

MODIFICATIONS TO
SRP'S PROPOSED QF-24 STANDARD RATE FOR QUALIFYING FACILITIES
AND
PROPOSED STANDARD RATE CONTRACT FOR QUALIFYING FACILITIES OF 100KW OR LESS

SALT RIVER PROJECT
AGRICULTURAL IMPROVEMENT
AND POWER DISTRICT

JANUARY 29, 2025

INTRODUCTION

On December 2, 2024, management of the Salt River Project Agricultural Improvement and Power District (SRP) published the proposed QF-24 Standard Rate for Qualifying Facilities and Standard Rate Contract for Qualifying Facilities of 100 kW or Less (the “Original Proposed Documents”). On January 29, 2025, in response to feedback and internal review, SRP management published the proposed “Revised QF-24 Standard Rate for Qualifying Facilities and Revised Standard Rate Contract” (collectively, the “Revised Proposal”), which revised the Original Proposed Documents and replaces them in their entirety. Revisions made in the Revised Proposal are summarized as follows:

QF-24 Standard Rate for Qualifying Facilities

The *Definitions* section has been removed. The *Availability* section has been revised to clarify the applicability of QF-24 to qualifying facilities that do not receive electric service from SRP. The *Rates for Sales to a Qualifying Facility* section has been removed to clarify that QF-24 is not a price plan established through A.R.S. § 48-2334. The *Compensation for Purchases from a Qualifying Facility* section has been revised to distinguish as-available energy sales from sales pursuant to a legally enforceable obligation, to further clarify how SRP will calculate the Capacity Credit, including the hours a Capacity Credit is available, and how SRP will calculate the energy rate, including changing the energy rate from the sub-hourly ELAP to the hourly ELAP. The *Terms, Conditions, and Additional Provisions* section has been revised for readability and to clarify how QF-24 may be used with other SRP programs and price plans.

Standard Rate Contract for Qualifying Facilities of 100 kW or Less

The terms Guaranteed Capacity and Capacity Needs Hours, and an Appendix A were added to clarify SRP’s payment obligations and the Qualifying Facility’s performance obligations.

QF-24

Standard Rate for Qualifying Facilities Under 18 CFR 292.304 **Standard Rate for Qualifying Facilities Under 18 CFR 292.304(c)** **Overview**

Overview

This QF-24 Standard Rate (QF-24) is ~~open to Customers operating~~ available to Qualifying Facilities with a design capacity of 100 kW ~~or less that elect to sell energy, capacity, or both to SRP, that is in excess of what is used on-site. This rate is implemented in accordance with the Public Utilities or less that elect to sell energy, capacity, or both to SRP. This rate is designed to implement the Public Utility~~ Regulatory Policies Act (PURPA), 16 U.S.C. § 824a-3(f) and related FERC Regulations, 18 C.F.R. § 292.304(c).

Definitions

~~**Capacity Cost Adjusters** shall mean the average cost of capacity resources acquired by SRP based on SRP's the current seasonal and hourly on-peak periods and stated in cents per kWh.~~

~~**Customer** shall mean any person or entity receiving electric service from SRP for one or more accounts, including Transmission service, Distribution service, and Ancillary Services necessary to deliver and measure energy and power. Where the context requires, the term "Customer" includes an applicant for SRP service.~~

~~**Delivered Energy** shall mean the energy produced by a Qualifying Facility and delivered to SRP as determined on a sub-hourly basis, expressed in kilowatt-hours (kWh).~~

~~**Standard Electric Price Plan (Price Plan)** shall mean SRP's published Standard Electric Price Plans (including grids and similar documents) for standard contract Customers, including residential, industrial, commercial, lighting, and pumping Customers. There may be more than one Price Plan setting forth the charges and conditions for a particular customer class or type of service. A Price Plan usually includes an identification letter and number, class of service, character or applicability, prices, conditions, and references to SRP's Rules and Regulations.~~

~~**SRP's Rules and Regulations** shall mean the rules and regulations, which have been adopted by SRP pursuant to A.R.S.~~

~~§ 48-2301 et seq., the Arizona Electric Energy Reliability Act, and other pertinent authority.~~

Availability

QF-24 is available to Qualifying Facilities as defined ~~by~~ in 18 C.F.R. §§ 292.101 to 292.207, that provide as-available energy and, as applicable, ~~capacity to SRP and that meet each of the following conditions:~~

- ~~energy or capacity that has been committed to SRP through SRP's Standard Rate Contract for QFs of 100 kW or less. Have Qualifying Facility status under 18 CFR Part 292;~~
- ~~Receive electric service from SRP under a Price Plan; and~~
- ~~Have a design capacity of 100 kW or less.~~

Compensation for Purchases from a Qualifying Facility

SRP's rates for purchases from Qualifying Facilities are based on SRP's avoided costs and available as follows:

Compensation for As-Available Energy

A Qualifying Facility may provide energy to SRP's system as and when it becomes available, in which case the rates paid are based on SRP's avoided cost for energy calculated at the time of delivery.

Energy sold to SRP will be compensated at the market price at the time energy is delivered, equal to the locational marginal price specified for the CAISO-administered Western Energy Imbalance Market External Load Aggregation Point real time price for SRP ("ELAP") and a loss factor of 5.76%. The rate for energy sold to SRP is the product of the hourly energy delivered to SRP in a billing cycle, and the hourly ELAP price stated in dollars per kW-hour. Monthly compensation will be reduced to reflect negative credits when the ELAP is a negative value, although monthly compensation will not be less than \$0.

Rates for Sale to a Qualifying Facility

~~SRP's rates for sales of energy and capacity to a Qualifying Facility will be determined according to a Price Plan and pursuant to SRP's Rules and Regulations.~~

Compensation for Energy or Capacity Pursuant to a Legally Enforceable Obligation

Compensation for Purchases from a Qualifying Facility

~~SRP's rates for purchases from Qualifying Facilities are set in accordance with the following.~~

~~A Qualifying Facility may opt to provide energy as the Qualifying Facility determines such energy to be available for sale, in which case the rates paid are based on SRP's avoided cost for energy calculated at the time of delivery.~~

~~Alternatively, a Qualifying Facility may opt to provide energy or capacity pursuant to a legally enforceable obligation for the delivery of energy or capacity over a two year term, in which case the rates paid for energy will be based on SRP's avoided cost~~ a Qualifying Facility may provide energy or capacity pursuant to a legally enforceable obligation for a two year term, in which case the rates paid for energy will be based on SRP's avoided costs ~~for energy calculated at the time of delivery, and the rates paid for capacity, as applicable, will be based on SRP's avoided costs of capacity calculated at either the time of delivery or at the time the legally enforceable obligation is incurred.~~ avoided costs of capacity calculated at either the time of delivery or at the time the legally enforceable obligation is incurred.

~~The rate for energy~~ Energy sold to SRP will be compensated at the market price at the time energy is delivered, equal to the locational marginal price specified for the CAISO-administered Western Energy Imbalance Market External Load Aggregation Point ~~(ELAP)~~ real time price for SRP ("ELAP"). ~~Compensation for energy is the product of the sub-hourly energy delivered to SRP in a billing cycle, and the sub-hourly ELAP. Monthly compensation will be reduced to reflect negative credits when the ELAP is a negative value and a loss factor of 5.76%. The rate for energy sold to SRP is the product of the hourly energy delivered to SRP in a billing cycle, and the hourly ELAP price stated in dollars per kW-hour. Monthly compensation will be reduced to reflect negative credits when the ELAP is a negative value,~~ although monthly compensation will not be less than \$0.

Any Qualifying Facility that elects to sell capacity to SRP, in addition to meeting the requirements, terms, and conditions stated herein, must also execute, ~~or otherwise~~ the Standard Rate Contract and commit ~~in writing,~~ to make a set amount of energy ~~or capacity sales available~~ to SRP during the hours of SRP's capacity need in accordance with the terms of ~~a written~~ the Standard Rate Contract ~~with SRP~~. To the extent a Qualifying Facility provides capacity to SRP as specified herein, the Qualifying Facility will be paid a Capacity Credit based on SRP's avoided costs for capacity. Specifically, the Standard Rate Contract will provide that the Qualifying Facility will be paid a Capacity Credit ~~as follows:~~

Capacity Credit

~~Capacity Credit: A Capacity Credit will be paid to a Qualifying Facility that provides Capacity during periods when SRP has identified a Capacity need. When SRP has an identified need for Capacity, and if the Qualifying Facility elects to have the Capacity Cost Adjuster determined at the time~~ A Capacity Credit will be paid to a Qualifying Facility that delivers capacity for at least four (4) continuous hours when SRP

has identified a capacity need and during SRP's Capacity Need Hours for the duration of the legally enforceable obligation ~~is incurred~~. Currently, the Capacity Need Hours are the hours of 5 p.m. – 10 p.m. During such periods, the Qualifying Facility may receive a Capacity Credit ~~determined by the formula set forth below~~ as follows:

$$\text{Capacity Credit} = (\text{hourly kWh delivered}) \times (\text{Capacity Cost Adjuster})$$

~~The Capacity Credit is the product of the kWh delivered during the applicable seasonal and hourly period and the Capacity Cost Adjuster.~~ The Capacity Credit is the product of the Capacity Cost Adjuster and the lesser of the amount of kilowatt hours the Qualifying Facility delivers capacity to SRP or the amount of kilowatt hours the Qualifying Facility specifies in the Standard Rate Contract. As of the time of publication of this QF-24 Standard Rate, ~~the~~ SRP has no capacity need for the next two years, thus, no Capacity Credit is available.

The Capacity Cost Adjuster is ~~\$0~~ the cost of the total incremental capacity resources selected, acquired, built or to be built to meet SRP's capacity need during the term of the Standard Rate Contract, divided by the total anticipated or actual output in kilowatts (kW) of those incremental capacity resources, adjusted for capacity contribution during hours when SRP has identified an incremental capacity need. The applicable Capacity Cost Adjuster shall be stated in dollars per kW-month. The Capacity Cost Adjuster may vary by season.

Please contact SRP at DER@srpnet.com for more information about QF-24 and the Standard Rate Contract.

~~If a Qualifying Facility elects to have the Capacity Credit determined at the time of delivery, the Capacity Credit will be the product of the kWh delivered during the applicable hourly period and the Capacity Cost Adjuster of SRP's avoided cost of capacity for each applicable billing period.~~

~~Please contact SRP at bizcenter@srpnet.com for more information about the Standard Rate Contract.~~

Terms, ~~Conditions and Additional Provisions~~ Conditions and Additional Provisions

1. Any equipment necessary for sales to SRP must meet all SRP standards and will be installed according to SRP's Distributed Generation Interconnection Handbook and at the Qualifying Facility's expense.

~~2. The provisions of this QF-24 Standard Rate are subject to change upon approval by the SRP District Board.~~

2. The provisions of this QF-24 Standard Rate are subject to change upon approval by the SRP District Board.

3. SRP's obligation for payment to the Qualifying Facility for energy and capacity delivered to SRP shall not commence ~~until the Qualifying Facility provides written notification to SRP of its intent to operate under this QF Standard Rate~~ until the Qualifying Facility provides written notification to SRP of its intent to operate under this QF Standard Rate and has satisfied the terms and conditions stated herein.

~~4. Participation in QF-24 precludes the Customer's receipt of any other compensation or credits for energy or capacity delivered by the Customer to SRP.~~

4. To the extent that the Qualifying Facility is compensated by SRP for energy or capacity under another SRP program, the Qualifying Facility is not eligible for compensation for the same energy or capacity under the QF-24 Standard Rate or Standard Rate Contract.

5. A Qualifying Facility providing energy to SRP's system as and when it becomes available may switch between QF-24 and another SRP program, rider or price plan once per calendar year.

STANDARD RATE CONTRACT FOR ~~QUALIFIED~~ QUALIFYING FACILITIES OF 100KW OR LESS

This STANDARD RATE CONTRACT FOR ~~QUALIFIED~~QUALIFYING FACILITIES OF 100KW OR LESS (this "Agreement") is made and entered into as of _____, by and between Salt River Project Agricultural Improvement and Power District ("Buyer") and _____ ("Seller"). Buyer and Seller are herein sometimes referred to individually as "Party" and collectively as "Parties".

RECITALS

WHEREAS, Buyer owns electric facilities and is engaged in the generation, purchase, distribution and sale of electric energy in the State of Arizona including from "Qualifying Facilities" as that term is defined in the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, 92 Stat 3117; and

WHEREAS, Seller owns and operates, or intends to build, own and operate a Qualifying Facility of 100kW or less as further described in Exhibit A attached hereto; and

WHEREAS, the Parties anticipate that Seller will at times generate electric energy in excess of Seller's own requirements, and Buyer wishes to purchase such excess energy when it is available.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

TERMS AND CONDITIONS

1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings unless specifically stated otherwise in this Agreement:

"Bankrupt" – means with respect to either Party, such Party (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it and such petition remains undismissed for a period of 60 Days, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

"Billing Month" – means the monthly period coincidental with Seller's retail bill from Buyer for electric service.

"Business Day" – means a Calendar Day other than Saturday, Sunday or a or a Federal Reserve Bank holiday.

“Calendar Day” or “Day” – means the 24-hour period beginning at 12:00 a.m. midnight Mountain Standard Time and ending at 11:59:59 p.m. Mountain Standard Time. The terms Day and Calendar Day may be used interchangeably and shall have the same meaning.

“Capacity” – means, ~~for purposes of this Agreement, the set number of kilowatts of~~ Delivered Energy ~~that is delivered during on-peak hours as in accordance with the delivery schedule set forth on Exhibit A.~~

“Capacity Need Hours” ~~has the meaning~~ specified in ~~Buyer’s the~~ QF-24 Standard Rate.

“Delivered Energy” – means the electric energy produced by the Plant and delivered by Seller at the Point of Interconnection as determined on an hourly basis pursuant to Section 5.

“Effective Date” – has the meaning specified in Section 2.1.

“Emergency” or “Emergencies” – a condition or conditions on Buyer’s distribution system which in Buyer’s sole judgment either has, or is likely to, result in significant imminent disruption of service to Seller, or imminent endangerment to life or property.

“Exempt Operational Periods” – those periods described in 18 CFR § 292.304(f) as in effect as of the date of this Agreement, wherein Buyer has notified Seller in a timely manner to cease delivery of electric energy hereunder during a specified period in which Seller would otherwise have electric energy available for delivery but, due to operational circumstances, purchases from Seller would in Buyer’s reasonable judgment result in costs greater than those that would result if Buyer generated an equivalent amount of energy through its own facilities.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry ~~or non-utility solar energy generating industry, as applicable,~~ under the circumstances, during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the industry.

“Interconnection Agreement” – means the agreement, together with appendices, between Seller and Buyer which describes the terms and conditions governing the interconnection and operation of Seller’s Plant with Buyer’s electric distribution system.

“Plant” – means the generating facility identified on Exhibit A of this Agreement, including: generating equipment, auxiliary and back-up transformers; electric delivery facilities; fuel handling equipment; administrative structures; and such other necessary and related facilities, equipment and structures associated with the generation of electricity.

“Point of Interconnection” – means the physical location where Buyer’s electric service conductors are connected to the Seller’s service conductors to allow parallel operation of the Seller’s Plant with Buyer’s electric distribution system.

“Start Date” – has the meaning specified in Section 4.2.

2. GENERAL PROVISIONS

2.1 Effective Date and Term. This Agreement shall be effective on the date it is made and entered into ("Effective Date") and, unless terminated as provided in this Agreement, shall continue in effect for an initial term expiring two years after the Start Date.

2.2 "Qualifying Facility" Status of Facility and Seller's Warranty. Seller represents to Buyer that the Plant has or will achieve qualifying status by the Start Date as a "cogeneration facility" or a "small power production facility" under 18 CFR §§ 292.201-292.207. Seller will use commercially reasonable efforts to ensure that the Plant will maintain its status as a "Qualifying Facility" under the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, 92 Stat 3117 and the implementing Federal Regulations promulgated thereunder as such are amended to the Effective Date of this Agreement and appear at 18 CFR §§ 292.101 through 292.602, throughout the term of this Agreement. If Seller fails to maintain such "Qualifying Facility" status, Buyer shall have the option of terminating this Agreement by giving Seller 30 Days written notice.

3. ENERGY TO BE SUPPLIED

3.1 Energy and Capacity Furnished by Seller to Buyer. Subject to the terms and conditions of this Agreement, beginning on the Start Date and continuing until the termination of this Agreement, Seller agrees to sell and supply to Buyer, and Buyer agrees to accept and purchase from Seller all Delivered Energy and Guaranteed Capacity that Seller supplies and/or delivers to Buyer under this Agreement. Compensation for such Delivered Energy and Guaranteed Capacity shall be paid in accordance with Section 7.

3.2 Guaranteed Capacity. Seller guarantees to Buyer that the Plant shall produce and deliver to Buyer during the Capacity Need Hours the Capacity set forth on Exhibit A. Seller further understands that the failure to deliver the specified Capacity shall be a breach of this Agreement.

3.3 ~~3.2~~ Permits and Laws. Seller shall secure all licenses and permits required by law, regulation or ordinance, including, but not limited to, those pertaining to the generation and sale of electric energy. Seller shall maintain all such licenses and permits throughout the term of this Agreement. In addition, Seller shall comply with all applicable ordinances, laws, orders, rules and regulations, including those pertaining to the above licenses and permits made by any governmental authority or public regulatory body. At any time during the term of this Agreement, Buyer may request that Seller provide copies of any such licenses and permits, and Seller shall so provide them within five Business Days.

4. PLANT CONSTRUCTION AND START DATE

4.1 Seller's Responsibility. Seller shall have sole responsibility for the planning, design, procurement, construction, start-up, testing, and licensing of the Plant subject to: (1) meeting all appropriate electrical and other applicable codes and regulations required by federal, state, municipal, or any other governmental agencies; and (2) obtaining all necessary authorizations and permits.

4.2 Start Date. The Start Date of this Agreement will be the first date on or after the Expected Start Date of this Agreement upon which all the following conditions precedent have been satisfied:

(i) Seller shall have obtained all necessary licenses, permits, certificates and approvals in accordance with Section 3.2 of this Agreement;

(ii) Seller shall have executed an Interconnection Agreement and received written authorization to operate Seller's Plant in parallel with Buyer's electric system;

(iii) Seller shall have provided Buyer with evidence that the Plant is a Qualifying Facility, in accordance with Section 2.2 of this Agreement; and

(iv) Seller shall maintain an electric service at the Plant and be current in payment of all amounts due as Buyer's price plan pursuant to which Seller purchases energy from Buyer.

Buyer shall provide written notice to Seller within five Business Days of Seller having satisfied all of the above conditions precedent. Following receipt of the foregoing notice from Buyer, Seller may declare a Start Date (such date to be no earlier than the date upon which all of the above conditions precedent have been satisfied and the Expected Start Date) and shall provide written confirmation of such date to Buyer ~~within~~ at least 10 Days prior to the Start Date. If the Start Date fails to occur within 180 Days after the Expected Start Date, Buyer shall have the right to terminate this Agreement upon written notice to Seller, to be effective as of the date specified in such notice.

5. METERING

All electric energy associated with Delivered Energy that is delivered by Seller to Buyer shall be metered at the billing meter installation(s) provided pursuant to the Interconnection Agreement and shall be separately metered from electric energy generated by generating facilities other than the Plant. To determine the amount of electric energy delivered, the metered values ~~shall~~ may be adjusted for transformer losses and line losses, if applicable, between the metering location and the Point of Interconnection.

6. OPERATION OF PLANT

6.1 Seller's Operating Obligations. Seller shall operate and maintain the Plant in accordance with Good Utility Practices, all applicable laws, and Buyer's standards and tariff requirements which apply to generating units such as Seller's Plant.

6.2 Outages of Generating Equipment. Seller shall promptly provide to Buyer all material information relating to Plant outages and significant derates of Plant ~~generating capacity~~ Capacity which would affect Seller's ability to deliver electric energy and Capacity from the Plant to the Point of Interconnection. Such material information shall be sufficient for Buyer to determine and verify the severity and extent of such outages and derates, including at a minimum, the date and time when the outage or derate began, the cause of the outage or derate, and the anticipated date and time the outage or derate will end. Seller's obligation to deliver Capacity will be suspended during any period of outage or derate of which it notifies Buyer pursuant to this Section.

6.3 Communications Plant Monitoring. Seller shall cooperate with Buyer to enable Buyer to monitor ~~in real time~~, all electric energy generated by the Plant per then current Buyer metering standards (primarily within the Electrical Service Specifications book). Buyer may require alternative metering

schemes to fully monitor plant performance. If, after the Start Date, any new ~~real-time meter metering~~ and related communications equipment is required to enable such monitoring by Buyer, Buyer shall pay for such equipment.

6.4 Emergencies and Exempt Operational Periods. Buyer shall not be obligated to accept electric energy or make payments based on electric energy delivered pursuant to Section 7 of this Agreement for any electric energy which Seller may have available at the Plant during Emergencies or Exempt Operational Periods after Buyer has given Seller timely notice of such Emergencies or Exempt Operational Periods, but which Buyer does not accept and receive due to such Emergencies or Exempt Operational Periods.

7. **COMPENSATION**

7.1 Energy Payment. Commencing with the Start Date and continuing for the term of this Agreement, Buyer shall pay Seller for Delivered Energy for the applicable Billing Month in accordance with Buyer's QF-24 Standard Rate. In accordance with Section 6.4 above, Buyer shall not be obligated to accept electric energy or make energy payments for electric energy which Seller may have available at the Plant during Emergencies and Exempt Operational Periods.

7.2 Capacity Payment. Commencing with the Start Date and continuing for the term of this Agreement, Buyer shall pay Seller for Capacity that Seller delivers to Buyer for the applicable Billing Month in accordance with Buyer's QF-24 Standard Rate; provided, however, in no event will Buyer pay Seller for more Capacity than the amount specified as Guaranteed Capacity in Exhibit A for the Billing Month. In accordance with Section 6.4 above, Buyer shall not be obligated to accept Capacity or make Capacity payments for electric energy which Seller may have available at the Plant during Emergencies and Exempt Operational Periods. Buyer will determine whether, given how and when Seller will supply Capacity to Buyer, the Capacity purchase will allow Buyer to avoid any transmission or distribution cost and, if so, that will be appropriately taken into account in Seller's Capacity payment.

7.3 Netting. Any amounts due to or from Buyer and Seller at the end of a Billing Month shall be netted and only the balance due shall be payable by Buyer or Seller, as applicable.

8. **EVENTS OF DEFAULT**

An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within 10 Business Days after written notice;

(b) such Party becomes Bankrupt (whether voluntarily or involuntarily); ~~and~~

(c) the failure by Seller to deliver the Capacity set forth in accordance with Exhibit A;
and

(d) ~~(e)~~ such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the

obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party.

9. BILLING

9.1 Billing Procedure. As soon as practicable after the end of each Billing Month, Buyer shall submit to Seller a statement (“Statement”) which shall identify any amounts owed by Buyer or Seller pursuant to Section 7 of this Agreement, during such Billing Month. Such Statement shall use metered data obtained in accordance with Section 5 of this Agreement. The net amount due shall be paid by the owing Party in accordance with Buyer’s customer billing cycle. If metered data is unavailable, Buyer may render a Statement based on its best estimate of the amount owed by Buyer or Seller to meet the payment deadline in the second paragraph of this Section 9.1. Such a Statement shall indicate that it represents a best estimate of the amount owed. If such an estimate is used, an adjustment shall be made if necessary to the next Billing Month Statement issued after the date upon which actual data is determined to correct the prior Billing Month estimate.

9.2 Disputes. Seller may, in good faith, dispute the correctness of any Statement or any adjustment to a Statement, rendered under this Agreement and Buyer may adjust any Statement for any arithmetic or computational error in accordance with Buyer’s Rules and Regulations.

10. EARLY TERMINATION AFTER START DATE

10.1 Event of Default. If an Event of Default with respect to a Party (the “Defaulting Party”) shall have occurred, the other Party (the “Non-Defaulting Party”) shall have the right to terminate this Agreement upon 30 Days’ written notice to the Defaulting Party, as provided in Section 8 of this Agreement.

10.2 Breach. A breach of this Agreement (“Breach”) shall occur upon the failure of a Party to perform or observe any material term or condition of this Agreement or of Buyer’s Rules and Regulations. Upon the failure of a Party in Breach of the Agreement to cure such Breach with 30 ~~Calendar~~ Days of written notification of the Breach, the other Party shall have the right to terminate this Agreement upon written notice to the Party in Breach. Examples of a Breach of the Agreement include, but are not limited to:

- ~~Agreement;~~ (i) Failure of either Party to comply with the terms and conditions of this Agreement;
- ~~consent;~~ (ii) An attempted assignment of the Agreement by Seller without Buyer’s consent;
- (iii) Failure of either Party to provide information or data to the other Party as

required under this Agreement;

(iv) Delivered Energy exceeding Plant Nameplate Capacity kWac as identified on Exhibit A of this Agreement; and

(v) Modification of the Plant equipment after the Start Date, without the written consent of Buyer.

10.3 False Representation. Upon written notice, Buyer may terminate this Agreement if any representation or warranty made by Seller is false or misleading in any material respect when made or when deemed made or repeated. Buyer shall have no obligation to enter into any subsequent agreement(s) with Seller until such time that both, (1) all amounts owed to Buyer are paid, and the term of any previous agreements with said Plant has lapsed. Either Party's obligation to make payments already due associated with deliveries received prior to the date of termination of the Agreement will survive any termination.

11. INDEMNITY

Seller shall indemnify, defend and hold Buyer and its officers, agents, employees and Board and Council members harmless from any and all liability, claims, demands, costs, judgments, loss or damage, including attorney fees, attributable to or resulting from the maintenance, possession or operation of the Plant, except those caused solely by the negligence or willful misconduct of Buyer. Without limiting the foregoing, Seller shall at Buyer's request, defend at Seller's expense any suit or proceeding brought against Buyer for any of the above-named reasons; provided that Buyer notifies Seller in writing of any such claim and promptly tenders to Seller the control and defense of any such claim with Seller's choice of counsel. Buyer shall cooperate with Seller, at Seller's expense, in defending such claim and Buyer may join in defense with counsel of its choice at its own expense.

Seller's indemnification shall not include damage or injuries occurring on Buyer's system after the Point of Delivery, unless the damage to or injuries occurring on such system are caused by the negligence or willful misconduct of Seller.

Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from any and all liability, claims, demands, costs, judgments, loss or damage, including attorney fees, resulting from damage or injuries occurring on Buyer's own system after the Point of Delivery, unless the damage or injuries on Buyer's system are caused by the negligence or willful misconduct of Seller.

12. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS SET FORTH ABOVE IN THIS SECTION 12.

13. **CHANGES CONCERNING MARKET DESIGN.**

In the event that there is a change to the organization of Buyer's electric system that has a material adverse impact on either Party, including (a) any mandatory or voluntary joinder with or reorganization into a regional transmission organization, independent system operator, or similar organization, or (b) any material change in the rules, protocols, procedures or standards governing Buyer's electric system, then Seller and Buyer shall amend this Agreement to give effect to the original intent of Seller and Buyer.

14. **SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties. This Agreement shall not be assigned by a Party without the other Party's prior written consent, which consent shall not be unreasonably withheld, but provided that (i) any assignee shall expressly assume assignor's obligations under this Agreement; and (ii) no such assignment shall impair any security given by Seller under this Agreement. Any attempted assignment or transfer without such consent shall be void and not merely voidable.

15. **GOVERNING LAW**

This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced, and performed in accordance with the laws of the State of Arizona, without regard to its principles of conflicts of law.

16. **NOTICE TO PARTIES**

Unless otherwise provided in this Agreement, any notice, consent or other communication required to be made under this Agreement shall be effective if it is in writing and delivered personally, by certified mail (postage prepaid and return receipt requested), reputable overnight delivery service, or other confirmable form of electronic delivery to the address set forth on Exhibit A of this Agreement or to such other address as the receiving Party may designate in writing.

17. **WAIVER**

No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent is in writing and signed by the Party claimed to have waived or consented. Any consent by any Party to, or waiver of, a breach by the other Party, whether express or implied, shall not constitute a continuing waiver of, or consent to, or excuse any subsequent or different breach, nor in any way affect the validity of this Agreement or any part of it, or the right of any Party to thereafter enforce any provision of this Agreement.

18. **NONSEVERABILITY**

If any essential provision of this Agreement is declared invalid in whole or in part by any court or other tribunal of competent jurisdiction, then unless otherwise agreed by the Parties, the entire Agreement shall be deemed void and inoperative. If any non-essential provision in this Agreement is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or provisions of this Agreement.

19. MISCELLANEOUS

19.1 No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

19.2 Disclaimer of Joint Venture, Partnership and Agency. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.3 Attorneys' Fees. If a Party commences a legal proceeding against the other Party because of an alleged breach of such Party's obligations under this Agreement, each Party shall bear its own expenses, including reasonable attorneys' fees, incurred in connection with the legal proceeding and any appeal thereof.

19.4 Headings. The various headings set forth in this Agreement are not a part of this Agreement and shall not affect the construction or interpretation of this Agreement.

19.5 Entire Agreement and Amendments. This Agreement supersedes all previous representations, understandings, negotiations and agreements either written or oral between the Parties or their representatives and constitutes the entire agreement of the Parties. No amendments or changes to this Agreement shall be binding unless made in writing and duly executed by both Parties.

19.6 Counterparts and Electronic Documents. This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the Parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither Party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

BUYER

SELLER

Salt River Project Agricultural
Improvement and Power District

By: _____

By: _____~~-Title:-~~

~~Title:-~~ _____~~-Date:-~~

~~Date:-~~ _____

Title: _____
Date: _____

Title: _____
Date: _____

EXHIBIT A

Salt River Project Agricultural Improvement
and Power District

Name _____

All Notices: _____

All Notices: _____

Invoices:

Attn: ~~Phone:~~ ~~Email:~~ _____
Phone: _____
Email: _____

Attn: ~~Phone:~~ ~~Email:~~ _____
Phone: _____
Email: _____

Scheduling:

Attn: ~~Phone:~~ ~~Email:~~ _____
Phone: _____
Email: _____

Scheduling:

Attn: ~~Phone:~~ ~~Email:~~ _____
Phone: _____
Email: _____

Plant Characteristics

Plant Type: _____

~~Plant Type:~~ _____ ~~Plant Nameplate Capacity (kW_{AC}):~~ _____ ~~Plant Location:~~ _____ ~~Expected~~
~~Delivered Energy (kWh/year):~~ _____ ~~Expected Start Date:~~ _____ ~~Expected Delivered Capacity~~
~~(kW_{AC}):~~ _____

Plant Location: _____

Start Date: _____

Guaranteed Capacity by calendar week:

<u>Week Number (commencing on the Start Date)</u>	<u>Guaranteed Capacity (in Kilowatts) of Energy During Capacity Need Hours</u>
<u>1</u>	

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