-2 for which FPL seeks Commission

approval based on the CC unit are: Twelfth Revised Sheet No. 10.001, Third Revised Sheet No. 10.100, Ninth Revised Sheet No. 10.311, Second Revised Sheet No. 10.311.1, Fourth Revised Sheet No. 10.312, and Second Revised Sheet No. 10.313.

7. The detailed formula for computing FPL's full avoided costs is contained in the tariff sheets that have been submitted for approval and is the same formula used for determining avoided costs in the Commission's rules. Attachment E to this Petition shows the detailed economic assumptions used in determining the full avoided costs that are reflected in FPL's proposed Schedule QS-2.

WHEREFORE, for the foregoing reasons, FPL respectfully requests that the Commission grant FPL's Petition and approve FPL's proposed standard offer contract and Appendix A thereto, and the statement of economic and financial assumptions associated with the standard offer contract in the form attached hereto as Attachment E.

Dated: April 1, 2015

Respectfully submitted,

By: s/ William P. Cox
William P. Cox
Senior Attorney
Florida Bar No. 0093531
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420
(561) 304-5662
(561) 691-7135 (fax)

Attachment A

Current Standard Offer Contract in Proposed Format

(Continued from Sheet No. 9.031)

- (c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.
- (d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.
- (e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before June 1, 2019, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- 1. The avoided unit ("Avoided Unit") on which this Contract is based is detailed in Appendix A.
- 2. This offer shall expire on April 1, 2016.
- 3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is the in-service date of the Avoided Unit (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.
- 4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
- 5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

* QS Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule QS-2 attached hereto as Appendix A

(Continued on Sheet No. 9.032.1)

Attachment B

Current Standard Offer Contract in Legislative Format

(Continued from Sheet No. 9.031)

- (c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.
- (d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.
- (e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before June 1, 2019, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- 1. The avoided unit ("Avoided Unit") on which this Contract is based is detailed in Appendix A.
- 2. This offer shall expire on April 1, ~~2015~~²⁰¹⁶.
- 3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is the in-service date of the Avoided Unit (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.
- 4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.
- 5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

* QS Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule QS-2 attached hereto as Appendix A

(Continued on Sheet No. 9.032.1)

Attachment C

Proposed Revised Tariff Pages of Rate Schedule QS-2

**STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY
FROM QUALIFYING COGENERATION AND
SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)**

SCHEDULE

COG-1, As-Available Energy

AVAILABLE

The Company will purchase energy offered by any Qualifying Facility located within the State of Florida under the provisions of this schedule or at contract negotiated rates as approved by the Florida Public Service Commission.

APPLICABLE

To any cogeneration or small power production Qualifying Facility located within the State of Florida producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by Florida Public Service Commission (FPSC) Rule 25-17.0825, F.A.C. and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required.

CHARACTER OF SERVICE

Purchase shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage.

LIMITATION:

All service pursuant to this schedule is subject to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

RATE FOR PURCHASES BY THE COMPANY**A. Capacity Rates**

Capacity payments to Qualifying Facilities will not be paid under this Rate Schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule QS-2, Firm Capacity and Energy, or pursuant to a negotiated contract.

B. Energy Rates

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs, before the sale of interchange energy, which is calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment.

Avoided energy costs shall be all costs which the Company avoided due to the purchase of As-Available Energy, including incremental fuel, identifiable variable operation and maintenance expense and identifiable variable utility power purchases. Demonstrable Company administrative costs required to calculate As-Available Energy cost may be deducted from As-Available Energy payments. The calculation of the Company's As-Available Energy cost reflects the delivery of energy from the region of the Company in which the Qualifying Facility is located. Energy payments to Qualifying Facilities located outside the Company's service area shall reflect the region in which the interchange point for the delivery of As-Available Energy is located. All sales shall be adjusted for losses from the point of metering to the point of interconnection. Appendix A provides a description methodology to be used in the calculation of As-Available Energy cost.

C. Negotiated Rates

Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

(Continued on Sheet No. 10.101)

**APPENDIX II
 TO RATE SCHEDULE QS-2
 AVOIDED UNIT INFORMATION**

The Company’s Avoided Unit has been determined to be a 1,622 MW Greenfield Combined Cycle Unit with an in-service date of June 1, 2019 and a heat rate of 6,293 Btu/kWh.

**EXAMPLE STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
 FOR A CONTRACT TERM OF TEN YEARS FROM THE IN-SERVICE DATE OF THE AVOIDED UNIT
 (\$/KW/MONTH)**

Contract Year	Option A	Option B	Option C	Option D
	Normal Capacity Payment	Early Capacity Payment	Levelized Capacity Payment	Early Levelized Capacity Payment
2015	\$ -	\$ 4.14	\$ -	\$ 4.65
2016	\$ -	\$ 4.22	\$ -	\$ 4.65
2017	\$ -	\$ 4.31	\$ -	\$ 4.65
2018	\$ -	\$ 4.39	\$ -	\$ 4.65
2019	\$ 6.85	\$ 4.48	\$ 7.49	\$ 4.65
2020	\$ 6.99	\$ 4.57	\$ 7.49	\$ 4.65
2021	\$ 7.14	\$ 4.66	\$ 7.49	\$ 4.65
2022	\$ 7.28	\$ 4.76	\$ 7.49	\$ 4.65
2023	\$ 7.44	\$ 4.85	\$ 7.49	\$ 4.65
2024	\$ 7.59	\$ 4.95	\$ 7.49	\$ 4.65
2025	\$ 7.75	\$ 5.05	\$ 7.49	\$ 4.65
2026	\$ 7.91	\$ 5.15	\$ 7.49	\$ 4.65
2027	\$ 8.07	\$ 5.25	\$ 7.49	\$ 4.65
2028	\$ 8.24	\$ 5.36	\$ 7.49	\$ 4.65
2029	\$ 8.41	\$ 5.46	\$ 7.49	\$ 4.65

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes, the estimated incremental avoided energy costs for the next ten years are as follows:

Applicable Period	Estimated As-Available Energy Cost		
	On-Peak (¢/kWh)	Off-Peak (¢/kWh)	Average (¢/kWh)
2015	4.50	2.96	3.41
2016	5.68	3.07	3.84
2017	3.31	2.72	2.89
2018	3.67	2.97	3.17
2019	5.59	3.51	4.12
2020	4.98	4.02	4.30
2021	5.58	4.14	4.58
2022	6.35	4.78	5.26
2023	7.02	5.09	5.68
2024	6.29	4.90	5.31
2025	6.35	5.03	5.42

ESTIMATED UNIT FUEL COSTS (\$/MMBtu):

The estimated unit fuel costs listed below are for the Company’s avoided unit and are based on current estimates:

2019	2020	2021	2022	2023	2024	2025	2026	2027
4.69	5.14	5.53	5.83	6.06	6.24	6.43	6.62	6.82

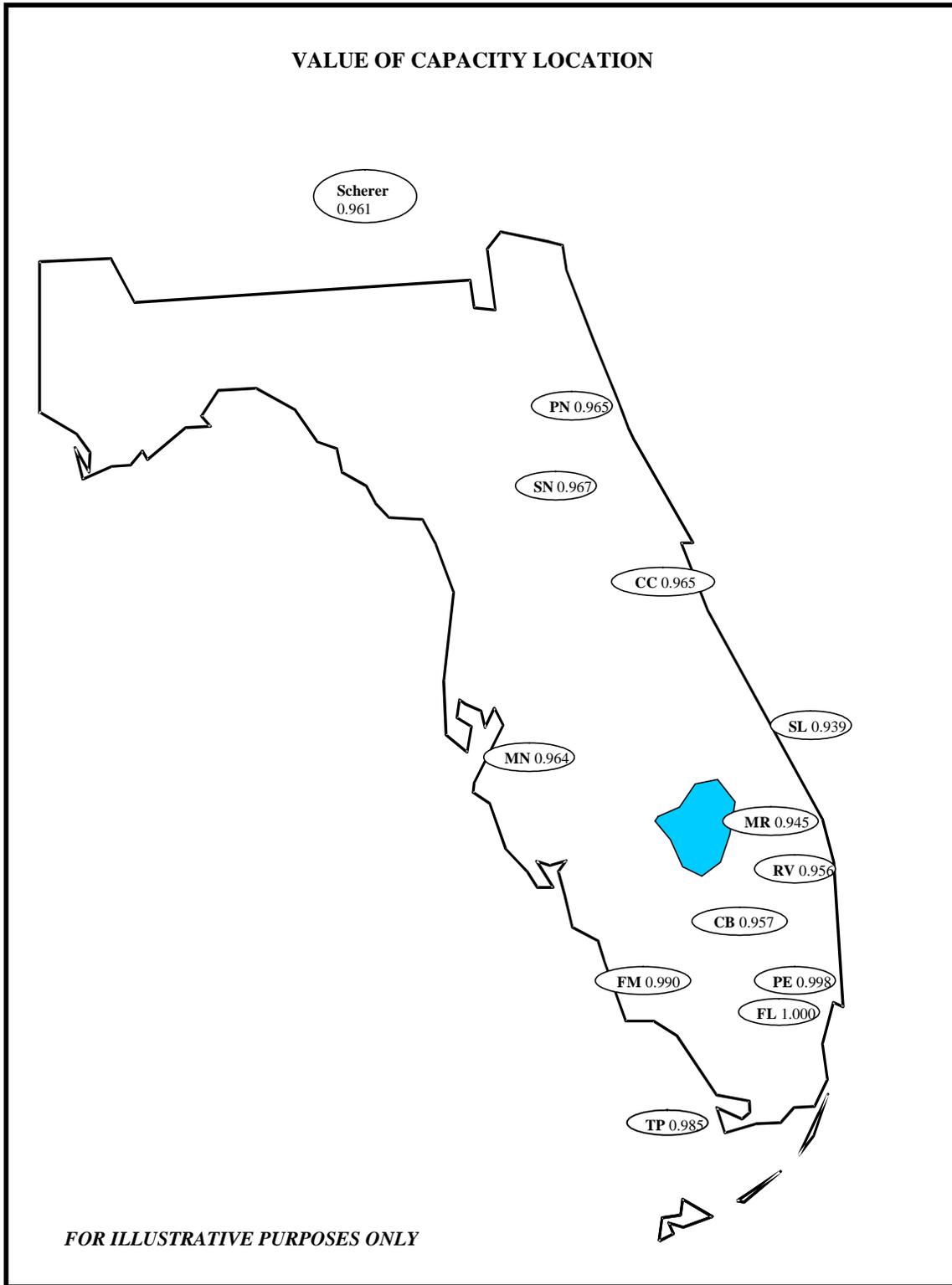
FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:		<u>Value</u>
VAC _m	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$6.91
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.4503
I _n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	\$737.35
O _n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$13.83
i _p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.0%
i _o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.51%
L	= expected life of the Company's Avoided Unit;	30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2019

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A _m	= monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i _p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	2.0%
i _o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
n	= year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	\$512.71
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.51%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	\$102.72

*From Appendix E



**APPENDIX B
 TO THE STANDARD OFFER CONTRACT
 FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY
 FROM RENEWABLE ENERGY FACILITIES
 OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS
 PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
 - A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$
 - B. In the event that the ACBF is equal to or greater than 80% but less than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [1 + 4 \times (ACBF - 94\%)] \times CC$$
 - C. In the event that the ACBF is equal to or greater than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

- MCP = Monthly Capacity Payment in dollars.
- BCP = Base Capacity Payment in \$/KW/Month as specified in FPL's Rate Schedule QS-2.
- CC = Committed Capacity in KW.
- ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12 months rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor. Periods during which the Facility has temporarily set its Committed Capacity equal to 0 KW due to a Force Majeure event pursuant to Section 16 shall be excluded from the applicable capacity factor calculation.
- MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the Hourly factors of the hours when FPL requested reduced deliveries pursuant to Sections 8.4.6 and 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.
- HFNDH = Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.
- HFDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.
- On-Peak Hours = Those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 p.m. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day and New Year's Day. FPL shall have the right to change such On- Peak Hours by providing the QS a minimum of thirty calendar days' advance notice.
- Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

Attachment D

Proposed Revised Tariff Pages of Rate Schedule QS-2 in Legislative Format

**STANDARD RATE FOR PURCHASE OF AS-AVAILABLE ENERGY
FROM QUALIFYING COGENERATION AND
SMALL POWER PRODUCTION FACILITIES
(QUALIFYING FACILITIES)**

SCHEDULE

COG-1, As-Available Energy

AVAILABLE

The Company will purchase energy offered by any Qualifying Facility located within the State of Florida under the provisions of this schedule or at contract negotiated rates as approved by the Florida Public Service Commission.

APPLICABLE

To any cogeneration or small power production Qualifying Facility located within the State of Florida producing energy for sale to the Company on an As-Available basis. As-Available Energy is described by Florida Public Service Commission (FPSC) Rule 25-17.0825, F.A.C. and is energy produced and sold by a Qualifying Facility on an hour-by-hour basis for which contractual commitments as to the time, quantity, or reliability of delivery are not required.

CHARACTER OF SERVICE

Purchase shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage.

LIMITATION:

All service pursuant to this schedule is subject to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

RATE FOR PURCHASES BY THE COMPANY**A. Capacity Rates**

Capacity payments to Qualifying Facilities will not be paid under this Rate Schedule. Capacity payments to Qualifying Facilities may be obtained under Rate Schedule ~~COGOS~~-2, Firm Capacity and Energy, or pursuant to a negotiated contract.

B. Energy Rates

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs, before the sale of interchange energy, which is calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment.

Avoided energy costs shall be all costs which the Company avoided due to the purchase of As-Available Energy, including incremental fuel, identifiable variable operation and maintenance expense and identifiable variable utility power purchases. Demonstrable Company administrative costs required to calculate As-Available Energy cost may be deducted from As-Available Energy payments. The calculation of the Company's As-Available Energy cost reflects the delivery of energy from the region of the Company in which the Qualifying Facility is located. Energy payments to Qualifying Facilities located outside the Company's service area shall reflect the region in which the interchange point for the delivery of As-Available Energy is located. All sales shall be adjusted for losses from the point of metering to the point of interconnection. Appendix A provides a description methodology to be used in the calculation of As-Available Energy cost.

C. Negotiated Rates

Upon agreement by both the Company and the Qualifying Facility, an alternate contract rate for the purchase of As-Available Energy may be separately negotiated.

(Continued on Sheet No. 10.101)

APPENDIX II
 TO RATE SCHEDULE QS-2
 AVOIDED UNIT INFORMATION

The Company's Avoided Unit has been determined to be a 1,3371.622 MW Greenfield Combined Cycle Unit with an in-service date of June 1, 2019 and a heat rate of 6,3306.293 Btu/kWh.

EXAMPLE STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
 FOR A CONTRACT TERM OF TEN YEARS FROM THE IN-SERVICE DATE OF THE AVOIDED UNIT
 (\$/KW/MONTH)

Contract Year	Option A	Option B	Option C	Option D
	Normal Capacity Payment	Early Capacity Payment	Levelized Capacity Payment	Early Levelized Capacity Payment
2015	\$ -	\$ <u>2,554.14</u>	\$ -	\$ <u>3,164.65</u>
2016	\$ -	\$ <u>2,634.22</u>	\$ -	\$ <u>3,164.65</u>
2017	\$ -	\$ <u>2,704.31</u>	\$ -	\$ <u>3,164.65</u>
2018	\$ -	\$ <u>2,794.39</u>	\$ -	\$ <u>3,164.65</u>
2019	\$ <u>7,656.85</u>	\$ <u>2,874.48</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2020	\$ <u>7,886.99</u>	\$ <u>2,964.57</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2021	\$ <u>8,107.14</u>	\$ <u>3,044.66</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2022	\$ <u>8,347.28</u>	\$ <u>3,144.76</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2023	\$ <u>8,587.44</u>	\$ <u>3,234.85</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2024	\$ <u>8,837.59</u>	\$ <u>3,334.95</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2025	\$ <u>9,097.75</u>	\$ <u>3,435.05</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2026	\$ <u>9,357.91</u>	\$ <u>3,535.15</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2027	\$ <u>9,628.07</u>	\$ <u>3,635.25</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2028	\$ <u>9,908.24</u>	\$ <u>3,745.36</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>
2029	\$ <u>10,198.41</u>	\$ <u>3,865.46</u>	\$ <u>8,697.49</u>	\$ <u>3,164.65</u>

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes, the estimated incremental avoided energy costs for the next ten years are as follows:

Applicable Period	Estimated As-Available Energy Cost		
	On-Peak (¢/kWh)	Off-Peak (¢/kWh)	Average (¢/kWh)
<u>2014</u>	<u>-6.97</u>	<u>-2.60</u>	<u>-3.75</u>
2015	<u>7,824.50</u>	<u>2,282.96</u>	<u>3,733.41</u>
2016	<u>10,215.68</u>	<u>3,383.07</u>	<u>5,173.84</u>
2017	<u>7,643.31</u>	<u>2,302.72</u>	<u>3,702.89</u>
2018	<u>6,793.67</u>	<u>3,282.97</u>	<u>4,203.17</u>
2019	<u>8,135.59</u>	<u>2,653.51</u>	<u>4,084.12</u>
2020	<u>7,854.98</u>	<u>2,924.02</u>	<u>4,234.30</u>
2021	<u>7,095.58</u>	<u>3,194.14</u>	<u>4,234.58</u>
2022	<u>9,296.35</u>	<u>2,634.78</u>	<u>4,395.26</u>
2023	<u>10,427.02</u>	<u>2,835.09</u>	<u>4,845.68</u>
2024	<u>10,176.29</u>	<u>3,084.90</u>	<u>4,965.31</u>
<u>2025</u>	<u>6.35</u>	<u>5.03</u>	<u>5.42</u>

ESTIMATED UNIT FUEL COSTS (\$/MMBtu):

The estimated unit fuel costs listed below are for the Company's avoided unit and are based on current estimates:

2019	2020	2021	2022	2023	2024	2025	2026	2027
<u>6,154.69</u>	<u>6,315.14</u>	<u>6,415.53</u>	<u>6,625.83</u>	<u>6,936.06</u>	<u>7,346.24</u>	<u>7,656.43</u>	<u>7,966.62</u>	<u>8,266.82</u>

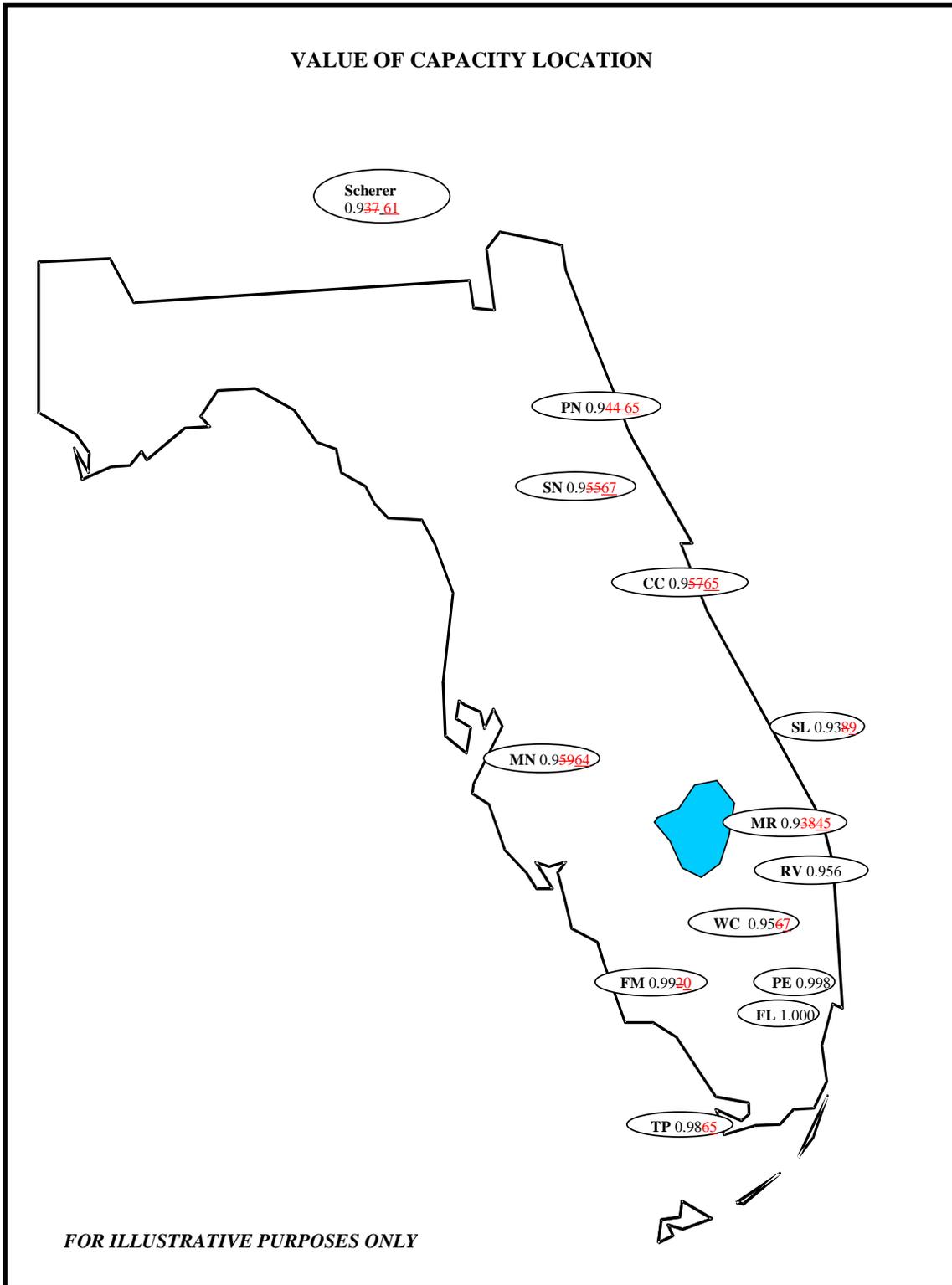
FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:	Value
VAC _m = Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$7.656.91
K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.40441.4503
I _n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	\$903.36737.35
O _n = total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$18.0613.83
i _p = annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.02.0%
i _o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
r = annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.547.51%
L = expected life of the Company's Avoided Unit;	30
n = year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2019

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A _m = monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i _p = annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.02.0%
i _o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
n = year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
F = the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	\$569.45512.71
r = annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.547.51%
t = the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G = the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	\$149.09102.72

*From Appendix E



**APPENDIX B
TO THE STANDARD OFFER CONTRACT
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY
FROM RENEWABLE ENERGY FACILITIES
OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS
PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

- B. In the event that the ACBF is equal to or greater than 80% but less than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [0.41 + 4 \times (ACBF - 72 - 94\%)] \times CC$$

- C. In the event that the ACBF is equal to or greater than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/KW/Month as specified in FPL's Rate Schedule QS-2.

CC = Committed Capacity in KW.

ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12 months rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor. Periods during which the Facility has temporarily set its Committed Capacity equal to 0 KW due to a Force Majeure event pursuant to Section 16 shall be excluded from the applicable capacity factor calculation.

MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the Hourly factors of the hours when FPL requested reduced deliveries pursuant to Sections 8.4.6 and 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.

HFNDH = Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.

HFDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.

On-Peak Hours = Those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 p.m. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day and New Year's Day. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance notice.

Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

Attachment E

Economic Assumptions for Proposed Schedule QS-2

Florida Power & Light Company
Standard Offer Contract

Economic Assumptions

CAPITALIZATION RATIOS

Debt: 40.4%
Preferred: 0%
Equity: 59.6%

DISCOUNT RATE

7.51%

RATE OF RETURN

Debt: 5.05%
Preferred: 0%
Equity: 10.5%

BOOK DEPRECIATION LIFE

30 years for Combined Cycle Unit
40 years for Transmission Facilities

INCOME TAX RATE

State: 5.5%
Federal: 35.0%
Effective: 38.575%

TAX DEPRECIATION LIFE

20 years for Combined Cycle Unit
15 years for Transmission Facilities

OTHER TAXES AND INSURANCE

1.89%

Florida Power & Light Company
Standard Offer Contract

Economic Escalation Assumptions

Plant Construction Cost Percentage:	2.0%
O&M and Capital Cost Replacement Percentage:	2.5%
Fixed Variable O&M Cost Percentage:	2.5%

Florida Power & Light Company
Standard Offer Contract

Unit Information

Plant Name (Type): Combined Cycle
Net Capacity (MW): 1,622 MW
Book Life (Years): 30

Installed Cost (In-Service Year 2019)

Total Installed Cost (\$/kW):	737.35
Direct Construction Cost (\$/kW):	667.96
AFUDC Amount (\$/kW):	69.39
Fixed O&M (\$/kW-Yr) (In-Service Year):	\$3.67
Capital Replacement (\$/kW-Yr) (In-Service Year):	\$10.17
Variable O&M (cents/kWh):	0.02346
K Factor:	1.4503

Attachment F

Proposed Revised Tariff Pages of Rate Schedule QS-2A and COG-2

(Continued from Sheet No. 9.010)

	<u>Sheet No.</u>
Underground Distribution Facilities Installation Agreement	9.700
Underground Road/Pavement Crossing Agreement	9.715
Underground Facilities Conversion Agreement	9.720
Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver	9.725
Long-Term Rental Agreement for Distribution Substation Facilities	9.730
Wireless Internet Electric Service Agreement	9.740
Facilities Rental Service Agreement	9.750
Electric Service and Meter Socket Requirements	9.760
Easement (Individual)	9.770
Underground Easement (Individual)	9.773
Easement (Business)	9.775
Underground Easement (Business)	9.778
Momentary Parallel Operation Interconnection Agreement	9.780
Interconnection Agreement For Qualifying Facilities	9.800
Existing Facility Economic Development Rider Service Agreement	9.870
Standby and Supplemental Service Agreement	9.910
Interruptible Standby and Supplemental Service Agreement	9.920
Medically Essential Service	9.930
Medically Essential Service Notice of Exclusion from Disclosure	9.932
Performance Guaranty Agreement	9.946
Performance Guaranty Agreement for Incremental Capacity	9.950

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INDEX OF CONTRACTS AND AGREEMENTS

	<u>Sheet No.</u>
Contract Provisions - Various	10.010
Distribution Substation Facilities Monthly Rental and Termination Factors	10.015
Schedule COG-1, As Available Energy	10.100
Schedule COG-3, Purchases of Power During Generation Capacity Alerts	10.150
Schedule QS-2, Firm Capacity and Energy	10.300

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Attachment G

**Proposed Revised Tariff Pages of Rate Schedule QS-A and COG-2 in
Legislative Format**

(Continued from Sheet No. 9.010)

	<u>Sheet No.</u>
Underground Distribution Facilities Installation Agreement	9.700
Underground Road/Pavement Crossing Agreement	9.715
Underground Facilities Conversion Agreement	9.720
Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver	9.725
Long-Term Rental Agreement for Distribution Substation Facilities	9.730
Wireless Internet Electric Service Agreement	9.740
Facilities Rental Service Agreement	9.750
Electric Service and Meter Socket Requirements	9.760
Easement (Individual)	9.770
Underground Easement (Individual)	9.773
Easement (Business)	9.775
Underground Easement (Business)	9.778
Momentary Parallel Operation Interconnection Agreement	9.780
Interconnection Agreement For Qualifying Facilities	9.800
Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility	9.850
Existing Facility Economic Development Rider Service Agreement	9.870
Standby and Supplemental Service Agreement	9.910
Interruptible Standby and Supplemental Service Agreement	9.920
Medically Essential Service	9.930
Medically Essential Service Notice of Exclusion from Disclosure	9.932
Performance Guaranty Agreement	9.946
Performance Guaranty Agreement for Incremental Capacity	9.950

STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS OR A SOLID WASTE FACILITY

~~THIS CONTRACT~~ is made and entered this _____ day of _____, _____, by and between _____ (hereinafter "the QF"), and Florida Power & Light Company (hereinafter "FPL") a private utility corporation organized and existing under the laws of the State of Florida. The QF and FPL shall be identified herein as the "Parties". This Contract contains four Appendices; Appendix A, COG-2 Standard Rate for Purchase of Firm Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; and Appendix D, Detailed Project Information.

WITNESSETH:

~~WHEREAS, the QF desires to sell, and FPL desires to purchase electricity to be generated by the QF consistent with Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17091 F.A.C.; and~~

~~WHEREAS, the QF has signed an interconnection agreement with FPL, or has signed an interconnection/transmission service ("Wheeling") agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all wheeling related arrangements (including control area services) between the QF and the wheeling utility for delivery of the Facility's firm capacity and energy to FPL; and~~

~~WHEREAS, the FPSC has approved this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or other Qualifying Facility using renewable or non-fossil fuel, a Qualifying Facility with a design capacity of 100 KW or less, or a Solid Waste Facility; and~~

~~WHEREAS, the QF guarantees that the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract;~~

~~NOW, THEREFORE, for mutual consideration the Parties agree as follows:~~

1. Facility; Qualifying Status

~~The QF contemplates installing and operating a _____ KVA _____ generator located at _____ (hereinafter called the "Facility"). The generator is designed to produce a maximum of _____ kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor. The facility's location and generation capabilities are as described in the table below:~~

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Cogeneration, Small Power Production, MSW)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

(Continued on Sheet No. 9.850.1)

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(Continued from Sheet No. 9.850)

~~The QF's failure to complete the foregoing table in its entirety shall render this Contract null and void and of no further effect.~~

~~The Facility (i) has been certified or has self certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080 (1). The QF shall maintain the "qualifying" status of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QF that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the QF shall provide to FPL a certificate signed by an officer of the QF certifying that the QF continuously maintained qualifying status during the prior calendar year.~~

~~2. Term of Contract~~

~~Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m., May 31st, 2012, unless terminated earlier in accordance with the provisions hereof.~~

~~Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the QF before June 1, 2007, (or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.~~

~~3. Minimum Specifications~~

~~As required by FPSC Rule 25-17.0832 (4) (e), below are the minimum specifications pertaining to this Contract:~~

- ~~1. The avoided unit ("Avoided Unit") on which this Contract is based is a 20 MW portion of an 1144 MW combined cycle unit.~~
- ~~2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 20 MW (the "Subscription Limit").~~
- ~~3. This offer shall expire on the earlier of (i) the date the subscription limit is fully subscribed or (ii) upon the expiration of the two (2) week "Open Solicitation Period." The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, 5PM Eastern Prevailing Time (EPT).~~
- ~~4. The date by which firm capacity and energy deliveries from the QF to FPL shall commence is June 1, 2007 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.~~
- ~~5. The period of time over which firm capacity and energy shall be delivered from the QF to FPL is the five (5) year period beginning on June 1, 2007.~~
- ~~6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QF to qualify for full capacity payments under this Contract:~~

(Continued on Sheet No. 9.851)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 9.850.1)

	On Peak *	Off Peak
Availability	97%	97%

* QF Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule COG-2 attached hereto as Appendix A

~~4. Sale of Electricity by the QF~~

~~4.1 Consistent with the terms hereof, the QF shall sell to FPL and FPL shall purchase from the QF all of the electric power generated by the Facility. FPL shall have the sole right to purchase all energy and capacity from the Facility. The purchase and sale of electricity pursuant to this Contract shall be a (-) net billing arrangement or (-) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. The billing methodology may be changed at the option of the QF, subject to the provisions of FPL Rate Schedule COG-2.~~

~~4.2 The QF shall not rely on interruptible standby service for the start up requirements (initial or otherwise) of the Facility.~~

~~5. Committed Capacity/Capacity Delivery Date~~

~~5.1 The QF commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at _____ kW, with an expected Capacity Delivery Date of June 1, 2007.~~

~~5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than June 1, 2004 and testing must be completed by 11:59 p.m., May 31, 2007. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QF may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.~~

~~5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QF, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test at any time, up to six (6) times per year, the results of which shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.~~

~~5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, to be granted in FPL's sole discretion.~~

~~5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.~~

~~5.6 In no event shall FPL make capacity payments to the QF prior to the Capacity Delivery Date.~~

~~5.7 The QF shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after June 1, 2004 and on or before January 1, 2007 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before June 1, 2007, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QF up to an additional five (5) months to achieve the Capacity Delivery Date. If the QF fails to achieve the Capacity Delivery Date either (i) by June 1, 2007 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.~~

(Continued on Sheet No. 9.852)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 9.851)

~~6.~~ **Testing Procedures**

- ~~6.1~~ The Committed Capacity Test must be completed successfully within a sixty hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QF by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.
- ~~6.2~~ Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. The Committed Capacity Test Period shall commence at the time designated by the QF pursuant to Section 6.1 or at such time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.
- ~~6.3~~ Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.
- ~~6.4~~ The Capacity of the Facility (the "Capacity") shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- ~~6.5~~ The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QF.
- ~~6.6~~ Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QF within seven (7) days of the conclusion of the Committed Capacity Test.

~~7.~~ **Payment for Electricity Produced by the Facility**

~~7.1~~ **Energy**

FPL agrees to pay the QF for energy produced by the Facility and delivered to FPL in accordance with the rates and procedures contained in FPL's approved Rate Schedule COG 2, attached hereto as Appendix A, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule COG 2 as approved and on file with the FPSC.

~~7.2~~ **Capacity**

FPL agrees to pay the QF for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule COG 2, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option _____ of Rate Schedule COG 2. The QF understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QF has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once so selected, this option cannot be changed for the life of this Contract.

~~7.3~~ **Payments**

Payments due the QF will be made monthly, and normally by the twentieth business day following the end of the billing period. The kilowatt hours sold by the QF and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QF.

(Continued on Sheet No. 9.853)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 9.852)

~~8. Electricity Production and Plant Maintenance Schedule~~

- ~~8.1~~ No later than sixty (60) days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the QF shall submit to FPL in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.
- ~~8.2~~ By October 31 of each calendar year, FPL shall notify the QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QF shall only schedule maintenance outages during periods approved by FPL, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such event is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to 7 days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including September 15 and December 1 through and including February 28 (or 29th as the case may be).
- ~~8.3~~ The QF shall comply with reasonable requests by FPL regarding day to day and hour by hour communication between the Parties relative to electricity production and maintenance scheduling.
- ~~8.4 Dispatch and Control~~
 - ~~8.4.1~~ Power supplied by the QF hereunder shall be in the form of three phase 60 Hertz alternating current, at a nominal operating voltage of _____,000 volts (_____ kV) and power factor dispatchable and controllable in the range of _____ 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.
 - ~~8.4.2~~ The QF shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QF shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The QF shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.
 - ~~8.4.3~~ If the Facility is separated from the FPL system for any reason, under no circumstances shall the QF reconnect the Facility into FPL's system without first obtaining FPL's specific approval.
 - ~~8.4.4~~ During the term of this Contract, the QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. The QF shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. Additionally, during the term of this Contract, the QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and prudent utility practices.
 - ~~8.4.5~~ FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or in the event that FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QF prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.

(Continued on Sheet No. 9.853.1)

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(Continued from Sheet No. 9.853)

~~8.4.6~~ After providing notice to the QF, FPL shall not be required to accept or purchase energy from the QF during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking type generation. FPL shall give the QF as much prior notice as practicable of its intent not to accept energy pursuant to this Section.

~~8.4.7~~ FPL may, at any time during the term hereof, by oral, written, or electronic notification to the QF, request the QF to deliver capacity and associated energy up to the full Committed Capacity to meet FPL's system requirements. The QF shall comply with such request within ten (10) minutes of receiving such notification from FPL. Any clock hour for which FPL requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour."

(Continued on Sheet No. 9.854)

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(Continued from Sheet No. 9.853.1)

9. — Completion/Performance Security

~~9.1 — As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QF shall provide FPL either: (a) an unconditional, irrevocable, direct pay letter(s) of credit in effect through the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a bond issued by a financially sound company in form and substance acceptable to FPL; or (c) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:~~

~~9.1.1 — \$30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.~~

~~9.2 — The specific security instrument provided for purposes of this Contract is:
 () unconditional, irrevocable, direct pay letter(s) of credit.
 () Bond.
 () cash deposit(s) with FPL.~~

~~9.3 — FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QF. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QF of the requirement to replace. Failure by the QF to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.~~

~~9.4 — Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QF qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QF operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.~~

~~9.5 — If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one hundred percent (100%) of the then applicable Completion/Performance Security.~~

~~9.6 — If an Event of Default has not occurred and the QF fails to achieve the Capacity Delivery Date on or before June 1, 2007 (irrespective of any extension that may be granted by FPL under Section 5.7), FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before June 1, 2007, then the QF shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per kW (for the number of kW set forth in Section 5.1).~~

~~9.7 — In the event that FPL requires the QF to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QF fails to demonstrate a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one hundred percent (100%) of the then remaining amount of the Completion/Performance Security. In the event that FPL does not require the QF to perform a Committed Capacity Test or if the QF successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QF shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.~~

(Continued on Sheet No. 9.854.1)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 9.854)

10. Termination Fee

~~10.1 In the event that the QF receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QF shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QF's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QF, on a monthly basis, a calculation of the Termination Fee.~~

~~10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QF by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date; (ii) a bond issued by a financially sound company in form and substance acceptable to FPL; or (iii) a cash deposit with FPL (any of (i), (ii), or (iii), the "Termination Security"). The specific security instrument selected by the QF for purposes of this Contract is:~~

- ~~(-) Unconditional, irrevocable, direct pay letter(s) of credit~~
- ~~(-) Bond.~~
- ~~(-) Cash deposit(s) with FPL.~~

~~10.1.2 FPL shall have the right to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPL may require the QF to replace the letter(s) of credit or the bond, as applicable. In the event that FPL notifies the QF that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QF to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.~~

~~10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPL's issuance of the Termination Fee calculation as described in Section 10.1, the QF must provide within 10 days, FPL with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QF shall be obligated to deliver within five (5) days of such request, such Security Documentation. Failure by the QF to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.~~

~~10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one hundred percent (100%) of the Termination Security.~~

11. Performance Factor

~~FPL desires to provide an incentive to the QF to operate the Facility during on-peak and off-peak periods in a manner which approximates the projected performance of FPL's Avoided Unit. A formula to achieve this objective is attached as Appendix B.~~

(Continued on Sheet No. 9.855)

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(Continued from Sheet No. 9.854.1)

12. Default

Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:

- ~~(a) The QF fails to maintain the "qualifying" Facility status of the Facility obtained pursuant to one of the alternatives specified in Section 1 of this Contract;~~
- ~~(b) The QF changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;~~
- ~~(c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 90%;~~
- ~~(d) The QF fails to comply with any of the provisions of Section 9.0 hereof;~~
- ~~(e) The QF fails to comply with any of the provisions of Section 10.0 hereof;~~
- ~~(f) The QF ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QF; or if a receiver shall be appointed for the QF or any of its assets or properties; or if any part of the QF's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QF shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;~~
- ~~(g) The QF fails to give proper assurance of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;~~
- ~~(h) The QF materially fails to perform as specified under this Contract, including, but not limited to, the QF's obligations under Sections 8, 9, 10, and 14-19;~~
- ~~(i) The QF fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than December 1, 2006;~~
- ~~(j) The QF fails to comply with any of the provisions of Section 19.3 hereof;~~
- ~~(k) Any of the representations or warranties made by the QF in this Contract is false or misleading in any material respect as of the time made;~~
- ~~(l) The occurrence of an event of default by the QF under the Interconnection Agreement;~~
- ~~(m) The QF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;~~
- ~~(n) The QF breaches any material provision of this Contract not specifically mentioned in this Section 12; or~~
- ~~(o) If at any time after the Capacity Delivery Date, the QF reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.~~

(Continued on Sheet No. 9.856)

RESERVED FOR FUTURE

(Continued from Sheet No. 9.855)

13. FPL's Rights in the Event of Default

- ~~13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may, at its option:

 - ~~13.1.1 terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QF, and offset against any payment(s) due from FPL to the QF, any monies otherwise due from the QF to FPL;~~
 - ~~13.1.2 enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof; or~~
 - ~~13.1.3 exercise any other remedy(ies) which may be available to FPL at law or in equity.~~~~
- ~~13.2 Termination shall not affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.~~

14. Indemnification

- ~~14.1 FPL and the QF shall each be responsible for its own facilities. FPL and the QF shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QF's personnel and equipment, and for the protection of its own generating system. Subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company—Governmental, FPL's General Rules and Regulations, each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QF Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:

 - ~~(a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;~~
 - ~~(b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;~~
 - ~~(c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;~~
 - ~~(d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or~~
 - ~~(e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.~~~~
- ~~14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.~~

15. Insurance

- ~~15.1 The QF shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QF Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QF Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QF's equipment or by the QF's failure to maintain the Facility or the QF's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QF Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QF Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QF and not FPL.~~

(Continued on Sheet No. 9.856.1)

RESERVED FOR FUTURE

(Continued from Sheet No. 9.856)

- ~~15.2 The QF Insurance shall have a minimum limit of one million Dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.~~
- ~~15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QF shall enter into negotiations to develop substitute protection which the parties in their reasonable judgment, deem adequate.~~
- ~~15.4 To the extent that the QF Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QF Entities. Furthermore, to the extent the QF Insurance is on a "claims made" basis, the QF's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QF Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QF during the term of this Contract.~~
- ~~15.5 The QF Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QF shall provide FPL with a copy of any material communication or notice related to the QF Insurance within ten (10) business days of the QF's receipt or issuance thereof.~~
- ~~15.6 The QF shall be designated as the named insured and FPL shall be designated as an additional named insured under the QF Insurance. The QF Insurance shall be endorsed to be primary to any coverage maintained by FPL.~~

(Continued on Sheet No. 9.857)

RESERVED FOR FUTURE

(Continued from Sheet No. 9.856.1)

16. Force Majeure

~~Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement). Equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, shall not be considered an event of Force Majeure, unless the QF can conclusively demonstrate, to the reasonable satisfaction of FPL, that the event was not reasonably foreseeable, was beyond the QF's reasonable control and was not caused by the negligence or lack of due diligence of the QF or its contractors or suppliers.~~

~~16.1 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.~~

~~16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefor unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure, in either case within two (2) business days thereof.~~

~~16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.~~

~~16.4 If the QF suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QF may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QF. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.~~

~~16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QF shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPL shall have no obligation to make capacity payments hereunder.~~

~~16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QF shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.~~

~~16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.~~

~~16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay for performance provisions in Appendix B.~~

(Continued on Sheet No. 9.857.1)

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(Continued from Sheet No. 9.857)

~~16.9 The QF agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same is (are) rendered inoperable due to actions of the QF, its agents, or Force Majeure events affecting the QF, the Facility or the interconnection with FPL. FPL agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.~~

17. Representations, Warranties, and Covenants of QF

~~The QF represents and warrants that as of the Effective Date:~~

17.1 Organization, Standing and Qualification

~~The QF is a _____ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of _____ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QF is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.~~

17.2 Due Authorization, No Approvals, No Defaults, etc.

~~Each of the execution, delivery and performance by the QF of this Contract has been duly authorized by all necessary action on the part of the QF, does not require any approval, except as has been heretofore obtained, of the _____ (shareholders, partners, or others, as applicable) of the QF or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QF, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the _____ (articles of incorporation, bylaws, or other as applicable) of the QF, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QF, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.~~

17.3 Compliance with Laws

~~The QF has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QF is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QF or FPL.~~

17.4 Governmental Approvals

~~Except as expressly contemplated herein, neither the execution and delivery by the QF of this Contract, nor the consummation by the QF of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QF has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefor).~~

17.5 No Suits, Proceedings

~~There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QF, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QF's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QF has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.~~

(Continued on Sheet No. 9.857.2)

RESERVED FOR FUTURE

(Continued From Sheet No. 9.857.1)

17.6 Environmental Matters

~~To the best of its knowledge after diligent inquiry, the QF knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.~~

18. General Provisions

~~18.1 Project Viability~~

~~To assist FPL in assessing the QF's financial and technical viability, the QF shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by FPL must be submitted at the time this Contract is presented to FPL. Failure to provide the following such documents may result in a determination of non-viability by FPL.~~

~~18.2 Permits~~

~~The QF hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the QF is required to obtain as a prerequisite to engaging in the activities specified in this Contract.~~

(Continued on Sheet No. 9.858)

RESERVED FOR FUTURE

(Continued from Sheet No. 9.857.2)

~~18.3~~ **Project Management**

~~18.3.1 If requested by FPL, the QF shall submit to FPL its integrated project schedule for FPL's review within sixty calendar days from the execution of this Contract, and a start up and test schedule for the Facility at least sixty calendar days prior to start up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPL, the QF shall submit progress reports in a form satisfactory to FPL every calendar month until the Capacity Delivery Date and shall notify FPL of any changes in such schedules within ten calendar days after such changes are determined. FPL shall have the right to monitor the construction, start up and testing of the Facility, either on site or off site. FPL's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.~~

~~18.3.2 The QF shall provide FPL with the final designer's/manufacturer's generator capability curves, protective relay types, proposed protective relay settings, main one line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at FPL no later than one hundred eighty calendar days prior to the initial synchronization date.~~

~~18.4~~ **Assignment**

~~The QF may not assign this Contract, without FPL's prior written approval, which approval may be withheld in FPL's sole discretion.~~

~~18.5~~ **Disclaimer**

~~In executing this Contract, FPL does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QF or any assignee of this Contract.~~

~~18.6~~ **Notification**

~~All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual:~~

~~For the QF:~~

~~For FPL:~~

Florida Power & Light Company
Manager,
Wholesale Services
P. O. Box 029100
Miami, FL 33102-9100

~~This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:~~

~~Florida Power & Light Company
9250 West Flagler Street
Miami, FL 33174~~

~~Attention: Manager, Wholesale Services
Resource Assessment and Planning Department~~

~~(Continued on Sheet No. 9.859)~~

RESERVED FOR FUTURE

(Continued from Sheet No. 9.858)

~~18.7~~ **Applicable Law**

~~This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with, the laws of the State of Florida, without regard to conflict of law rules thereof.~~

~~18.8~~ **Taxation**

~~In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service determination, through audit, ruling or other authority, that FPL's payments to the QF for capacity under Options B, C, or D are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.~~

~~18.9~~ **Severability**

~~If any part of this Contract, for any reason, is declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.~~

~~18.10~~ **Complete Agreement and Amendments**

~~All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.~~

~~18.11~~ **Survival of Contract**

~~This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors in interest and legal representatives.~~

~~18.12~~ **Record Retention**

~~The QF agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QF Entities to retain for the same period all such records.~~

~~18.13~~ **No Waiver**

~~No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.~~

(Continued on Sheet No. 9.859.1)

RESERVED FOR FUTURE

(Continued from Sheet No. 9.859)

~~18.14 Set-Off~~

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QF against sums due to the QF hereunder.

~~IN WITNESS WHEREOF~~, the QF and FPL executed this Contract this _____ day of _____,
_____.

WITNESS: _____ FLORIDA POWER & LIGHT COMPANY

_____ Date _____

WITNESS: _____ (QF)

_____ Date _____

RESERVED FOR FUTURE

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**RATE SCHEDULE COG-2
 APPENDIX A
 TO THE STANDARD OFFER CONTRACT
 STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
 FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY
 USING RENEWABLE OR NON FOSSIL FUEL, A QUALIFYING FACILITY
 WITH A DESIGN CAPACITY OF 100 KW OR LESS OR SOLID WASTE FACILITIES**

SCHEDULE

COG-2, Firm Capacity and Energy

AVAILABLE

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Small Power Producer or Other Qualifying Facility using renewable or non fossil fuel, a Qualifying Facility with a design capacity of 100 kw or less, or a Solid Waste Facility" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Qualifying Facility specified in FPSC Rule 25-17.0832 (4), and which is either directly or indirectly interconnected with the Company. The Company's obligation to contract to purchase firm capacity from such QFs by means of this schedule and the Standard Offer Contract will continue only as long as, and to the extent that, the 20 MW subscription limit is not exceeded and, in any event, no later than the expiration of the two (2) week Open Solicitation Period. The Open Solicitation Period shall be defined as the ten (10) successive business days commencing on the effective date of this Standard Offer Contract, as approved by the FPSC, and ending on the tenth business day at the close of business, SPM Eastern Prevailing Time (EPT).

APPLICABLE

To Qualifying Facilities as specified in FPSC Rule 25-17.0832 (4) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz alternating current at the voltage level available at the interchange point between the Company and the entity delivering the Firm Energy and Capacity from the QF.

LIMITATION

Purchases under this schedule are subject to FPSC Rules 25-17.082 through 25-17.091, F.A.C., and are limited to those Qualifying Facilities which:

- A. Are specified in FPSC Rule 25-17.0832 (4)
- B. Execute a Standard Offer Contract prior to the expiration of the 2 week Open Solicitation Period.
- C. Commit to commence deliveries of firm capacity and energy no later than June 1, 2007, and to continue such deliveries through May 31, 2012;
- D. Provide capacity which would not result in the capacity subscription limit for the Company on capacity (20 MW) to be exceeded; and
- E. Are not currently under contract with the Company or with any other entity for the Facility's output.

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's next Avoided Unit has been identified as a 20 MW portion of an 1144 MW combined cycle unit with an in service date of June 1, 2007. Appendix I to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

(Continued on Sheet No. 10.201)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.200)

~~A. Firm Capacity Rates~~

~~Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QF and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QF has contractually committed to deliver to the Company and are based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit (i.e., through May 31, 2012). Payment schedules for other contract terms will be made available to any QF upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.~~

~~Adjustment to Capacity Payment~~

~~The firm capacity rates will be adjusted to reflect the impact that the location of the QF will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tielines.~~

~~Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case-by-case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QF within sixty days of FPL execution of the signed Standard Offer Contract.~~

~~Option A – Fixed Value of Deferral Payments – Normal Capacity~~

~~Payment schedules under this option are based on the value of a year by year deferral of the Company's Avoided Unit with an in-service date of June 1, 2007, calculated in accordance with FPSC Rule 25-17.0832 F.A.C., as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.~~

~~Option B – Fixed Value of Deferral Payments – Early Capacity~~

~~Payment schedules under this option are based upon the early capital cost component of the value of a year by year deferral of the Company's Avoided Unit. These payments can start as early as three years prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QF and calculated as shown on Appendix I.~~

~~The QF shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QF with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The following exemplary payment schedule is based on a contract term which extends five (5) years beyond the anticipated in-service date of the Company's Avoided Unit.~~

(Continued on Sheet No. 10.202)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.201)

~~EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH
 COMPANY'S 2007 COMBINED CYCLE AVOIDED UNIT (20 MW)
 STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS
 (\$/kW/MONTH)~~

		Option A		Option B	
		Normal Payment		Fixed Value of Deferral Payments	
Contract Year	Starting	Early Capacity			
From	To	06/01/2007	06/01/2006	06/01/2005	06/01/2004
6/1/2004	5/31/2005				3.88
6/1/2005	5/31/2006			4.65	3.94
6/1/2006	5/31/2007		5.68	4.71	3.99
6/1/2007	5/31/2008	7.14	5.76	4.78	4.04
6/1/2008	5/31/2009	7.24	5.84	4.84	4.10
6/1/2009	5/31/2010	7.34	5.92	4.91	4.16
6/1/2010	5/31/2011	7.44	6.00	4.98	4.21
6/1/2011	5/31/2012	7.54	6.08	5.05	4.27

~~**Option C – Fixed Value of Deferral Payment – Levelized Capacity**~~

~~Payment schedules under this option are based upon the levelized capital cost component of the value of a year by year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance portion of capacity payments shall be equal to the value of the year by year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. These calculations are shown in Appendix I.~~

~~**Option D – Fixed Value of Deferral Payment – Early Levelized Capacity**~~

~~Payment schedules under this option are based upon the early levelized capital cost component of the value of a year by year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QF, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in service date of the Company's Avoided Unit, provided that the QF is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract.~~

(Continued on Sheet No. 10.203)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.202)

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH
 2007-COMBINED-CYCLE AVOIDED UNIT (20 MW) LEVELIZED CAPITAL
 AVOIDED CAPACITY PAYMENTS
 (\$/KW/MONTH)

		<u>Option C*</u>		<u>Option D (Early O&M)*</u>	
<u>Contract Year</u>		<u>Levelized</u>	<u>Fixed Value of Deferral Payments - Early Capacity</u>		
<u>Starting</u>	<u>To</u>	<u>Payment</u>	<u>06/01/2006</u>	<u>06/01/2005</u>	<u>06.01/2004</u>
6/1/2004	5/31/2005				4.02
6/1/2005	5/31/2006			4.79	4.03
6/1/2006	5/31/2007		5.83	4.80	4.04
6/1/2007	5/31/2008	7.29	5.84	4.82	4.05
6/1/2008	5/31/2009	7.31	5.86	4.83	4.06
6/1/2009	5/31/2010	7.33	5.88	4.84	4.07
6/1/2010	5/31/2011	7.35	5.89	4.86	4.09
6/1/2011	5/31/2012	7.37	5.91	4.87	4.10

*Annual Variation is due to fixed operation and maintenance component of the capacity payment.

B. Energy Rates

(1) Payments Prior to June 1, 2007

The energy rate, in cents per kilowatt hour (¢/kWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25-17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the QF is located. Energy payments to the QFs located outside the Company's service area shall reflect the region in which the interchange point for the delivery of energy is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.

The calculation of payments to the QF shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases from the QF by the Company for that hour. All purchases shall be adjusted for losses from the point of metering to the point of interconnection.

(Continued on Sheet No. 10.204)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.203)

~~(2) — Payments Starting on June 1, 2007~~

~~The calculation of payments to the QF for energy delivered to FPL on and after June 1, 2007 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.~~

~~For any Dispatch Hour the firm energy rate shall be, on an hour by hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QF to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour by hour basis: the lesser of (a) the as available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt hour (¢/kWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; (excluding the Reservation Rate); and (b) an average annual heat rate of 6,835 BTU per kilowatt hour; plus (c) an additional .013¢ per kilowatt hour in mid-2007 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QF is located. Energy payments to QFs located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.~~

ESTIMATED AS AVAILABLE ENERGY COST

~~For informational purposes only, the estimated incremental avoided energy costs for the next four semi annual periods are as follows. In addition, avoided energy cost payments will include .0001¢/kWh for variable operation and maintenance expenses.~~

<u>Applicable Period</u>	<u>On Peak</u> <u>¢/KWH</u>	<u>Off Peak</u> <u>¢/KWH</u>	<u>Average</u> <u>¢/KWH</u>
October 1, 2003 — March 31, 2004	4.06	3.69	3.80
April 1, 2004 — September 30, 2004	4.12	3.88	3.95
October 1, 2004 — March 31, 2005	4.07	3.69	3.80
April 1, 2005 — September 30, 2005	4.14	3.54	3.71
October 1, 2005 — March 31, 2006	3.78	3.41	3.52

~~A MW block size ranging from 36 MW to 40 MW has been used to calculate the estimated As Available energy cost.~~

ESTIMATED UNIT FUEL COST

~~The estimated unit fuel costs listed below are associated with the Company's Avoided Unit and are based on current estimates of the price of natural gas.~~

<u>\$/MMBTU</u>					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
4.98	4.99	5.13	5.27	5.41	5.57

DELIVERY VOLTAGE ADJUSTMENT

~~Energy payments to the QFs within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:~~

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0226
Secondary Voltage Delivery	1.0495

(Continued on Sheet No. 10.205)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.204)

PERFORMANCE CRITERIA

Payments for Firm Capacity are conditioned on the QF's ability to maintain the following performance criteria:

A. Capacity Delivery Date

— The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., June 1, 2007).

B. Availability and Capacity Factor

— The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance-based calculation as detailed in Appendix B to the Company's Standard Offer Contract.

METERING REQUIREMENTS

The QFs within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from the QFs outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Energy to the Company.

For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.

BILLING OPTIONS

A QF, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as-available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QF to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QF selling as available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QF or the Company; 3) when the QF is selling as available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or a contract between the QF and the Company.

If a QF elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QF for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the QF for such alteration(s).

Payments due a QF will be made monthly, and normally by the twentieth business day following the end of the billing period. The kilowatt hours sold by the QF and the applicable avoided energy rates at which payments are being made shall accompany the payment to the QF.

A statement covering the charges and payments due the QF is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.

CHARGES TO QUALIFYING FACILITY

The QF shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:

A. Customer Charges:

— Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

(Continued on Sheet No. 10.206)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.205)

B. Interconnection Charge for Non-Variable Utility Expenses

The QF shall bear the cost required for interconnection, including the metering. The QF shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a surety bond, letter of credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QF.

C. Interconnection Charge for Variable Utility Expenses

The QF shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QF if no sales to the Company were involved.

In lieu of payment for actual charges, the QF may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities. The applicable percentages are as follows:

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.154%
Distribution Equipment	0.270%
Transmission Equipment	0.117%

D. Taxes and Assessments

In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QF for capacity under options B, C, or D are not fully deductible when paid (additional tax liability), FPL may bill the QF monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QF hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.

TERMS OF SERVICE

- (1) It shall be the QF's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QF located in the Company's service area shall be subject to the following terms and conditions:
 - (a) A QF shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
 - (b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:
 - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QF's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QF. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
 - (ii) For each year thereafter, a review of the actual sales and purchases between the QF and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QF exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.207)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.206)

- ~~_____ (e) The Company shall specify the point of interconnection and voltage level.~~
- ~~_____ (d) The QF must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QF or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.~~
- ~~_____ (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.~~

SPECIAL PROVISIONS

- ~~_____ (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.~~

_____ (Continued on Sheet No. 10.208)

RESERVED FOR FUTURE USE

**APPENDIX I
 TO RATE SCHEDULE COG-2**

CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

Appendix I provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Company's Avoided Unit identified in Schedule COG 2. When used in conjunction with the current FPSC approved cost parameters associated with the Company's Avoided Unit contained in Appendix II, a QF may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QF enter into a Standard Offer Contract with the Company.

Also contained in Appendix I is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to the Company in the event of contractual default by a QF.

CALCULATION OF VALUE OF DEFERRAL OPTION A

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QF pursuant to the Company's Standard Offer Contract shall be defined as the year by year value of deferral of the Company's Avoided Unit. The year by year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = \frac{1}{12} [KI_n \frac{(1-R)}{(1-R)^L} + O_n]$$

Where, for a one year deferral:

VAC_m = utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;

R = $(1 + ip) / (1 + r)$;

I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;

O_n = total fixed operation and maintenance expense for the year n, in mid year dollars per kilowatt per year, of the Company's Avoided Unit;

i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

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(Continued from Sheet No. 10.208)

- ~~i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);~~
- ~~r = annual discount rate, defined as the utility's incremental after tax cost of capital;~~
- ~~L = expected life of the Company's Avoided Unit(s); and~~
- ~~n = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in service date(s) and ending with the termination of the Company's Standard Offer Contract.~~

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION B

Normally, payments for firm capacity shall not commence until the in service date of the Company's Avoided Unit(s). At the option of the QF, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as three years prior to the anticipated in service date of the Company's Avoided Unit. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QF, and shall be calculated as follows:

~~$$A_m = A_c \frac{(1 + i_p)^{(m-1)}}{12} + A_o \frac{(1 + i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$~~

Where:

- ~~A_m = monthly payments to be made to the QF for each month of the contract year n, in dollars per kilowatt per month in which QF delivers capacity pursuant to the early capacity option;~~
- ~~i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);~~
- ~~i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);~~
- ~~m = year for which the fixed value of deferral payments under the early capacity option are made to a QF, starting in year one and ending in the year t;~~
- ~~t = the term, in years, of the Standard Offer Contract;~~

~~$$A_c = F \left[\frac{(1 - R)}{(1 - R^t)} \right]$$~~

(Continued on Sheet No. 10.210)

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(Continued from Sheet No. 10.209)

Where:

~~F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in service date of the Company's Avoided Unit(s);~~

~~R = (1 + ip) / (1 + r)~~

~~r = annual discount rate, defined as the Company's incremental after tax cost of capital; and~~

~~$$A_o = G [(1 - R) / (1 - R^{-t})]$$~~

Where:

~~G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in service date of the Company's Avoided Unit(s);~~

~~R = (1 + io) / (1 + r)~~

~~The currently approved parameters applicable to the formulas above are found in Appendix II.~~

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – LEVELIZED AND EARLY LEVELIZED CAPACITY – OPTION C & OPTION D, RESPECTIVELY

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

~~$$P_L = \frac{F}{12} \times \frac{r}{1 - (1 + r)^{-t}} + O$$~~

Where:

~~P_L = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit(s);~~

~~F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;~~

~~r = the annual discount rate, defined as the Company's incremental after tax cost of capital;~~

~~t = the term, in years, of the Standard Offer Contract;~~

~~O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.~~

~~(Continued on Sheet No. 10.211)~~

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(Continued from Sheet No. 10.210)

RISK-RELATED GUARANTEES

~~With the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091, FPSC Rule 25-17.0832 paragraph (4)(e)10, F.A.C., require that, when fixed value of deferral payments—early capacity, levelized capacity, or early levelized capacity are elected, the QF must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QF is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QF's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of payment:~~

- ~~_____ (1) Bond;~~
- ~~_____ (2) Cash deposit(s) with FPL;~~
- ~~_____ (3) Unconditional, irrevocable, direct pay letter of credit;~~
- ~~_____ (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;~~
- ~~_____ (5) Unsecured promise by a privately owned QF to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QF, parent company, and/or subsidiary companies allowing the Company to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or~~
- ~~_____ (6) Other guarantee acceptable to the Company.~~

~~The Company will cooperate with each QF applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QF. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QF and the Company's ratepayers.~~

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**APPENDIX II
 TO RATE SCHEDULE COG-2
 CAPACITY OPTION PARAMETERS**

FIXED VALUE OF DEFERRAL PAYMENTS – NORMAL CAPACITY OPTION PARAMETERS

<u>Where, for a one-year deferral:</u>	<u>Value</u>
<u>VAC_m = Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;</u>	<u>\$7.14</u>
<u>K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;</u>	<u>1.4512</u>
<u>I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;</u>	<u>\$507.27</u>
<u>O_n = total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;</u>	<u>\$31.30</u>
<u>i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit;</u>	<u>1.7%</u>
<u>i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;</u>	<u>0.79%</u>
<u>r = annual discount rate, defined as the Company's incremental after-tax cost of capital;</u>	<u>7.82%</u>
<u>L = expected life of the Company's Avoided Unit;</u>	<u>25</u>
<u>n = year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.</u>	<u>2007</u>

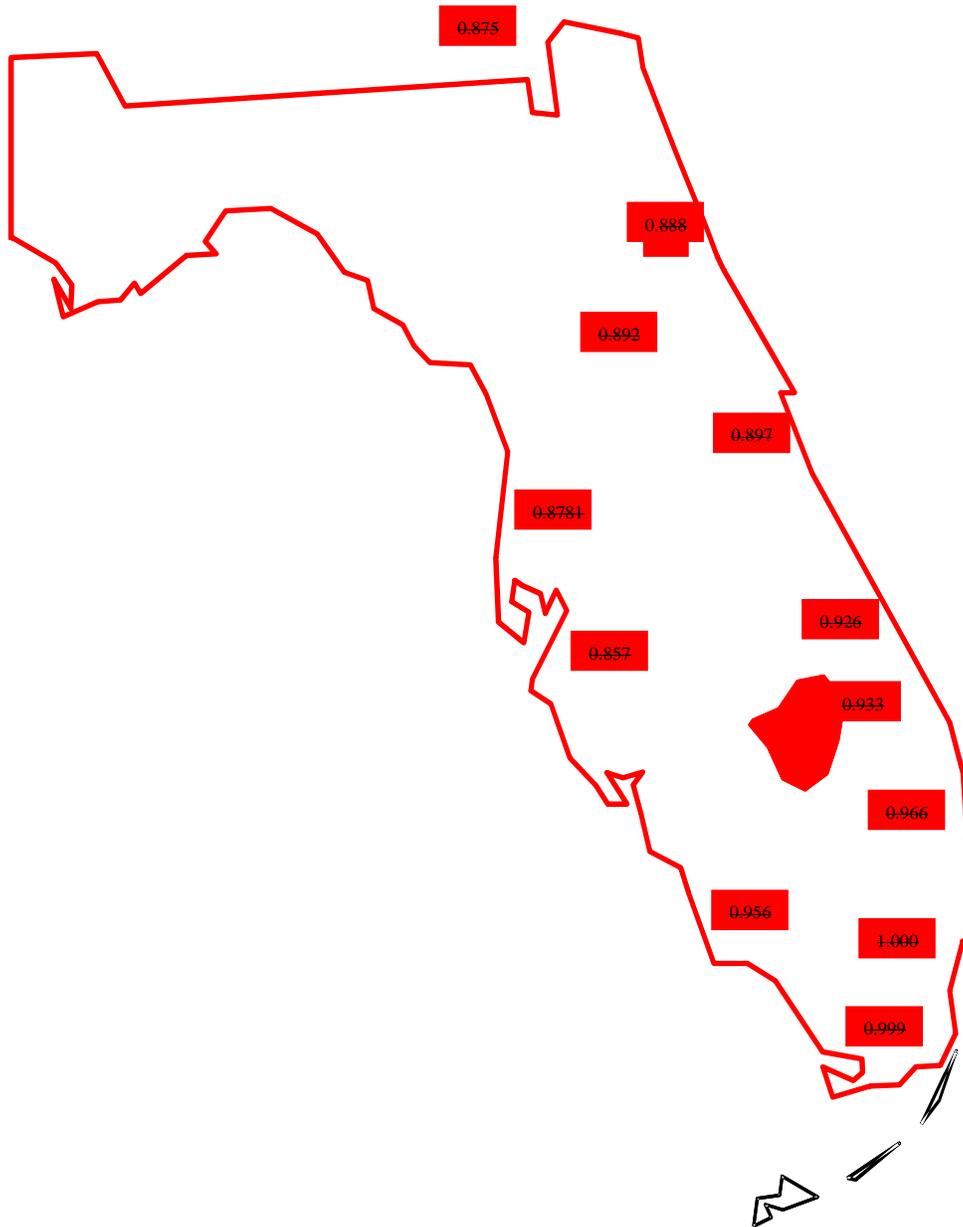
FIXED VALUE OF DEFERRAL PAYMENTS – EARLY CAPACITY OPTION PARAMETERS

<u>A_m = monthly capacity payments to be made to the QF starting as early as three years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;</u>	<u>\$2.45</u>
<u>i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit;</u>	<u>1.7%</u>
<u>i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;</u>	<u>0.79%</u>
<u>n = year for which early capacity payments to a QF are to begin;</u>	<u>June, 2004</u>
<u>F = the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years;</u>	<u>\$242.85</u>
<u>r = annual discount rate, defined as the Company's incremental after-tax cost of capital;</u>	<u>7.82%</u>
<u>t = the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing three years prior to the in-service date of the Company's Avoided Unit;</u>	<u>8</u>
<u>G = the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 5 years.</u>	<u>\$137.37</u>

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APPENDIX III TO RATE SCHEDULE COG-2
VALUE OF CAPACITY LOCATION

APPROXIMATE VALUE OF CAPACITY BY LOCATIONS
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FOR ILLUSTRATIVE PURPOSES ONLY

**APPENDIX B
 TO THE STANDARD OFFER CONTRACT
 FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY
 FROM A SMALL POWER PRODUCER OR OTHER QUALIFYING FACILITY
 USING RENEWABLE OR NON-FOSSIL FUEL, A QUALIFYING FACILITY WITH A DESIGN
 CAPACITY OF 100 KW OR LESS, OR A SOLID WASTE FACILITY
 PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:

A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 90%, then no Monthly Capacity Payment shall be due. That is:

~~MCP = 0~~

B. In the event that the ACBF is equal to or greater than 90% but less than 97%, then the Monthly Capacity Payment shall be calculated by using the following formula:

~~MCP = BCP x [.05x (ACBF - 78)] x CC~~

C. In the event that the ACBF is equal to or greater than 97%, then the Monthly Capacity Payment shall be calculated by using the following formula:

~~MCP = BCP x CC~~

Where:

~~MCP = Monthly Capacity Payment in dollars.~~

~~BCP = Base Capacity Payment in \$/W/Month as specified in FPL's Rate Schedule COG-2.~~

~~CC = Committed Capacity in kW.~~

~~ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12-month, rolling average of the Monthly Capacity Factor. This 12-month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.~~

~~MCF = Monthly Capacity Factor. The total Scheduled Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Energy requested during the Monthly Billing Period.~~

(Continued on Sheet No. 10.213.2)

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(Continued from Sheet No. 10.213.1)

~~For purposes of calculating the Monthly Capacity Factor, hourly energy received shall not exceed the lesser of (i) the energy which could be produced by the Committed Capacity or (ii) the actual Scheduled Energy requested by FPL, during such hour. During any Monthly Billing Period where the number of Dispatch Hours equal zero (0), MCF shall equal 1.0.~~

~~On Peak Hours = Those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time. FPL shall have the right to change such On Peak Hours by providing the QF a minimum of thirty calendar days' advance written notice.~~

~~Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Date and ending with the last calendar day of such month.~~

~~Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.~~

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**APPENDIX C
 TO THE STANDARD OFFER CONTRACT
 TERMINATION FEE**

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with: ~~MCPC_i = 0 for all periods prior to the in-service date of the Company's Avoided Unit;~~

where:

- ~~i = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)~~
- ~~n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)~~
- ~~t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after tax avoided cost of capital (defined as r in COG 2). For any Monthly Billing Period in which MCPC_i is greater than MCP_i, t shall equal 1.~~
- ~~MCP_i = Monthly Capacity Payment paid to QF corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.~~
- ~~MCPC_i = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with COG 2.~~

~~In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.~~

~~In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):~~

- ~~a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 90%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.~~
- ~~b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 90% but less than 98%, then the Reduction Value shall be determined as follows:~~

~~Reduction Value = Initial Reduction Value x [0.05 x (ACBF - 78)]~~

~~For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.~~

- ~~c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 98%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing Period by the amount of the Initial Reduction Value.~~

~~In no event shall FPL be liable to the QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).~~

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**APPENDIX D
 TO THE STANDARD OFFER CONTRACT
 DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPL will be evaluated to determine if the underlying QF project is financially and technically viable. The QF shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below:

I. FACILITY DESCRIPTION

- ~~Project Name~~
- ~~Project Location~~
 - ◆ ~~Street Address~~
 - ◆ ~~Site Plot Plan~~
 - ◆ ~~Legal Description of Site~~

- ~~Generating Technology~~
- ~~Facility Classification (Cogenerator or Small Power Producer)~~
- ~~Primary Fuel~~
- ~~Alternate Fuel (if applicable)~~
- ~~Committed Capacity~~
- ~~Expected In-Service Date~~
- ~~Steam Host (for cogeneration facilities)~~
 - ◆ ~~Street Address~~
 - ◆ ~~Legal Description of Steam Host~~
 - ◆ ~~Host's annual steam requirements (lbs/yr)~~

- ~~Contact Person~~
 - ◆ ~~Individual's Name and Title~~
 - ◆ ~~Company Name~~
 - ◆ ~~Address~~
 - ◆ ~~Telephone Number~~
 - ◆ ~~Telecopy Number~~

II. PROJECT PARTICIPANTS

- ~~Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:~~
 - ◆ ~~Project Development~~
 - ◆ ~~Siting and Licensing the Facility~~
 - ◆ ~~Designing the Facility~~
 - ◆ ~~Constructing the Facility~~
 - ◆ ~~Securing the Fuel Supply~~
 - ◆ ~~Operating the Facility~~

- ~~Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QF.~~

(Continued on Sheet No. 10.213.5)

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(Continued from Sheet No. 10.213.4)

- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR:

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for fuel supply exists between developer(s) and fuel supplier(s)
SPP =	small power production facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFTR:

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

(Continued on Sheet No. 10.213.6)

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(Continued from Sheet No. 10.213.5)

- ~~Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.~~
- ~~Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.~~

~~IV. PLANT DISPATCHABILITY/CONTROLLABILITY~~

- ~~Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.~~
 - ◆ ~~Ramp Rate (MW/minute)~~
 - ◆ ~~Peak Capability (% above Committed Capacity)~~
 - ◆ ~~Minimum power level (% of Committed Capacity)~~
 - ◆ ~~Facility Turnaround Time, Hot to Hot (hours)~~
 - ◆ ~~Start-up Time from Cold Shutdown (hours)~~
 - ◆ ~~Unit Cycling (# cycles/yr)~~
 - ◆ ~~MW and MVAR Control (AGC, Manual, Other (please explain))~~

~~V. SITING AND LICENSING~~

- ~~Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.~~
- ~~Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.~~
- ~~List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.~~

~~VI. FACILITY DEVELOPMENT AND PERFORMANCE~~

- ~~Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.~~
- ~~Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.~~

(Continued on Sheet No. 10.213.7)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.213.6)

- ~~Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.~~
- ~~Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one-line diagram for the Facility.~~
- ~~State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.~~
- ~~If the Facility will be a cogenerator under FPSC Rule 25-17.080, provide a detailed description of the power plant/steam host interrelationship. Indicate the host's annual steam requirements and the length of time the Facility can operate without the host. Calculate the Facility's expected PURPA operating standard and efficiency standard and list the assumptions used to make the calculations.~~

VII. ~~FINANCIAL~~

- ~~Provide FPL with assurances that the proposed QF project is financially viable in accordance with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro forma cash flow analysis. The pro forma must include, at a minimum, the following assumptions for each year of the project.~~

- ◆ ~~Annual Project Revenues~~

- ~~Capacity Payments (\$ and \$/kW/Mo)~~
- ~~Variable O&M (\$ and \$/MWh)~~
- ~~Energy (\$ and \$/MWh)~~
- ~~Steam Revenues (\$ and %/lb.)~~
- ~~Tipping Fees (\$ and \$/ton)~~
- ~~Interest Income~~
- ~~Other Revenues~~
- ~~Variable O&M Escalation (%/yr)~~
- ~~Energy Escalation (%/yr)~~
- ~~Steam Escalation (%/yr)~~
- ~~Tipping Fee Escalation (%/yr)~~

- ◆ ~~Annual Project Expenses~~

- ~~Fixed O&M (\$ and \$/kW/Mo)~~
- ~~Variable O&M (\$ and \$/MWh)~~
- ~~Energy (\$ and \$/MWh)~~
- ~~Property Taxes (\$)~~
- ~~Insurance (\$)~~
- ~~Emission Compliance (\$ and \$/MWh)~~
- ~~Depreciation (\$ and %/yr)~~
- ~~Other Expenses (\$)~~
- ~~Fixed O&M Escalation (%/yr)~~
- ~~Variable O&M Escalation (%/yr)~~
- ~~Energy Escalation (%/yr)~~

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RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.213.7)

◆ ~~Other Project Information~~

- ~~Installed Cost of the Facility (\$ and \$/kW)~~
- ~~Committed Capacity (kW)~~
- ~~Average Heat Rate—HHV (MBTU/kWh)~~
- ~~Federal Income Tax Rate (%)~~
- ~~Facility Capacity Factor (%)~~
- ~~Energy Sold to FPL (MWhs)~~

◆ ~~Permanent Financing~~

- ~~Permanent Financing Term (yrs)~~
 - ~~Project Capital Structure (percentage of long-term debt, subordinated debt, tax-exempt debt, and equity)~~
 - ~~Financing Costs (cost of long-term debt, subordinated debt, tax-exempt debt, and equity)~~
 - ~~Annual Interest Expense~~
 - ~~Annual Debt Service (\$)~~
 - ~~Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)~~
- ~~Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.~~
 - ~~Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.~~

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~~STANDARD OFFER CONTRACT FOR THE PURCHASE OF
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR A QUALIFYING
FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS (2018 CT AVOIDED UNIT)~~

~~THIS STANDARD OFFER CONTRACT (the "Contract") is made and entered this ____ day of _____, _____, by and between _____ (herein after "Qualified Seller" or "QS") a corporation/limited liability company organized and existing under the laws of the State of _____ and owner of a Renewable Energy Facility as defined in section 25-17.210 (1) F.A.C. or a Qualifying Facility with a design capacity of 100 KW or less as defined in section 25-17.250, and Florida Power & Light Company (hereinafter "FPL") a corporation organized and existing under the laws of the State of Florida. The QS and FPL shall be jointly identified herein as the "Parties". This Contract contains five Appendices; Appendix A, QS 2A Standard Rate for Purchase of Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; Appendix D, Detailed Project Information and Appendix E, contract options to be selected by QS.~~

~~WITNESSETH:~~

~~WHEREAS, the QS desires to sell and deliver, and FPL desires to purchase and receive, firm capacity and energy to be generated by the QS consistent with the terms of this Contract, Section 366.91, Florida Statutes, and/or Florida Public Service Commission ("FPSC") Rules 25-17.082 through 25-17.091, F.A.C. and FPSC Rules 25-17.200 through 25-17.310.F.A.C.~~

~~WHEREAS, the QS has signed an interconnection agreement with FPL (the "Interconnection Agreement"), or it has entered into valid and enforceable interconnection/transmission service agreement(s) with the utility (or those utilities) whose transmission facilities are necessary for delivering the firm capacity and energy to FPL (the "Wheeling Agreement(s));~~

~~WHEREAS, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and~~

~~WHEREAS, the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract; and~~

~~WHEREAS, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a QS energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost recovery clause mechanism" administered by the FPSC.~~

~~NOW, THEREFORE, for mutual consideration the Parties agree as follows:~~

~~(Continued on Sheet No. 10.401)~~
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(Continued from Sheet No. 10.400)

1. ~~QS Facility~~

The QS contemplates installing and operating a _____ KVA
 _____ generator located at _____ (hereinafter called the
 "Facility"). The generator is designed to produce a maximum of _____ kilowatts ("KW") of electric power at an 85%
 lagging to 85% leading power factor. The Facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Hydrogen produced from sources other than fossil fuels, biomass as defined in Section 25-17.210 (2) F.A.C., solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, waste heat from sulfuric acid manufacturing operations: or <100KW cogenerator)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (KW)	
Minimum Load	
Peaking Capability	
Net Output (KW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load KW	

The following sections (a) through (e) are applicable to Renewable Energy Facilities ("REFs") and section (f) is only applicable to Qualifying Facilities with a design capacity of 100 KW or less:

- ~~(a) If the QS is a REF, the QS represents and warrants that the sole source(s) of fuel or power used by the Facility to produce energy for sale to FPL during the term of this Contract shall be such sources as are defined in and provided for pursuant to Sections 366.91(2) (a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C. Fossil fuels must be limited to the minimum quantities necessary for start-up, shut-down and for operating stability at minimum load. The REF must be capable of generating the amount of capacity pursuant to Section 5 of this Agreement without the use of fossil fuels.~~
- ~~— (b) The Parties agree and acknowledge that if the QS is a REF, the QS will not charge for, and FPL shall have no obligation to pay for, any electrical energy produced by the Facility from a source of fuel or power except as specifically provided for in paragraph 1(a) above.~~

(Continued on Sheet No. 10.402)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.401)

- ~~(e) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.~~
- ~~(d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2), F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.~~
- ~~(e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.~~

2. Term of Contract

~~Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before January 1, 2018, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.~~

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

- ~~1. The avoided unit ("Avoided Unit") on which this Contract is based is detailed in Appendix A.~~
- ~~2. This offer shall expire on April 1, 2015.~~
- ~~3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is the in-service date of the Avoided Unit (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.~~
- ~~4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.~~
- ~~5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:~~

	On Peak *	All Hours
Availability	94.0%	94.0%

~~* QS Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule QS-2 attached hereto as Appendix A~~

(Continued on Sheet No. 10.403)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.402)

4. Sale of Energy and Capacity by the QS

4.1 Consistent with the terms hereof, the QS shall sell and deliver to FPL and FPL shall purchase and receive from the QS at the Delivery Point (defined below) all of the energy and capacity generated by the Facility. FPL shall have the sole and exclusive right to purchase all energy and capacity produced by the Facility. The purchase and sale of energy and capacity pursuant to this Contract shall be a (—) net-billing arrangement or (—) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QS to sell more energy and capacity than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of FPL Rate Schedule QS 2. For purposes of this Contract, Delivery Point shall be defined as either: (i) the point of interconnection between FPL's system and the transmission system of the final utility transmitting energy and capacity from the Facility to the FPL system, as specifically described in the applicable Wheeling Agreement, or (ii) the point of interconnection between the Facility and FPL's transmission system, as specifically described in the Interconnection Agreement.

4.2 The QS shall not rely on interruptible standby service for the start up requirements (initial or otherwise) of the Facility.

4.3 The QS shall be responsible for all costs, charges and penalties associated with the operation of the Facility.

5. Committed Capacity/Capacity Delivery Date

5.1 The QS commits to sell capacity to FPL at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be _____ KW, with an expected Capacity Delivery Date no later than the in-service date of the Avoided Unit.

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and testing must be completed by 11:59 p.m., the date prior to the in-service date of the Avoided Unit. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to FPL's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

5.3 FPL shall have the right to require the QS, by notice no less than ten (10) business days prior to such proposed test, to validate the Committed Capacity of the Facility by means of subsequent Committed Capacity Tests as follows: i) once per each Summer period and once per each Winter period at FPL's sole discretion, ii) at any time the QS is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure, and iii) at any time the QS fails in three consecutive months to achieve an Annual Capacity Billing Factor ("ACBF"), as defined in Appendix B, equal to or greater than 70%. The results of any such test shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be deemed as the lower of the tested capacity or the Committed Capacity as set forth in Section 5.1.

5.4 Notwithstanding anything to the contrary herein, the Committed Capacity shall not exceed the amount set forth in Section 5.1 without the consent of FPL, such consent not unreasonably withheld.

5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test but no earlier than the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E).

5.6 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided, the Capacity Delivery Date occurs on or before the in-service date of the Avoided Unit (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before the in-service date of the Avoided Unit, FPL shall be entitled to the Completion/Performance Security (as set forth in Section 9) in full, and in addition, FPL may, but shall not be obligated to, allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either by (i) the in-service date of the Avoided Unit or (ii) such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and FPL will be permitted to terminate this Contract, consistent with the terms herein, without further obligations, duties or liability to the QS.

(Continued on Sheet No. 10.404)

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(Continued from Sheet No. 10.403)

~~6. Testing Procedures~~

~~6.1 The Committed Capacity Test must be completed successfully within a sixty hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QS by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test required by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.~~

~~6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net KW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. If the QS is a REF the Committed Capacity Test shall be conducted utilizing as the sole fuel source fuels or energy sources included in the definition in Section 366.91, Florida Statutes. The Committed Capacity Test Period shall commence at the time designated by the QS pursuant to Section 6.1 or at such other time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.~~

~~6.3 For the avoidance of doubt, normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Further, the QS shall affect deliveries of any quantity and quality of contracted cogenerated steam to the steam host during the Committed Capacity Test Period.~~

~~6.4 The capacity of the Facility shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.~~

~~6.5 The Committed Capacity Test shall be performed according to prudent industry testing procedures satisfactory to FPL for the appropriate technology of the QS.~~

~~6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QS within seven (7) days of the conclusion of the Committed Capacity Test.~~

~~7. Payment for Electricity Produced by the Facility~~

~~7.1 Energy~~

~~FPL agrees to pay the QS for energy produced by the Facility and delivered to the Delivery Point in accordance with the rates and procedures contained in FPL's approved Rate Schedule QS-2A, attached hereto as Appendix A, as it may be amended from time to time and pursuant to the election of energy payment options as specified in Appendix E. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule QS-2 as approved and on file with the FPSC.~~

~~7.2 Capacity~~

~~FPL agrees to pay the QS for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule QS-2A, attached hereto as Appendix A, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of a capacity payment option as specified in Appendix E. The QS understands and agrees that capacity payments will be made under the early capacity payment options only if the QS has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once elected by the QS, the capacity payment option cannot be changed during the term of this Contract.~~

~~7.3 Payments~~

~~Payments due the QS will be made monthly and normally by the twentieth business day following the end of the billing period. A statement of the kilowatt hours sold by the QS and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QS.~~

(Continued on Sheet No. 10.405)

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(Continued from Sheet No. 10.404)

~~8. Electricity Production and Plant Maintenance Schedule~~

~~8.1 During the term of this Contract, no later than sixty (60) days prior to the Capacity Delivery Date and prior to April 1 of each calendar year thereafter, the QS shall submit to FPL in writing a detailed plan of: (i) the amount of firm capacity and energy to be generated by the Facility and delivered to the Delivery Point for each month of the following calendar year, and (ii) the time, duration and magnitude of any scheduled maintenance period(s) and any anticipated reductions in capacity.~~

~~8.2 By October 31 of each calendar year, FPL shall notify the QS in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL objects to any of the requested scheduled maintenance periods, FPL shall advise the QS of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QS shall schedule maintenance outages only during periods approved by FPL, such approval not unreasonably withheld. Once the schedule for maintenance has been established and approved by FPL, either Party may request a subsequent change in such schedule and, except when such event is due to Force Majeure, request approval for such change from the other Party, such approval not to be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to seven (7) days per calendar year unless the manufacturer's recommendation of maintenance outage days for the technology and equipment used by the Facility exceeds such 7 day period, provided, such number of days is considered reasonable by industry standards and does not exceed two (2) fourteen (14) day intervals, one in the Spring and one in the Fall, in any calendar year. The scheduled maintenance outage days applicable for the QS are _____ days in the Spring and _____ days in the Fall of each calendar year, provided the conditions specified in the previous sentence are met. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including October 31st and December 1 through and including February 28 (or 29th as the case may be).~~

~~8.3 The QS shall comply with reasonable requests by FPL regarding day to day and hour by hour communication between the Parties relative to electricity production and maintenance scheduling.~~

~~8.4 Dispatch and Control~~

~~8.4.1 The power supplied by the QS hereunder shall be in the form of three phase 60 Hertz alternating current, at a nominal operating voltage of _____,000 volts (_____ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the Delivery Point to maintain system operating parameters, as specified by FPL.~~

~~8.4.2 At all times during the term of this Contract, the QS shall operate and maintain the Facility: (i) in such a manner as to ensure compliance with its obligations hereunder, in accordance with prudent engineering and operating practices and applicable law, and (ii) with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system. The QS shall install at the Facility those system protection and control devices necessary to ensure safe and protected operation of all energized equipment during normal testing and repair. The QS shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices.~~

~~8.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the QS reconnect the Facility into FPL's system without first obtaining FPL's approval.~~

~~8.4.4 During the term of this Contract, the QS shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. If the Facility has a Committed Capacity greater than 10 MW then, the QS shall ensure that operating personnel are on duty at all times, twenty four (24) hours a calendar day and seven (7) calendar days a week. If the Facility has a Committed Capacity equal to or less than 10 MW then the QS shall ensure that operating personnel are on duty at least eight (8) hours per day from 8 AM EST to 5 PM EST from Monday to Friday, with an operator on call at all other hours.~~

~~8.4.5 FPL shall at all times be excused from its obligation to purchase and receive energy and capacity hereunder, and FPL shall have the ability to require the QS to curtail or reduce deliveries of energy, to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or in the event that FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QS prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.~~

(Continued on Sheet No. 10.406)

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~~8.4.6 After providing notice to the QS, FPL shall not be required to purchase or receive energy from the QS during any period in which, due to operational circumstances, the purchase or receipt of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking type generation. FPL shall give the QS as much prior notice as practicable of its intent not to purchase or receive energy pursuant to this Section.~~

~~8.4.7 If the Facility has a Committed Capacity less than 75 MW, control, scheduling and dispatch of capacity and energy shall be the responsibility of the QS. If the Facility has a Committed Capacity greater than or equal to 75 MW, control, scheduling and dispatch of capacity and energy shall be the responsibility of the QS, except during a "Dispatch Hour", i.e., any clock hour for which FPL requests the delivery of such capacity and energy. During any Dispatch Hour: i) control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL, and ii) FPL may request that the real power output be at any level up to the Committed Capacity of the Facility, provided, in no event shall FPL require the real power output of the Facility to be below the Facility's Minimum Load without decommitting the Facility. The Facility shall deliver the capacity and energy requested by FPL within _____ minutes, taking into account the operating limitations of the generating equipment as specified by the manufacturer, provided such time period specified herein is considered reasonable by industry standards for the technology and equipment being utilized and assuming the Facility is operating at or above its Minimum Load. Start-up time from Cold Shutdown and Facility Turnaround time from Hot to Hot will be taken into consideration provided such are reasonable and consistent with good industry practices for the technology and equipment being utilized. The Facility's Operating Characteristics have been provided by the QS and are set forth in Appendix D, Section IV of Rate Schedule QS-2.~~

~~8.4.8 If the Facility has a Committed Capacity of less than 75 MW, FPL may require during certain periods, by oral, written, or electronic notification that the QS cause the Facility to reduce output to a level below the Committed Capacity but not lower than the Facility's Minimum Load. FPL shall provide as much notice as practicable, normally such notice will be of at least four (4) hours. The frequency of such request shall not exceed eighteen (18) times per calendar year and the duration of each request shall not exceed four (4) hours.~~

~~8.4.9 FPL's exercise of its rights under this Section 8 shall not give rise to any liability on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing.~~

9. Completion/Performance Security

~~9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QS shall provide FPL either: (a) an unconditional, irrevocable, standby letter of credit(s) with an expiration date no earlier than the end of the first (1st) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a U.S. commercial bank or the U.S. branch of a foreign bank having a Credit Rating of A or higher by S&P or A3 or higher by Moody's (a "Qualified Issuer"), in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least thirty (30) business days prior to its expiration date) ("Letter of Credit"); (b) a bond, issued by a financially sound Company and in a form and substance acceptable to FPL, ("Bond"); or (c) a cash collateral deposited with FPL ("Cash Collateral") (any of (a), (b), or (c), the "Completion/Performance Security"). Such Letter of Credit, Bond or Cash Collateral shall be provided in the amount and by the date listed below:~~

~~\$30.00 per KW (for the number of KW of Committed Capacity set forth in Section 5.1) to be delivered to FPL within thirty (30) calendar days of the execution of this Contract by the Parties hereto.~~

~~_____ "Credit Rating" means with respect to any entity, on any date of determination, the respective ratings then assigned to such entity's unsecured, senior long term debt or deposit obligations (not supported by third party credit enhancement) by S&P, Moody's or other specified rating agency or agencies or if such entity does not have a rating for its unsecured, senior long term debt or deposit obligations, then the rating assigned to such entity as its "corporate credit rating" by S&P.~~

~~_____ "Moody's" means Moody's Investors Service, Inc. or its successor.~~

~~_____ "S&P" means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.) or its successor.~~

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(Continued from Sheet No. 10.406)

9.2 — The specific security instrument provided for purposes of this Contract is:

- () Letter of Credit.
- () Bond.
- () Cash Collateral.

9.3 — FPL shall have the right to monitor (i) the financial condition of the issuer of a Letter of Credit in the event any Letter of Credit is provided by the QS and (ii) the insurer, in the case of any Bond. In the event the issuer of a Letter of Credit no longer qualifies as Qualified Issuer or the issuer of a Bond is no longer financially sound, FPL may require the QS to replace the Letter of Credit or the Bond, as applicable. The replacement Letter of Credit must be issued by a Qualified Issuer, within thirty (30) calendar days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing Letter of Credit and to exercise any other remedies it may have hereunder.

9.4 — Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured written commitment or promise to pay in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 — If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one hundred percent (100%) of the then applicable Completion/Performance Security.

9.6 — If an Event of Default under Section 12 has not occurred and the QS fails to achieve the Capacity Delivery Date on or before the in service date of the Avoided Unit the in service date of the Avoided Unit or such later date as permitted by FPL pursuant to Section 5.6, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one hundred (100%) of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before the in service date of the Avoided Unit or such later date as permitted by FPL pursuant to Section 5.6, then the QS shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per KW (for the number of KW of Committed Capacity set forth in Section 5.1).

9.7 — In the event that FPL requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one hundred percent (100%) of the then remaining amount of the Completion/Performance Security as liquidated damages free from any claim or right of any nature whatsoever of the QS, including any equity or right of redemption by the QS. In the event that FPL does not require the QS to perform a Committed Capacity Test or if the QS successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

9.8 — The QS, as the Pledgor of the Completion/Performance Security, hereby pledges to FPL, as the secured Party, as security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, and grants to FPL a first priority continuing security interest in, lien on and right of set off against all Completion/Performance Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Completion/Performance Security, the security interest and lien granted hereunder on that Completion/Performance Security will be released immediately and, to the extent possible, without any further action by either party.

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(Continued from Sheet No. 10.407)

9.9 — In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Cash Collateral held by FPL (all of which may be retained by FPL), FPL will transfer to the QS on a monthly basis the Interest Amount, as calculated by FPL.

"Interest Amount" means, with respect to each monthly period, the aggregate sum of the amounts of interest calculated for each day in that monthly period on the principal amount of Cash Collateral held by FPL on that day, determined by FPL for each such day as follows:

- (x) the amount of that Cash Collateral on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

The "Interest Rate" will be: the Federal Funds Overnight rate as from time to time in effect.

"Federal Funds Overnight Rate" means, for the relevant determination date, the rate opposite the caption "Federal Funds (Effective)" as set forth for that day in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System. If on the determination date such rate is not yet published in H.15 (519), the rate for that date will be the rate set in Composite 3:30 P.M. Quotations for U.S. Government Securities for that day under the caption "Federal Funds/Effective Rate." If on the determination date such rate is not yet published in either H.15 (519) or Composite 3:30 P.M. Quotations for U.S. Government Securities, the rate for that date will be determined as if the Parties had specified "USD Federal Funds Reference Dealers" as the applicable rate.

10. — Termination Fee

10.1 — In the event that the QS receives capacity payments pursuant to Option B, Option C, Option D or Option E (as such options are defined in Appendix A and elected by the QS in Appendix E) or receives energy payments pursuant to the Fixed Firm Energy Payment Option (as such option is defined in Appendix A and elected by the QS in Appendix E) then, upon the termination of this Contract, the QS shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QS's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QS, on a monthly basis, a calculation of the Termination Fee.

10.1.1 — The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091 in which case the QS may use an unsecured written commitment or promise to pay, in a form reasonably acceptable to FPL, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to pay the Termination Fee) by the QS by: (i) an unconditional, irrevocable, standby letter(s) of credit issued by Qualified Issuer in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least thirty (30) business days prior to its expiration date, ("Termination Fee Letter of Credit"); (ii) a bond, issued by a financially sound Company and in a form and substance acceptable to FPL, ("Termination Fee Bond"); or (iii) a cash collateral deposit with FPL ("Termination Fee Cash Collateral") (any of (i), (ii), or (iii), the "Termination Security").

The specific security instrument selected by the QS for purposes of this Contract is:

- Termination Fee Letter of Credit
- Termination Fee Bond
- Termination Fee Cash Collateral

10.1.2 — FPL shall have the right to monitor the financial condition of (i) the issuer of a Termination Fee Letter of Credit in the case of any Termination Fee Letter of Credit and (ii) the insurer(s), in the case of any Termination Fee Bond. In the event the issuer of a Termination Fee Letter of Credit is no longer a Qualified Issuer or the issuer of a Termination Fee Bond is no longer financially sound, FPL may require the QS to replace the Termination Fee Letter of Credit or the Termination Fee Bond, as applicable. In the event that FPL notifies the QS that it requires such a replacement, the replacement Termination Fee Letter of Credit or Termination Fee Bond, as applicable, must be issued by a Qualified Issuer or financially sound company within thirty (30) calendar days following such notification. Failure by the QS to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond and to exercise any other remedies it may have hereunder.

(Continued on Sheet No. 10.409)

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(Continued from Sheet No. 10.408)

~~10.1.3 — After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, the QS shall provide to FPL within ten (10) days of the close of such calendar quarter with written assurance and documentation (the “Security Documentation”), in form and substance acceptable to FPL, that the amount of the most recently provided Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QS shall be obligated to deliver within five (5) days of such request, such Security Documentation. Failure by the QS to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing Termination Fee Letter of Credit or Termination Fee Bond or to retain any Termination Fee Cash Collateral, and to exercise any other remedies it may have hereunder to be applied against any Termination Fee that may be due and owing to FPL or that may in the future be due and owing to FPL.~~

~~10.1.4 — Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the Termination Fee Letter of Credit or Termination Fee Bond, draw upon such Termination Fee Letter of Credit or Termination Fee Bond) and retain one hundred percent (100%) of the Termination Security to be applied against any Termination Fee that may be due and owing to FPL or that may in the future be due and owing to FPL. FPL will transfer to the QS any proceeds and Termination Security remaining after liquidation, set off and/or application under this Article after satisfaction in full of all amounts payable by the QS with respect to any Termination Fee or other obligations due to FPL; the QS in all events will remain liable for any amounts remaining unpaid after any liquidation, set off and/or application under this Article.~~

~~10.2 — The QS, as the Pledgor of the Termination Security, hereby pledges to FPL, as the secured Party, as security for the Termination Fee, and grants to FPL a first priority continuing security interest in, lien on and right of set off against all Termination Security transferred to or received by FPL hereunder. Upon the transfer or return by FPL to the QS of Termination Security, the security interest and lien granted hereunder on that Termination Security will be released immediately and, to the extent possible, without any further action by either party.~~

~~10.3 — In lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Termination Fee Cash Collateral held by FPL (all of which may be retained by FPL), FPL will transfer to the QS on a monthly basis the Interest Amount, as calculated by FPL:~~

~~“Interest Amount” means, with respect to each monthly period, the aggregate sum of the amounts of interest calculated for each day in that monthly period on the principal amount of Cash Collateral held by FPL on that day, determined by FPL for each such day as follows:~~

- ~~(x) the amount of that Termination Fee Cash Collateral on that day; multiplied by~~
- ~~(y) the Interest Rate in effect for that day; divided by~~
- ~~(z) 360.~~

~~The “Interest Rate” will be: the Federal Funds Overnight rate as from time to time in effect.~~

~~“Federal Funds Overnight Rate” means, for the relevant determination date, the rate opposite the caption “Federal Funds (Effective)” as set forth for that day in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System. If on the determination date such rate is not yet published in H.15 (519), the rate for that date will be the rate set in Composite 3:30 P.M. Quotations for U.S. Government Securities for that day under the caption “Federal Funds/Effective Rate.” If on the determination date such rate is not yet published in either H.15 (519) or Composite 3:30 P.M. Quotations for U.S. Government Securities, the rate for that date will be determined as if the Parties had specified “USD Federal Funds Reference Dealers” as the applicable rate.~~

~~11. — Performance Factor~~

~~FPL desires to provide an incentive to the QS to operate the Facility during on peak and off peak periods in a manner which approximates the projected performance of FPL’s Avoided Unit. A formula to achieve this objective is attached as Appendix B.~~

(Continued on Sheet No. 10.410)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.409)

12. ~~Default~~

~~Notwithstanding the occurrence of any Force Majeure as described in Section 16, each of the following shall constitute an Event of Default:~~

- ~~(a) The QS fails to meet the applicable requirements specified in Section 1 of this Contract;~~
- ~~(b) The QS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;~~
- ~~(c) After the Capacity Delivery Date, the Facility fails, for twelve (12) consecutive months, to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 70%;~~
- ~~(d) The QS fails to comply with any of the provisions of Section 9.0 hereof;~~
- ~~(e) The QS fails to comply with any of the provisions of Section 10.0 hereof;~~
- ~~(f) The QS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QS or if a receiver shall be appointed for the QS or any of its assets or properties; or if any part of the QS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;~~
- ~~(g) The QS fails to give proper assurance acceptable to FPL of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;~~
- ~~(h) The QS materially fails to perform as specified under this Contract, including, but not limited to, the QS's obligations under any part of Sections 8, 9, 10, and 14-18;~~
- ~~(i) The QS fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than one year prior to the in-service date of the Avoided Unit;~~
- ~~(j) The QS fails to comply with any of the provisions of Section 18.3 Project Management hereof;~~
- ~~(k) Any of the representations or warranties made by the QS in this Contract is false or misleading in any material respect as of the time made;~~
- ~~(l) The occurrence of an event of default by the QS under the Interconnection Agreement or any applicable Wheeling Agreement;~~
- ~~(m) The QS fails to satisfy its obligations under Section 18.17 of this Contract;~~
- ~~(n) The QS breaches any material provision of this Contract not specifically mentioned in this Section 12; or~~
- ~~(o) If at any time after the Capacity Delivery Date, the QS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.~~

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(Continued from Sheet No. 10.410)

13. ~~FPL's Rights in the Event of Default~~~~13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may:~~

- ~~(a) terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QS, and offset against any payment(s) due from FPL to the QS, any monies otherwise due from the QS to FPL;~~
- ~~(b) collect the Termination Fee pursuant to Section 10 hereof; and~~
- ~~(c) exercise any other remedy(ies) which may be available to FPL at law or in equity.~~

~~13.2 In the case of an Event of Default, the QS recognizes that any remedy at law may be inadequate because this Contract is unique and/or because the actual damages of FPL may be difficult to reasonably ascertain. Therefore, the QS agrees that FPL shall be entitled to pursue an action for specific performance, and the QS waives all of its rights to assert as a defense to such action that FPL's remedy at law is adequate.~~

~~13.3 Termination shall not affect the liability of either party for obligations arising prior to such termination or for damages, if any, resulting from any breach of this Contract.~~

14. ~~Indemnification/Limits~~

~~14.1 FPL and the QS shall each be responsible for its own facilities. FPL and the QS shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QS's personnel and equipment, and for the protection of its own generating system. Subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company—Governmental, FPL's General Rules and Regulations of Tariff Sheet No.6.020 each party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QS Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from: (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder; (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system; (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system; (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or (e) any other event, act or incident, including the transmission and use of electricity, that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.~~

~~14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.~~

~~14.3 Limitation on Consequential, Incidental and Indirect Damages. TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE QS NOR FPL, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON PERFORMANCE OF THIS CONTRACT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS CONTRACT, INCLUDING WITHOUT LIMITATION, ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, AND SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE MEASURE OF DAMAGES AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED; PROVIDED, HOWEVER, THAT THIS SENTENCE SHALL NOT APPLY TO LIMIT THE LIABILITY OF A PARTY WHOSE ACTIONS GIVING RISE TO SUCH LIABILITY CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS CONTRACT. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE DEEMED TO BE A WAIVER OF A PARTY'S RIGHT TO SEEK INJUNCTIVE RELIEF.~~

(Continued on Sheet No. 10.412)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.411)

15. — Insurance

~~15.1 The QS shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QS Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QS Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QS's equipment or by the QS's failure to maintain the Facility or the QS's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QS Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QS Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QS and not FPL.~~

~~15.2 The QS Insurance shall have a minimum limit of one million dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.~~

~~15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QS shall enter into negotiations to develop substitute protection which the Parties in their reasonable judgment deem adequate.~~

~~15.4 To the extent that the QS Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QS Entities. Furthermore, to the extent the QS Insurance is on a "claims made" basis, the QS's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QS Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QS during the term of this Contract.~~

~~15.5 The QS Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QS shall provide FPL with a copy of any material communication or notice related to the QS Insurance within ten (10) business days of the QS's receipt or issuance thereof.~~

~~15.6 The QS shall be designated as the named insured and FPL shall be designated as an additional named insured under the QS Insurance. The QS Insurance shall be endorsed to be primary to any coverage maintained by FPL.~~

16. — Force Majeure

~~Force Majeure is defined as an event or circumstance that is not within the reasonable control of, or the result of the negligence of, the affected party, and which, by the exercise of due diligence, the affected party is unable to overcome, avoid, or cause to be avoided in a commercially reasonable manner. Such events or circumstances may include, but are not limited to, acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes, difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement), or actions or restraints by court order or governmental authority or arbitration award. Force Majeure shall not include (i) the QS's ability to sell capacity and energy to another market at a more advantageous price; (ii) equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility; (iii) a failure of performance of any other entity, including any entity providing electric transmission service to the QS, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; (iv) failure of the QS to timely apply for or obtain permits.~~

(Continued on Sheet No. 10.413)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.412)

~~16.1 Except as otherwise provided in this Contract, each party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.~~

~~16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the party claiming Force Majeure shall notify the other party in writing within two (2) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The party claiming Force Majeure shall notify the other party of the cessation of the event of Force Majeure or of the conclusion of the affected party's cure for the event of Force Majeure, in either case within two (2) business days thereof.~~

~~16.3 The party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected party, and such party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such party deems to be unfavorable.~~

~~16.4 If the QS suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QS may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QS. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.~~

~~16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QS shall temporarily set the Committed Capacity equal to 0 KW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 KW, FPL shall have no obligation to make capacity payments hereunder.~~

~~16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QS shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.~~

~~16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.~~

~~16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay for performance provisions in Appendix B.~~

~~16.9 The QS agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same is (are) rendered inoperable due to actions of the QS, its agents, or Force Majeure events affecting the QS, the Facility or the interconnection with FPL. FPL agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.~~

17. — Representations, Warranties, and Covenants of QS

The QS represents and warrants that as of the Effective Date and for the term of this Contract:

17.1 Organization, Standing and Qualification

The QS is a _____ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of _____ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QS is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.

(Continued on Sheet No. 10.414)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.413)

~~17.2 Due Authorization, No Approvals, No Defaults, etc.~~

~~Each of the execution, delivery and performance by the QS of this Contract has been duly authorized by all necessary action on the part of the QS, does not require any approval, except as has been heretofore obtained, of the _____ (shareholders, partners, or others, as applicable) of the QS or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QS, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the _____ (articles of incorporation, bylaws, or other as applicable) of the QS, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QS, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract. This Contract constitutes QS's legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except as such enforceability may be limited by applicable bankruptcy laws from time to time in effect that affect creditors' rights generally or by general principles of equity (regardless of whether such enforcement is considered in equity or at law).~~

~~17.3 Compliance with Laws~~

~~The QS has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QS is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QS or FPL.~~

~~17.4 Governmental Approvals~~

~~Except as expressly contemplated herein, neither the execution and delivery by the QS of this Contract, nor the consummation by the QS of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QS has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).~~

~~17.5 No Suits, Proceedings~~

~~There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QS, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QS's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QS has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment. The QS is not in breach of, in default under, or in violation of, any applicable Law, or the provisions of any authorization, or in breach of, in default under, or in violation of, or in conflict with any provision of any promissory note, indenture or any evidence of indebtedness or security therefore, lease, contract, or other agreement by which it is bound, except for any such breaches, defaults, violations or conflicts which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business or financial condition of Buyer or its ability to perform its obligations hereunder.~~

~~17.6 Environmental Matters~~

~~17.6.1 QS Representations~~

~~To the best of its knowledge after diligent inquiry, the QS knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.~~

~~17.6.2 Ownership and Offering For Sale Of Renewable Energy Attributes~~

~~The QS retains any and all rights to own and to sell any and all environmental attributes associated with the electric generation of the Facility, including but not limited to, any and all renewable energy certificates, "green tags" or other tradable environmental interests (collectively "RECs"), of any description.~~

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RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.414)

~~17.6.3 Changes in Environmental and Governmental Regulations~~

~~If new environmental and other regulatory requirements enacted during the term of the Contract change FPL's full avoided cost of the unit on which the Contract is based, either party can elect to have the contract reopened.~~

~~17.7 Interconnection/Wheeling Agreement~~

~~The QS has executed an interconnection agreement with FPL, or represents or warrants that it has entered into a valid and enforceable Interconnection Agreement with the utility in whose service territory the Facility is located, pursuant to which the QS assumes contractual responsibility to make any and all transmission-related arrangements (including control area services) between the QS and the transmitting utility for delivery of the Facility's capacity and energy to FPL.~~

~~17.8 Technology and Generator Capabilities~~

~~That for the term of this Contract the Technology and Generator Capabilities table set forth in Section 1 is accurate and complete.~~

~~18. General Provisions~~

~~18.1 Project Viability~~

~~To assist FPL in assessing the QS's financial and technical viability, the QS shall provide the information and documents requested in Appendix D or substantially similar documents, to the extent the documents apply to the type of Facility covered by this Contract, and to the extent the documents are available. All documents to be considered by FPL must be submitted at the time this Contract is presented to FPL. Failure to provide the following such documents may result in a determination of non-viability by FPL.~~

~~18.2 Permits~~

~~The QS hereby agrees to obtain and maintain any and all permits, certifications, licenses, consents or approvals of any governmental authority which the QS is required to obtain as a prerequisite to engaging in the activities specified in this Contract.~~

~~18.3 Project Management~~

~~18.3.1 If requested by FPL, the QS shall submit to FPL its integrated project schedule for FPL's review within sixty calendar days from the execution of this Contract, and a start-up and test schedule for the Facility at least sixty calendar days prior to start-up and testing of the Facility. These schedules shall identify key licensing, permitting, construction and operating milestone dates and activities. If requested by FPL, the QS shall submit progress reports in a form satisfactory to FPL every calendar month until the Capacity Delivery Date and shall notify FPL of any changes in such schedules within ten calendar days after such changes are determined. FPL shall have the right to monitor the construction, start-up and testing of the Facility, either on-site or off-site. FPL's technical review and inspections of the Facility and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility.~~

~~18.3.2 The QS shall provide FPL with the final designer's/manufacture's generator capability curves, protective relay types, proposed protective relay settings, main one-line diagrams, protective relay functional diagrams, and alternating current and direct current elementary diagrams for review and inspection at FPL no later than one hundred eighty calendar days prior to the initial synchronization date.~~

~~18.4 Assignment~~

~~This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, such consent to be granted or withheld in such other Party's sole discretion. Notwithstanding the foregoing, either Party may, without the consent of the other Party, assign or transfer this Agreement: (i) to any lender as collateral security for obligations under any financing documents entered into with such lender; (ii) to an affiliate of such Party; *provided*, that such affiliate's creditworthiness is equal to or better than that of such Party (and in not event less than Investment Grade) as determined reasonably by the non-assigning or non-transferring Party and; *provided, further*, that any such affiliate shall agree in writing to be bound by and to assume the terms and conditions hereof and any and all obligations to the non-assigning or non-transferring Party arising or accruing hereunder from and after the date of such assumption. "Investment Grade" means BBB- or above from Standard & Poor's Corporation or Baa3 or above from Moody's Investor Services.~~

~~18.5 Disclaimer~~

~~In executing this Contract, FPL does not, nor should it be construed, to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the QS or any assignee of this Contract.~~

(Continued on Sheet No. 10.416)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.415)

18.6 Notification

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals to be notified or to whom payment shall be sent until such time as either Party furnishes the other Party written instructions to contact another individual:

For the QS:

For FPL:

Florida Power & Light Company

700 Universe Boulevard
Juno Beach, FL 33408
Attn: EMT Contracts Department

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power & Light Company
700 Universe Boulevard, Juno Beach, FL 33408
Attention: Contracts Manager/Coordinator
EMT Contracts Department

18.7 Applicable Law

This Contract shall be construed in accordance with and governed by, and the rights of the Parties shall be construed in accordance with, the laws of the State of Florida as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies, without regard to conflict of law rules thereof.

18.8 Venue

The Parties hereby irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of Florida or, in the event that jurisdiction for any matter cannot be established in the United States District Court for the Southern District of Florida, in the state court for Palm Beach County, Florida, solely in respect of the interpretation and enforcement of the provisions of this Contract and of the documents referred to in this Contract, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Contract or any such document may not be enforced in or by such courts, and the Parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a court. The Parties hereby consent to and grant any such court jurisdiction over the persons of such Parties solely for such purpose and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 18.8 hereof or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.

(Continued on Sheet No. 10.417)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.416)

18.9. ~~Waiver of Jury Trial~~

~~EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS CONTRACT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT A PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RESULTING FROM, ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS CONTRACT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.9~~

18.10 ~~Taxation~~

~~In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Services determination, through audit, ruling or other authority, that FPL's payments to the QS for capacity under Options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire capacity payments had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.~~

18.11 ~~Severability~~

~~If any part of this Contract, for any reason, is declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Contract, which remainder shall remain in force and effect as if this Contract had been executed without the invalid or unenforceable portion.~~

18.12 ~~Complete Agreement and Amendments~~

~~All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.~~

18.13 ~~Survival of Contract~~

~~This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors in interest and legal representatives.~~

18.14 ~~Record Retention~~

~~The QS agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QS Entities to retain for the same period all such records.~~

18.15 ~~No Waiver~~

~~No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.~~

(Continued on Sheet No. 10.418)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.417)

~~18.16 Set Off~~

~~FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QS against sums due to the QS hereunder.~~

~~18.17 Assistance With FPL's evaluation of FASB Statement 167~~

~~Accounting rules set forth in Financial Accounting Standards Board Statement 167 (Issued June 2009) ("Statement 167"), as well as future amendments and interpretations of those rules, may require FPL to evaluate whether the QS must be consolidated, as a variable interest entity (as defined in Statement 167), in the consolidated financial statements of FPL. The QS agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by Statement 167. If the result of an evaluation under Statement 167 indicates that the QS must be consolidated in the financial statements of FPL, the QS agrees to provide financial statements, together with other required information, as determined by FPL, for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission ("SEC"). The QS shall provide this information to FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at FPL's discretion. The QS also agrees to fully cooperate with FPL and FPL's independent auditors in completing an assessment of the QS's internal controls as required by the Sarbanes Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of FPL. FPL will treat any information provided by the QS in satisfying Section 18.17 as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.~~

~~IN WITNESS WHEREOF, the QS and FPL executed this Contract this _____ day of _____,~~

~~WITNESS: _____ FLORIDA POWER & LIGHT COMPANY _____

Date _____~~

~~WITNESS: _____ (QS) _____

Date _____~~

RESERVED FOR FUTURE USE

**RATE SCHEDULE QS-2A
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
— FROM A RENEWABLE ENERGY FACILITY
OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS**

SCHEDULE

QS-2A, Firm Capacity and Energy

AVAILABLE

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17-0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company will petition the FPSC for closure upon any of the following as related to the generating unit upon which this standard offer contract is based i.e. the Avoided Unit: (a) a request for proposals (RFP) pursuant to Rule 25-22.082, F.A.C., is issued, (b) the Company files a petition for a need determination or commences construction of the Avoided Unit when the generating unit is not subject to Rule 25-22.082, F.A.C., or (c) the generating unit upon which the standard offer contract is based is no longer part of the utility's generation plan, as evidenced by a petition to that effect filed with the Commission or by the utility's most recent Ten Year Site Plan.

APPLICABLE

To Renewable Energy Facilities as specified in Section 366.91, Florida Statutes producing capacity and energy from qualified renewable resources for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract". Firm Renewable Capacity and Renewable Energy are capacity and energy produced and sold by a QS pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

To Qualifying Facilities ("QF"), with a design capacity of 100 KW or less, as specified in FPSC Rule 25-17.0832(4)(a) producing capacity and energy for sale to the Company on a firm basis pursuant to the terms and conditions of this schedule and the Company's "Standard Offer Contract", Firm Capacity and Energy are described by FPSC Rule 25-17.0832, F.A.C., and are capacity and energy produced and sold by a QF pursuant to the Standard Offer Contract provisions addressing (among other things) quantity, time and reliability of delivery.

CHARACTER OF SERVICE

Purchases within the territory served by the Company shall be, at the option of the Company, single or three phase, 60 hertz alternating current at any available standard Company voltage. Purchases from outside the territory served by the Company shall be three phase, 60 hertz alternating current at the voltage level available at the interchange point between the Company and the entity delivering the Firm Energy and Capacity from the QS.

LIMITATION

Purchases under this schedule are subject to Section 366.91, Florida Statutes and/or FPSC Rules 25-17.0832 through 25-17.091, F.A.C., and 25-17.200 through 25-17.310 F.A.C and are limited to those Facilities which:

- A. — Commit to commence deliveries of firm capacity and energy no later than the in service date of the Avoided Unit, and to continue such deliveries for a period of at least 10 years up to a maximum of the life of the avoided unit;
- B. — Are not currently under contract with the Company or with any other entity for the Facility's output for the period specified above.

(Continued on Sheet No. 10.420)

RESERVED FOR FUTURE USE

Continued from Sheet No. 10.419)

RATES FOR PURCHASES BY THE COMPANY

~~Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt hour, respectively, based on the capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company, and is detailed in Appendix II to this Schedule. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.~~

A. Firm Capacity Rates

~~Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond the in-service date of the Avoided Unit. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon the methodologies described in Appendix I. The currently approved parameters used to calculate the schedule of payments are found in Appendix II to this Schedule.~~

Adjustment to Capacity Payment

~~The firm capacity rates will be adjusted to reflect the impact that the location of the QS will have on FPL system reliability due to constraints imposed on the operation of FPL transmission tie lines.~~

~~Appendix III shows, for illustration purposes, the factors that would be used to adjust the firm capacity rate for different geographical areas. The actual adjustment would be determined on a case by case basis. The amount of such adjustment, as well as a binding contract rate for firm capacity, shall be provided to the QS within sixty days of FPL execution of the signed Standard Offer Contract.~~

Option A – Fixed Value of Deferral Payments – Normal Capacity

~~Payment schedules under this option are based on the value of a single year purchase with an in-service date of the Avoided Unit, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.~~

Option B – Fixed Value of Deferral Payments – Early Capacity

~~Payment schedules under this option are based upon the early capital cost component of the value of a year by year deferral of the Company's Avoided Unit provided; however, that under no circumstances may payments begin before the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QS and calculated using the methodology shown on Appendix I.~~

~~The QS shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.~~

Option C – Fixed Value of Deferral Payment – Levelized Capacity

~~Payment schedules under this option are based upon the levelized capital cost component of the value of a year by year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year by year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. The methodology used to calculate this option is shown in Appendix I. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.~~

(Continued on Sheet No. 10.421)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.420)

~~**Option D – Fixed Value of Deferral Payment – Early Levelized Capacity**~~

~~Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of the capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QS, payments for early levelized capacity shall commence at any time before the anticipated in-service date of the Company's Avoided Unit as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract as specified in Appendix E.~~

~~**Option E – Flexible Payment Option**~~

~~Payment schedules under this option are based upon a payment stream elected by the QS consisting of the capital component of the Company's avoided unit. Payments can commence at any time after the actual in-service date of the QS and before the anticipated in-service date of the utility's avoided unit, as specified in Appendix E, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. Regardless of the payment stream elected by the QS, the cumulative present value of capital cost payments made to the QS over the term of the contract shall not exceed the cumulative present value of the capital cost payments which would have been made to the QS had such payments been made pursuant to FPSC Rule 25-17.0832(4)(g)1, F.A.C. Fixed operation and maintenance expense shall be calculated in conformance with Rule 25-17.0832(6), F.A.C. The Company will provide the QS with a schedule of capacity payment rates based on the information specified in Appendix E.~~

(Continued on Sheet No. 10.422)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.421)

B. Energy Rates~~(1) Payments Associated with As Available Energy Costs prior to the In-Service Date of the Avoided Unit.~~

~~Options A or B are available for payment of energy which is produced by the QS and delivered to the Company prior to the in service date of the Avoided Unit. The QS shall indicate its selection in Appendix E, Once selected; an option shall remain in effect for the term of the Standard Offer Contract with the Company.~~

~~Option A Energy Payments based on Actual Energy Costs~~

~~The energy rate, in cents per kilowatt hour (ϵ /KWh), shall be based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with FPSC Rule 25 17.0825, F.A.C. Avoided energy costs include incremental fuel, identifiable operation and maintenance expenses, and an adjustment for line losses reflecting delivery voltage. The calculation of the Company's avoided energy costs reflects the delivery of energy from the region of the Company in which the Delivery Point of the QS is located. When economy transactions take place, the incremental costs are calculated as described in FPL's Rate Schedule COG-1.~~

~~The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's avoided energy cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.~~

~~Option B Energy Payments based on the year by year projection of As Available energy costs~~

~~The energy rate, in cents per kilowatt hour (ϵ /KWh), shall be based on the Company's year by year projection of system incremental fuel costs, prior to hourly economy sales to other utilities, based on normal weather and fuel market conditions (annual As Available Energy Cost Projection which are calculated by the Company in accordance with FPSC Rule 25 17.0825, F.A.C. and with FPSC Rule 25 17.250(6) (a) F.A.C.) plus a fuel market volatility risk premium mutually agreed upon by the utility and the QS. Prior to the start of each applicable calendar year, the Company and the QS shall mutually agree on the fuel market volatility risk premium for the following calendar year, normally no later than November 15. The Company will provide its projection of the applicable annual As Available Energy Cost prior to the start of the calendar year, normally no later than November 15 of each applicable calendar year. In addition to the applicable As Available Energy Cost projection the energy payment will include identifiable operation and maintenance expenses, an adjustment for line losses reflecting delivery voltage and a factor that reflects in the calculation of the Company's Avoided Energy Costs the delivery of energy from the region of the Company in which the Delivery Point of the QS is located.~~

~~The calculation of payments to the QS shall be based on the sum, over all hours of the billing period, of the product of each hour's applicable Projected Avoided Energy Cost times the purchases of energy from the QS by the Company for that hour. All purchases of energy shall be adjusted for losses from the point of metering to the Delivery Point.~~

~~(2) Payments Associated with Applicable Avoided Energy Costs after the In-Service Date of the Avoided Unit.~~

~~Option C is available for payment of energy which is produced by the QS and delivered to the Company after the in-service date of the avoided unit. In addition, Option D is available to the QS which elects to fix a portion of the firm energy payment. The QS shall indicate its selection of Option D in Appendix E, once selected, Option D shall remain in effect for the term of the Standard Offer Contract.~~

~~Option C Energy Payments based on Actual Energy Costs starting on the in service date of the Avoided Unit~~

~~The calculation of payments to the QS for energy delivered to FPL on and after the in service date of the Avoided Unit shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (ϵ /KWh); and (b) the amount of energy (KWH) delivered to FPL from the Facility during that hour.~~

(Continued on Sheet No. 10.423)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.422)

~~For any Dispatch Hour the firm energy rate shall be, on an hour by hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to FPL, the firm energy rate in cents per kilowatt hour (¢/KWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt hour (¢/KWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) the average annual heat rate of the Avoided Unit, plus (c) an additional payment for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.~~

~~Option D Fixed Firm Energy Payments Starting as early as the In-Service Date of the QS Facility~~

~~The calculation of payments to the QS for energy delivered to FPL may include an adjustment at the election of the QS in order to implement the provisions of Rule 25-17.250 (6) (b), F.A.C. Subsequent to the determination of full avoided cost and subject to the provisions of Rule 25-17.0832(3) (a) through (d), F.A.C., a portion of the base energy costs associated with the avoided unit, mutually agreed upon by the utility and renewable energy generator, shall be fixed and amortized on a present value basis over the term of the contract starting, at the election of the QS, as early as the in-service date of the QS. "Base energy costs associated with the avoided unit" means the energy costs of the avoided unit to the extent the unit would have operated. The portion of the base energy costs mutually agreed to by the Company and the QS shall be specified in Appendix E. The Company will provide the QS with a schedule of "Fixed Energy Payments" over the term of the Standard Offer Contract based on the applicable information specified in Appendix E.~~

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next ten annual periods are provided in Appendix II to this schedule. In addition, avoided energy cost payments will include a payment for variable operation and maintenance expenses:

A MW block size ranging from 58 MW to 65 MW has been used to calculate the estimated As Available energy cost.

ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed in Appendix II to this schedule are associated with the Company's Avoided Unit and are based on current estimates of the price of natural gas.

(Continued on Sheet No. 10.424)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.423)

DELIVERY VOLTAGE ADJUSTMENT

~~Energy payments to a QS within the Company's service territory shall be adjusted according to the delivery voltage by the multipliers provided in Appendix II.~~

PERFORMANCE CRITERIA

~~Payments for Firm Capacity are conditioned on the QS's ability to maintain the following performance criteria:~~

A. Capacity Delivery Date

~~The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit.~~

B. Availability and Capacity Factor

~~The Facility's availability and capacity factor are used in the determination of firm capacity payments through a performance based calculation as detailed in Appendix B to the Company's Standard Offer Contract.~~

METERING REQUIREMENTS

~~A QS within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their energy deliveries to the Company. Energy purchases from a QS outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Capacity and Renewable Energy to the Company.~~

~~For the purpose of this Schedule, the on-peak hours shall be those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 pm, excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day, and New Years Day. FPL shall have the right to change such On Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.~~

BILLING OPTIONS

~~A QS, upon entering into a Standard Offer Contract for the sale of firm capacity and energy or prior to delivery of as available energy, may elect to make either simultaneous purchases from and sales to the Company, or net sales to the Company; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. A decision on billing methods may only be changed: 1) when a QS selling as available energy enters into a Standard Offer Contract for the sale of firm capacity and energy; 2) when a Standard Offer Contract expires or is lawfully terminated by either the QS or the Company; 3) when the QS is selling as available energy and has not changed billing methods within the last twelve months; 4) when the election to change billing methods will not contravene this Tariff or the contract between the QS and the Company.~~

~~If a QS elects to change billing methods, such changes shall be subject to the following: 1) upon at least thirty days advance written notice to the Company; 2) the installation by the Company of any additional metering equipment reasonably required to effect the change in billing and upon payment by the QS for such metering equipment and its installation; and 3) upon completion and approval by the Company of any alteration(s) to the interconnection reasonably required to effect the change in billing and upon payment by the QS for such alteration(s).~~

~~Payments due a QS will be made monthly and normally by the twentieth business day following the end of the billing period. The kilowatt hours sold by the QS and the applicable avoided energy rates at which payments are being made shall accompany the payment to the QS.~~

~~A statement covering the charges and payments due the QS is rendered monthly, and payment normally is made by the twentieth business day following the end of the billing period.~~

(Continued on Sheet No. 10.425)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.424)

CHARGES TO ENERGY FACILITY

~~The QS shall be responsible for all applicable charges as currently approved or as they may be approved by the Florida Public Service Commission, including, but not limited to:~~

A. Customer Charges:

~~Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.~~

B. Interconnection Charge for Non-Variable Utility Expenses

~~The QS shall bear the cost required for interconnection, including the metering. The QS shall have the option of (i) payment in full for the interconnection costs including the time value of money during the construction of the interconnection facilities and providing a Bond, Letter of Credit or comparable assurance of payment acceptable to the Company adequate to cover the interconnection cost estimates, (ii) payment of monthly invoices from the Company for actual costs progressively incurred by the Company in installing the interconnection facilities, or (iii) upon a showing of credit worthiness, making equal monthly installment payments over a period no longer than thirty-six (36) months toward the full cost of interconnection. In the latter case, the Company shall assess interest at the rate then prevailing for thirty (30) day highest grade commercial paper, such rate to be specified by the Company thirty (30) days prior to the date of each installment payment by the QS.~~

C. Interconnection Charge for Variable Utility Expenses

~~The QS shall be billed monthly for the variable utility expenses associated with the operation and maintenance of the interconnection facilities. These include (a) the Company's inspections of the interconnection facilities and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the QS if no sales to the Company were involved.~~

~~In lieu of payment for actual charges, the QS may pay a monthly charge equal to a percentage of the installed cost of the interconnection facilities as provided in Appendix II.~~

D. Taxes and Assessments

~~In the event that FPL becomes liable for additional taxes, including interest and/or penalties arising from an Internal Revenue Service's determination, through audit, ruling or other authority, that FPL's payments to the QS for capacity under options B, C, D, E or for energy pursuant to the Fixed Firm Energy Payment Option D are not fully deductible when paid (additional tax liability), FPL may bill the QS monthly for the costs, including carrying charges, interest and/or penalties, associated with the fact that all or a portion of these capacity payments are not currently deductible for federal and/or state income tax purposes. FPL, at its option, may offset these costs against amounts due the QS hereunder. These costs would be calculated so as to place FPL in the same economic position in which it would have been if the entire early, levelized or early levelized capacity payments or the Fixed Firm Energy Payment had been deductible in the period in which the payments were made. If FPL decides to appeal the Internal Revenue Service's determination, the decision as to whether the appeal should be made through the administrative or judicial process or both, and all subsequent decisions pertaining to the appeal (both substantive and procedural), shall rest exclusively with FPL.~~

(Continued on Sheet No. 10.426)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.425)

TERMS OF SERVICE

- ~~(1) It shall be the QS's responsibility to inform the Company of any change in its electric generation capability.~~
- ~~(2) Any electric service delivered by the Company to a QS located in the Company's service area shall be subject to the following terms and conditions:~~
- ~~(a) A QS shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.~~
- ~~(b) A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C., and the following:~~
- ~~(i) In the first year of operation, the security deposit should be based upon the singular month in which the QS's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QS. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.~~
- ~~(ii) For each year thereafter, a review of the actual sales and purchases between the QS and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QS exceed the actual sales to the Company in that month.~~
- ~~(c) The Company shall specify the point of interconnection and voltage level.~~
- ~~(d) The QS must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QS or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.~~
- ~~(3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.~~

SPECIAL PROVISIONS

- ~~(1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.~~

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APPENDIX I
TO RATE SCHEDULE QS-2A
CALCULATION OF VALUE OF DEFERRAL PAYMENTS

APPLICABILITY

Appendix I provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Company's Avoided Unit identified in Schedule QS-2A. When used in conjunction with the current FPSC approved cost parameters associated with the Company's Avoided Unit contained in Appendix II, a QS may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QS enter into a Standard Offer Contract with the Company.

CALCULATION OF VALUE OF DEFERRAL OPTION A

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QS pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

Where, for a one-year deferral:

VAC_m = utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;

K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;

R = $(1 + ip) / (1 + r)$;

I_n = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;

O_n = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;

i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);

r = annual discount rate, defined as the utility's incremental after tax cost of capital;

L = expected life of the Company's Avoided Unit(s); and

n = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

(Continued on Sheet No. 10.428)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.427)

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS—EARLY CAPACITY OPTION B

Normally, payments for firm capacity shall not commence until the in service date of the Company's Avoided Unit(s). At the option of the QS, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year by year deferral of the Company's Avoided Unit starting as early as the in service date of the QS facility. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QS, and shall

$$A_m - A_c \frac{(1 + i_p)^{(m-1)}}{12} + A_o \frac{(1 + i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

be calculated as follows:

Where:

A_m = monthly payments to be made to the QS for each month of the contract year n, in dollars per kilowatt per month in which QS delivers capacity pursuant to the early capacity option;

i_p = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

i_o = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);

m = year for which the fixed value of deferral payments under the early capacity option are made to a QS, starting in year one and ending in the year t;

t = the term, in years, of the Standard Offer Contract;

$$A_c = F [(1 - R) / (1 - R^{-t})]$$

Where:

F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in service date of the Company's Avoided Unit(s);

R = $(1 + i_p) / (1 + r)$

r = annual discount rate, defined as the Company's incremental after tax cost of capital; and

$$A_o = G [(1 - R) / (1 - R^{-t})]$$

Where:

G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in service date of the Company's Avoided Unit(s).

R = $(1 + i_o) / (1 + r)$

The currently approved parameters applicable to the formulas above are found in Appendix II.

(Continued on Sheet No. 10.429)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.428)

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS—LEVELIZED AND EARLY LEVELIZED CAPACITY—OPTION C & OPTION D, RESPECTIVELY

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1 - (1 + r)^{-t}} + O$$

Where:

- ~~P_L = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit(s);~~
- ~~F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;~~
- ~~r = the annual discount rate, defined as the Company's incremental after-tax cost of capital;~~
- ~~t = the term, in years, of the Standard Offer Contract;~~
- ~~O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.~~

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APPENDIX H

**TO RATE SCHEDULE QS-2A
 AVOIDED UNIT INFORMATION**

~~The Company's Avoided Unit has been determined to be a 1,005 MW of Combustion Turbines in Broward County with an in-service date of January 1, 2018 and a heat rate of 10,071 Btu/kWh.~~

**EXAMPLE STANDARD OFFER CONTRACT AVOIDED COST PAYMENTS
 FOR A CONTRACT TERM OF TEN YEARS FROM THE IN-SERVICE DATE OF THE AVOIDED UNIT**

Contract Year	(\$/kW-Month)			
	Option-A	Option-B	Option-C	Option-D
	Normal Capacity Payment	Early Capacity Payment	Levelized Capacity Payment	Early Levelized Capacity Payment
2017	—	4.14	—	4.77
2018	4.78	4.26	5.43	4.77
2019	4.92	4.39	5.43	4.77
2020	5.06	4.52	5.43	4.77
2021	5.21	4.66	5.43	4.77
2022	5.36	4.80	5.43	4.77
2023	5.52	4.94	5.43	4.77
2024	5.68	5.09	5.43	4.77
2025	5.85	5.24	5.43	4.77
2026	6.02	5.40	5.43	4.77
2027	6.20	5.56	5.43	4.77

ESTIMATED AS AVAILABLE ENERGY COST

~~For informational purposes, the estimated incremental avoided energy costs for the next ten years are as follows:~~

Estimated As Available Energy Costs for Ten Years

(Using a block size of 58 to 65 MW)

Applicable Period	On-Peak (¢/kWh)	Off-Peak (¢/kWh)	Average (¢/kWh)
2014	6.97	2.60	3.75
2015	7.82	2.28	3.73
2016	10.21	3.38	5.17
2017	7.64	2.30	3.70
2018	6.79	3.28	4.20
2019	8.13	2.65	4.08
2020	7.85	2.92	4.23
2021	7.09	3.19	4.23
2022	9.29	2.63	4.39
2023	10.42	2.83	4.84

ESTIMATED UNIT FUEL COSTS (\$/MMBTU)

~~The estimated unit fuel costs listed below are for the Company's avoided unit and are based on current estimates:~~

2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
6.00	6.15	6.31	6.41	6.62	6.93	7.34	7.65	7.96	8.26

(Continued on Sheet No. 10.431)

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FIXED VALUE OF DEFERRAL PAYMENTS – NORMAL CAPACITY OPTION PARAMETERS

Where, for a one-year deferral:

<u>Value</u>	
VAC_m	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m; \$4.78
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year; 1.4109
I_n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n; \$602.90
O_n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit; \$7.84
i_p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit; 3.0%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit; 2.50%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital; 7.54%
L	= expected life of the Company's Avoided Unit; 30
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract. 2018

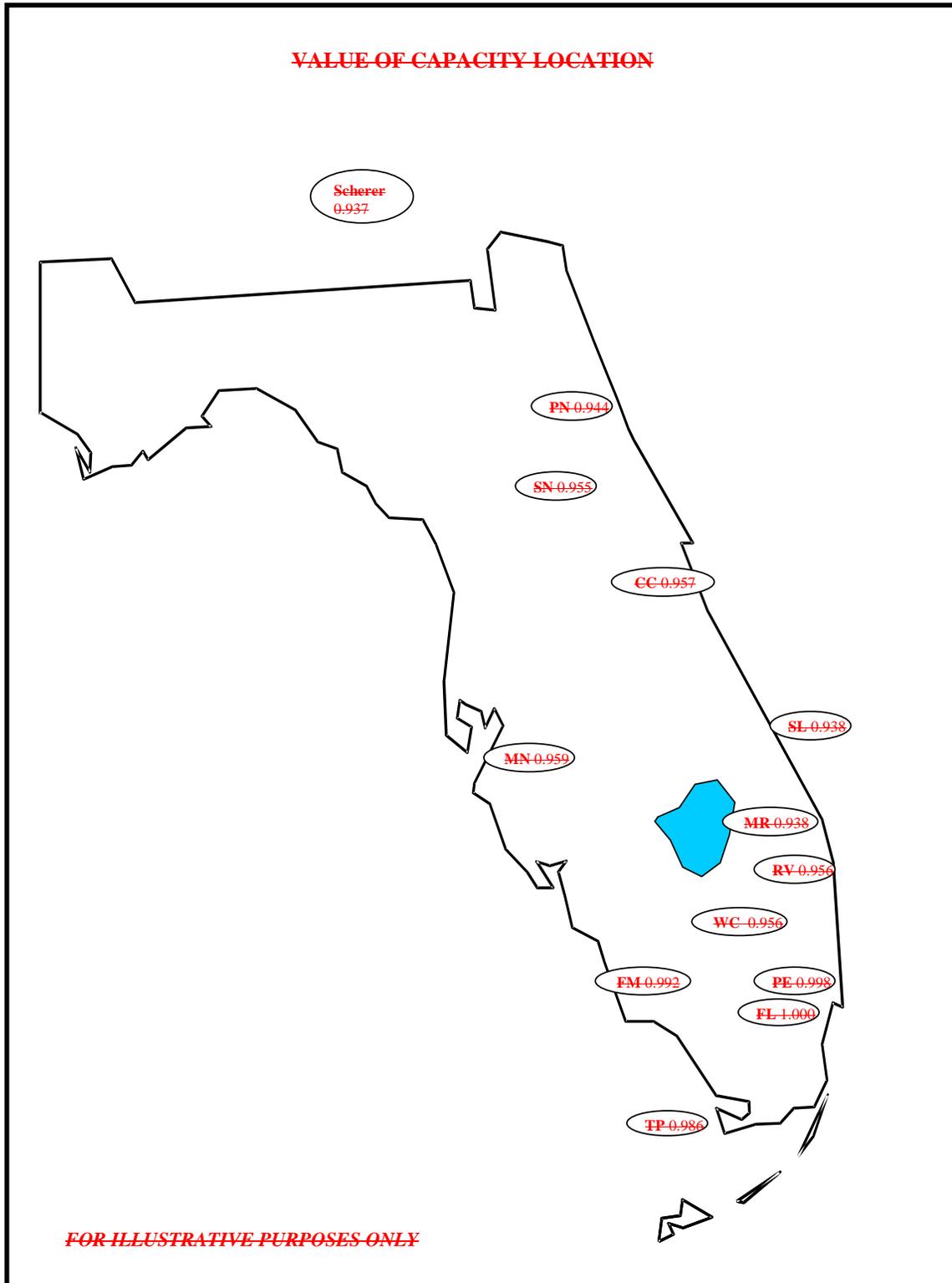
FIXED VALUE OF DEFERRAL PAYMENTS – EARLY CAPACITY OPTION PARAMETERS

A_m	= monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month; *
i_p	= annual escalation rate associated with the plant cost of the Company's Avoided Unit; 3.0%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit; 2.50%
n	= year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit) *
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years; \$381.80
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital; 7.54%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit; *
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years. \$9.66

*From Appendix E

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APPENDIX III TO RATE SCHEDULE QS—2A



APPENDIX B
TO THE STANDARD OFFER CONTRACT
FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY
FROM RENEWABLE ENERGY FACILITIES
OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS
PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:

A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

B. In the event that the ACBF is equal to or greater than 80% but less than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times \{ .04 \times (ACBF - 72) \} \times CC$$

C. In the event that the ACBF is equal to or greater than 94%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times CC$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/KW/Month as specified in FPL's Rate Schedule QS 2A.

CC = Committed Capacity in KW.

ACBF = Annual Capacity Billing Factor. This factor is calculated using the 12 months rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12 month rolling average Annual Capacity Billing Factor. Periods during which the Facility has temporarily set its Committed Capacity equal to 0 KW due to a Force Majeure event pursuant to Section 16 shall be excluded from the applicable capacity factor calculation.

MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the Hourly factors of the hours when FPL requested reduced deliveries pursuant to Sections 8.4.6 and 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.

HFNDH = Hourly Factor of a Non Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non Dispatch Hour the energy received shall not exceed the Committed Capacity.

HFDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.

On-Peak Hours = Those hours occurring April 1 through October 31 Mondays through Fridays, from 12 noon to 9:00 p.m. excluding Memorial Day, Independence Day and Labor Day; and November 1 through March 31 Mondays through Fridays from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time excluding Thanksgiving Day, Christmas Day and New Year's Day. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance notice.

Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

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**APPENDIX C
 TO THE STANDARD OFFER CONTRACT
 TERMINATION FEE**

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

Termination Fee = Termination Fee applicable to Capacity Payment Option plus Termination Fee applicable to Fixed Firm Energy Option

Termination Fee applicable to Capacity Payment Options B, C, D and E

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with: $MCPC_i = 0$ for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- i = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after tax avoided cost of capital (defined as r in QS 2A). For any Monthly Billing Period in which $MCPC_i$ is greater than MCP_i , t shall equal 1.
- MCP_i = Monthly Capacity Payment paid to QS corresponding to the Monthly Billing Period i , calculated in accordance with Appendix B.
- $MCPC_i$ = Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i , calculated in accordance with QS 2A

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value equal to or greater than zero, the amount of the Capacity Payment Termination Fee shall be increased by the amount of such value.

In the event that for any Monthly Billing Period, the computation of the value of the Capacity Payment Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Capacity Payment Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B is less than 80%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Capacity Payment Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 97%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.04 \times (\text{ACBF} - 72)]$$

For the applicable Monthly Billing Period, the Termination Fee shall be reduced by the amount of such Reduction Value.

In no event shall FPL be liable to the QS at any time for any amount by which the Capacity Payment Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

Termination Fee applicable to the Fixed Firm Energy Payment Option D

Prior to in-service date of avoided unit:

The Termination Fee for the Fixed Firm Energy Option shall be equal to the cumulative sum of the Fixed Firm Energy Payments made to the QS pursuant to Option D, starting with the in-service date of the QS facility, for each billing cycle. Such number shall reach the maximum amount on the billing cycle immediately preceding the billing cycle associated with the in-service date of the Avoided Unit.

After in-service date of avoided unit:

The Termination Fee shall be decreased each billing cycle following the in-service date of the avoided unit by an amount equal to the difference between the projected Fixed Energy Cost that was used in the calculation to determine the base energy cost to be fixed and amortized pursuant to Option D for such billing cycle and the amortized Fixed Firm Energy Payment in cents/KWH times the energy delivered by the QS not to exceed the MWH block specified in Appendix E. **RESERVED FOR FUTURE USE**

**APPENDIX D
TO THE STANDARD OFFER CONTRACT
DETAILED PROJECT INFORMATION**

~~Each eligible Contract received by FPL will be evaluated to determine if the underlying QS project is financially and technically viable. The QS shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.~~

I. FACILITY DESCRIPTION

- ~~• Project Name~~
- ~~• Project Location~~
 - ~~• Street Address~~
 - ~~• Site Plot Plan~~
 - ~~• Legal Description of Site~~
- ~~• Generating Technology~~
- ~~• Facility Classification (include types from statute)~~
- ~~• Primary Fuel~~
- ~~• Alternate Fuel (if applicable)~~
- ~~• Committed Capacity~~
- ~~• Expected In-Service Date~~
- ~~• Steam Host (for cogeneration facilities)~~
 - ~~• Street Address~~
 - ~~• Legal Description of Steam Host~~
 - ~~• Host's annual steam requirements (lbs/yr)~~
- ~~• Contact Person~~
 - ~~• Individual's Name and Title~~
 - ~~• Company Name~~
 - ~~• Address~~
 - ~~• Telephone Number~~
 - ~~• Telecopy Number~~

II. PROJECT PARTICIPANTS

- ~~• Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:~~
 - ~~• Project Development~~
 - ~~• Siting and Licensing the Facility~~
 - ~~• Designing the Facility~~
 - ~~• Constructing the Facility~~
 - ~~• Securing the Fuel Supply~~
 - ~~• Operating the Facility~~
- ~~• Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QS.~~
- ~~• Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.~~

(Continued on Sheet No. 10.436)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.435)

III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support the requirements pursuant to Section 366.91, Florida Statutes, and the planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the AFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for the fuel supply exists between developer(s) and fuel supplier(s)
REF =	renewable energy facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Energy Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Energy Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

(Continued on Sheet No. 10.437)

RESERVED FOR FUTURE USE

(Continued from Sheet No. 10.436)

~~IV. PLANT DISPATCHABILITY/CONTROLLABILITY~~

- ~~• Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated:
 - ~~• Ramp Rate (MW/minute)~~
 - ~~• Peak Capability (% above Committed Capacity)~~
 - ~~• Minimum power level (% of Committed Capacity)~~
 - ~~• Facility Turnaround Time, Hot to Hot (hours)~~
 - ~~• Start-up Time from Cold Shutdown (hours)~~
 - ~~• Unit Cycling (# cycles/yr)~~
 - ~~• MW and MVAR Control (AGC, Manual, Other (please explain))~~~~

~~V. SITING AND LICENSING~~

- ~~• Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.~~
- ~~• Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.~~
- ~~• List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.~~

~~VI. FACILITY DEVELOPMENT AND PERFORMANCE~~

- ~~• Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.~~
- ~~• Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.~~
- ~~• Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.~~
- ~~• Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.~~
- ~~• State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.~~

~~[NOTE: add any requirements related to demonstrating that the facility meets the requirements under the statute or applicable rules]~~

(Continued on Sheet No. 10.438)

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(Continued from Sheet No. 10.437)

VII. FINANCIAL

- Provide FPL with assurances that the proposed QS project is financially viable consistent with FPSC Rule 25-17.0832(4)(c) by attaching a detailed pro forma cash flow analysis. The pro forma must include, at a minimum, the following assumptions for each year of the project.

◆ Annual Project Revenues

- Capacity Payments (\$ and \$/KW/Mo)
- Variable O&M (\$ and \$/MWh)
- Energy (\$ and \$/MWh)
- Steam Revenues (\$ and %/lb.)
- Tipping Fees (\$ and \$/ton)
- Interest Income
- Other Revenues
- Variable O&M Escalation (%/yr)
- Energy Escalation (%/yr)
- Steam Escalation (%/yr)
- Tipping Fee Escalation (%/yr)

◆ Annual Project Expenses

- Fixed O&M (\$ and \$/KW/Mo)
- Variable O&M (\$ and \$/MWh)
- Energy (\$ and \$/MWh)
- Property Taxes (\$)
- Insurance (\$)
- Emission Compliance (\$ and \$/MWh)
- Depreciation (\$ and %/yr)
- Other Expenses (\$)
- Fixed O&M Escalation (%/yr)
- Variable O&M Escalation (%/yr)
- Energy Escalation (%/yr)

◆ Other Project Information

- Installed Cost of the Energy Facility (\$ and \$/KW)
- Committed Capacity (KW)
- Average Heat Rate—HHV (MBTU/KWh)
- Federal Income Tax Rate (%)
- Facility Capacity Factor (%)
- Energy Sold to FPL (MWh)

◆ Permanent Financing

- Permanent Financing Term (yrs)
- Project Capital Structure (percentage of long-term debt, subordinated debt, tax-exempt debt, and equity)
- Financing Costs (cost of long-term debt, subordinated debt, tax-exempt debt, and equity)
- Annual Interest Expense
- Annual Debt Service (\$)
- Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)

- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.

- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

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APPENDIX E
TO THE STANDARD OFFER CONTRACT
CONTRACT OPTIONS TO BE SELECTED BY QS

Term of Contract

Execution date _____
Termination date _____

Firm Capacity Rates

Commencement date for deliveries of Firm Energy and Capacity _____

Capacity Payment Option Selected (from available Options A through E) _____

If Option E is selected proposed payment stream:

Schedule of Capacity Payments to be provided by the Company based on applicable parameters follows:

_____ Year _____ \$/KW/Month

Energy Rates

Energy payment Options selected applicable to energy produced by the QS and delivered to the Company (from available Option A or B and D) _____

Select from Option A or B _____

And

Select D _____

If Option D is selected by the QS; the Company and the QS mutually agree on fixing and amortizing the following portion of the Base Energy Costs associated with the Avoided Unit _____

_____ % which yields _____ MWH

Projected Energy Cost of Energy Produced by Avoided Unit (provided by the Company):

_____ Year _____ Projected Fixed Energy Cost (in Cents/KWH or in Dollars)

Based on the projections of Energy Costs Produced by the Avoided Unit and the mutually agreed upon

Portion of the Base Energy Costs associated with the Avoided Unit the Fixed Energy Payment shall be

_____ \$/MWH or \$ _____ (as applicable).

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