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**DONOVAN E. WALKER**  
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September 8, 2010

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. IPC-E-10-24

***IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY  
FOR APPROVAL OF A FIRM ENERGY SALES AGREEMENT FOR THE  
SALE AND PURCHASE OF ELECTRIC ENERGY BETWEEN IDAHO  
POWER COMPANY AND ROCKLAND WIND PROJECT, LLC***

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Application in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb  
Enclosures

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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:  
1221 West Idaho Street  
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-10-24  
APPROVAL OF A FIRM ENERGY SALES )  
AGREEMENT FOR THE SALE AND ) APPLICATION  
PURCHASE OF ELECTRIC ENERGY )  
BETWEEN IDAHO POWER COMPANY )  
AND ROCKLAND WIND PROJECT, LLC )  
\_\_\_\_\_ )

Idaho Power Company ("Idaho Power" or the "Company"), in accordance with Idaho Code § 61-503 and RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), hereby respectfully applies to the Idaho Public Utilities Commission (the "Commission") for an Order approving the Firm Energy Sales Agreement between Idaho Power and Rockland Wind Project, LLC ("Rockland") under which Rockland would sell and Idaho Power would purchase electric energy generated by the Rockland Wind Project ("Facility") located in Power County, Idaho.

In support of this Application, Idaho Power represents as follows:

## **I. BACKGROUND**

1. Sections 201 and 210 of PURPA, and pertinent regulations of the Federal Energy Regulatory Commission (“FERC”), require that regulated electric utilities purchase power produced by cogenerators or small power producers that obtain qualifying facility (“QF”) status. The rate a QF receives for the sale of its power is generally referred to as the “avoided cost” rate and is to reflect the incremental cost to an electric utility of electric energy or capacity or both, which, but for the purchase from the QF, such utility would generate itself or purchase from another source. The Commission has authority under PURPA Sections 201 and 210 and the implementing regulations of the FERC, 18 C.F.R. § 292, to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

## **II. FIRM ENERGY SALES AGREEMENT**

2. The expected Nameplate Capacity of this Facility is 80 megawatts (“MW”). Because this amount exceeds 10 average MW, prior Commission rulings require Idaho Power to negotiate a specific Firm Energy Sales Agreement (“FESA” or “Agreement”) for this QF. Key elements of a negotiated Agreement for a QF that is larger than 10 average MW are:

(a) **Energy Purchase Price.** Rather than the Facility qualifying for the Commission-established, published avoided cost rate set for QF projects in Idaho, Idaho Power must run the AURORA economic dispatch model consistent with the Commission requirements for projects larger than 10 MW to establish a basis for the energy purchase price in the Agreement.

(b) Terms and Conditions. Idaho Power uses the basic PURPA contract template that is used for QFs smaller than 10 average MW as a starting point for the various terms and conditions of the Agreement for a QF project that is larger than 10 average MW. Through the negotiation process, Idaho Power not only strives to maintain the key elements of a PURPA agreement but also works with the proposed project to capture additional terms and conditions that are both favorable to Idaho Power customers, and are fair terms and conditions with respect to the QF project.

3. On September 3, 2010, Idaho Power and Rockland entered into a FESA for the Facility pursuant to the terms and conditions of the various Commission Orders applicable to this PURPA agreement. A copy of the Agreement is attached to this Application as Attachment No. 1. As a QF PURPA project that exceeds 10 average MW, the Agreement with Rockland contains many terms and conditions that vary from the "standard" PURPA FESA that is typically submitted for approval by the Company. The varying terms and conditions of this Agreement are more favorable to Idaho Power customers than the "standard" PURPA terms and conditions including: (1) provisions for partial completion damages; (2) simplified Mechanical Availability Guarantee ("MAG") calculation; (3) providing Renewable Energy Credits ("RECs") to the Company after year 2021; (4) better financial damage and security provisions for the benefit of customers; (5) more extensive wind forecasting data; (6) a 25-year contract term; and (7) an energy price that is lower than the published avoided cost rate. Each of these beneficial terms and conditions is summarized below.

4. Partial Completion Damages. As stated above, the expected Nameplate Capacity of this Facility is 80 MW. As specified in paragraph 5.11 of the Agreement, if

the Nameplate Capacity is less than 72 MW, Idaho Power will be entitled to collect Partial Completion Damages from Rockland in the amount of \$10,000 per MW less than 72 MW.

5. Mechanical Availability Guarantee. The MAG calculation within this Agreement is more stringent and potentially easier to administer than the MAG in standard PURPA agreements. In both this Agreement and standard PURPA agreements, the MAG is set at 85 percent. However, in this Agreement, the mechanical availability of the Facility is determined by dividing the availability of each turbine as recorded in the automated operating system of each turbine by the Nameplate Capacity of each turbine less Idaho Power caused curtailments. In comparison, in the standard PURPA agreements, impact of available wind, unplanned maintenance, and many other factors that are difficult to measure are included in the Mechanical Availability calculation.

6. Renewable Energy Credits. The Facility retains the rights to all RECs through the end of calendar year 2021. Idaho Power will own the rights to all RECs from the beginning of calendar year 2022 through the remaining term of the Agreement (a minimum of 15 years). This allows the QF developer to retain the RECs for the initial 10 years of the Agreement and obtain what value it can for them to help offset the cost of development for the project at a time when the Company does not have a Renewable Portfolio Standard ("RPS") obligation for the RECs. At the same time, it also allows the Company to retain the RECs for the last 15 years of the Agreement, after the project is developed and mature, and when a future RPS may require the Company to obtain and have RECs.

7. Damages and Security. This Agreement has considerably more identified damages and security requirements of Rockland than those that are typically applied to a QF project in a standard PURPA FESA. All specified damages are supported by liquid security requirements placed upon Rockland. Thus, in the event Idaho Power must exercise any of the damage claims, there is established security that Idaho Power may draw upon to satisfy the damages. Just as in standard PURPA agreements, Rockland must post \$45 per KW (80 MW equals \$3,600,000) of security that Idaho Power may draw upon if the Facility is delayed in achieving its Operation Date. Additional security required in this Agreement that is above and beyond that required in standard PURPA agreements includes:

(a) Signing Security – \$300,000. Rockland must post this security prior to Idaho Power filing this Agreement with the Commission seeking its approval. As of September 3, 2010, Rockland posted the required \$300,000 signing security with the Company.

(b) Operational Security – \$1,500,000. Rockland must post this security prior to the project achieving its Operation Date and shall then maintain this security for the full term of the Agreement.

8. Wind forecasting. In addition to Rockland being required to contribute to the Idaho Power wind forecasting cost as specified for all new PURPA wind agreements, the Agreement also requires Rockland to install, maintain, and provide wind measurement data from state of the art wind monitoring equipment to Idaho Power for the full term of the Agreement.

9. Contract Term. The Facility has selected July 15, 2011, as the Scheduled First Energy date and December 31, 2011, as the Scheduled Operation Date. The contract term specified in this Agreement is 25 years. This term is greater than the standard term of 20 years as provided in the less than 10 MW PURPA agreements. This 25-year contract term was a result of negotiations that attempted to balance many related factors within the Agreement in a manner that was favorable to Idaho Power customers and also manageable for Rockland. Some of those factors are: the projects willingness to meet performance requirements for the full 25-year term; financial security in place for the entire term; advantageous energy pricing for the years past 20 years; Idaho Power ownership of the RECs generated in years 11 through 25; and Idaho Power's right of first offer to participate in expansion and/or ownership of the Facility at any time during the term of the Agreement.

10. Energy Price. As a basis for energy prices in this Agreement, Idaho Power executed the AURORA economic dispatch model for this Facility's estimated energy shape as specified by Commission requirements. This model provides strictly an energy price based upon the estimated generation from this Facility being available to meet Idaho Power's customers' energy needs. This AURORA energy price contains no value for RECs or other items of value identified within the Agreement. The energy price identified by the AURORA run, including a discount of \$6.50 per megawatt-hour ("MWh") for wind integration, was a levelized price of \$56.21. In comparison, the Published Avoided Cost levelized price for a 10 average MW or less PURPA wind project with a planned on-line year of 2011 is \$75.88 per MWh.

11. The negotiated levelized energy price contained within this Agreement for the 25-year term calculates to be \$71.29 per MWh. The actual all hours energy pricing stream (paragraph 7.3 of the Agreement) begins at \$57.15 per MWh in 2011, escalates at 2.5 percent through the first 20 years to \$91.36 in the twentieth contract year (2030), then escalates at a reduced rate of 2 percent for the last 5 years of the Agreement, ending at a price of \$101.37 in the twenty-fifth contract year (2035). In comparison, the Published Avoided Cost rate available to PURPA wind projects less than 10 average MW for the year 2011 is \$55.26 per MWh, escalating to \$113.21 per MWh in year 2030. This Agreement also contains both the seasonal and time-of-day pricing as required in all PURPA agreements.

12. Although the \$71.29 levelized energy price within this Agreement is greater than the base AURORA value of \$56.21, it is also lower than the Published Avoided Cost rate of \$75.88. This Agreement provides many additional items of value to Idaho Power and its customers in comparison to a standard PURPA agreement for QFs 10 MW and under. Some of those items being REC ownership, greater security and damage provisions, wind forecasting data, additional contract years at comparatively lower cost, and the right of first offer for ownership or expansion of this site. In addition, the \$71.29 price is considerably lower than prices bid into the 2012 Wind RFP issued in May 2009, which Idaho Power recently concluded without awarding a contract.

13. Rockland made this unsolicited proposal of a large 80 MW PURPA project to Idaho Power and requested Idaho Power negotiate this Agreement as required by the applicable PURPA rules and regulations. Historically, many developers have avoided

or attempted to avoid this large PURPA contracting process by dividing a large project into multiple, less than 10 average MW projects, thus invoking application of the Published Avoided Cost Rate and the more prescriptive contracting process applicable to those smaller QF projects. Idaho Power believes that the negotiations with Rockland, which resulted in the present Agreement, evidence the fact that the large PURPA negotiation process is viable and can result in a project that is both feasible for the developer and more favorable to Idaho Power customers as compared to FESAs for 10 average MW or smaller QF projects.

### **III. INTERCONNECTION AND TRANSMISSION**

14. The FESA provides that Rockland must have completed an interconnection feasibility study, is responsible to complete a Generation Interconnection Agreement ("GIA"), and is responsible for all costs associated with interconnection of the Facility to Idaho Power's system. As of the time of filing this Application, Idaho Power has completed the feasibility study, and Rockland has accepted the same. The parties are in the final stages of a facility study with an executed GIA to follow. Idaho Power Power Supply has also filed a Transmission Service Request for this project (rated at 80 MW) and has received a favorable response from the transmission group that transmission capacity is available for this project contingent upon completion of the GIA and this Agreement.

### **IV. MODIFIED PROCEDURE**

15. As with all PURPA FESAs, this Agreement provides that it will not become effective until the Commission has approved all of the Agreement's terms and conditions and declared that all payments Idaho Power makes to Rockland for

purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. See, § 21.1. Additionally, during negotiations, Rockland advised Idaho Power that they have some key time constraints on developing this project and desired a provision that allows them to terminate the Agreement if Commission approval is not received within 90 days after the Agreement is filed for approval at the Commission.

16. The Company was hesitant to agree to include such a provision in the Agreement, being mindful of the Commission's process and procedure and aware of the fact that the Commission has many demands upon its time and resources. However, agreement to such a provision was required to execute the Agreement, which Idaho Power believes contains several other provisions that are beneficial to its customers. The Company contacted legal counsel for Commission Staff, notifying them about the existence of this 90-day provision regarding Commission approval prior to signing the Agreement and submitting the same to the Commission for approval. Should the Commission determine that Modified Procedure is appropriate in this case, it may be possible for the Commission to complete its review and issue an Order in this matter within 90 days of the initial filing.

17. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and therefore respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201, *et seq.* Additionally, to meet the needs and request of the project developer, the Company respectfully requests that a Modified Procedure comment period be established such that a determinative Order in this matter may be issued within 90 days of the date the Application is filed.

**V. COMMUNICATIONS AND SERVICE OF PLEADINGS**

18. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker, Senior Counsel  
Lisa Nordstrom, Lead Counsel  
Idaho Power Company  
1221 West Idaho Street  
P.O. Box 70  
Boise, Idaho 83707  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

Randy C. Allphin  
Energy Contract Administrator  
Idaho Power Company  
1221 West Idaho Street  
P.O. Box 70  
Boise, Idaho 83707  
[rallphin@idahopower.com](mailto:rallphin@idahopower.com)

**VI. REQUEST FOR RELIEF**

19. Idaho Power Company respectfully requests that the Commission: (1) issue an Order authorizing that this matter may be processed by Modified Procedure; (2) issue an Order within 90 days of the filing of this Application both approving the Firm Energy Sales Agreement between Idaho Power Company and Rockland Wind Project, LLC, without change or condition; and (3) declaring that all payments for purchases of energy under the Firm Energy Sales Agreement between Idaho Power Company and Rockland Wind Project, LLC, be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 8<sup>th</sup> day of September 2010.



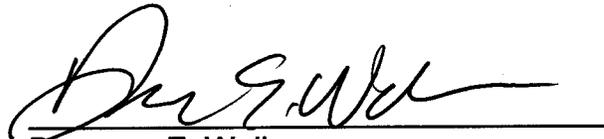
DONOVAN E. WALKER  
Attorney for Idaho Power Company

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 8<sup>th</sup> day of September 2010 I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

**Rockland Wind Project, LLC**  
Dennis Meany, President  
Joan Hutchinson, VP of Origination and Marketing  
Rockland Wind Project, LLC  
1300 North Northlake Way, 2<sup>nd</sup> Floor  
Seattle, Washington 98103

- Hand Delivered
- U.S. Mail
- Overnight Mail
- FAX
- Email

  
\_\_\_\_\_  
Donovan E. Walker

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION  
CASE NO. IPC-E-10-24**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**

**FIRM ENERGY SALES AGREEMENT**

**BETWEEN**

**IDAHO POWER COMPANY**

**AND**

**ROCKLAND WIND PROJECT LLC**

FIRM ENERGY SALES AGREEMENT  
BETWEEN  
IDAHO POWER COMPANY  
AND  
ROCKLAND WIND PROJECT LLC

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FIRM ENERGY SALES AGREEMENT

Project Name: Rockland Wind Project

Project Number: 41455300

THIS FIRM ENERGY SALES AGREEMENT ("Agreement"), entered into on this 3<sup>rd</sup> day of September, 2010 between Rockland Wind Project LLC (Seller), and IDAHO POWER COMPANY, an Idaho corporation (Idaho Power), hereinafter sometimes referred to collectively as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, Seller will design, construct, own, maintain and operate an electric generation facility;  
and

WHEREAS, Seller wishes to sell, and Idaho Power is willing to purchase, firm electric energy produced by the Seller's Facility.

THEREFORE, In consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

ARTICLE I: DEFINITIONS

As used in this Agreement and the appendices attached hereto, the following terms shall have the following meanings:

- 1.1 "Adjusted Facility Mechanical Availability" means the sum of the actual hours in each calendar month less any hours, and any portion of an hour (measured in 15-minute intervals), in which a Force Majeure, an Idaho Power Forced Outage or an Idaho Power failure to receive Net Energy was in effect that prevented the Facility or portions of the Facility from delivering Net Energy to

Idaho Power multiplied by the Nameplate Capacity of the Facility as established in paragraph 5.3 of this Agreement result being measured in MWhs.

1.2 “Availability Shortfall Price” –

1.2.1 For each calendar month beginning before January 1, 2022, the difference of the Market Energy Reference Price for such month, minus the applicable All Hours Energy Price specified in paragraph 7.3 of this Agreement for such month.

1.2.2 For each calendar month beginning on or after January 1, 2022, the difference of the Market Energy Reference Price for such month, plus the Environmental Attribute Replacement Value minus the applicable All Hours Energy price specified in paragraph 7.3 of this Agreement

1.2.3 If the applicable calculation in paragraph 1.2.1 or 1.2.2 results in a value less than 15.00 Mills/Kwh the result shall be 15.00 Mills/Kwh.

1.3 “Business Days” - means any calendar day that is not a Saturday, a Sunday, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas , or any other NERC recognized holiday.

1.4 “Commission” - The Idaho Public Utilities Commission.

1.5 “Contract Year” - The period commencing each calendar year on the same calendar date as the Operation Date and ending one (1) year thereafter.

1.6 “Critical Permits” has the meaning set forth in paragraph 5.4.

1.7 “Delay Damages” – Damages payable to Idaho Power as calculated in paragraph 5.4, 5.5, 5.6 and 5.7.

1.8 “Delay Period” – All days past the Scheduled Operation Date until the Seller’s Facility achieves the Operation Date, provided that if Seller’s Facility achieves the Operation Date after the Delay Security has been exhausted by Idaho Power as provided in this Agreement, the Delay Period ends on the date that the Delay Security equals zero and Idaho Power may terminate this Agreement at that time with no additional damages being assessed against either Party.

- 1.9 “Delay Price” – Eight Thousand Dollars (\$8,000.00) per day.
- 1.10 “Delay Security”- The amount of security, as determined in paragraph 5.9.1, to be provided against delays in Seller’s achievement of the Operation Date.
- 1.11 “Designated Dispatch Facility” - Idaho Power’s Systems Operations Group, or any subsequent group designated by Idaho Power.
- 1.12 “Effective Date” – The date stated in the opening paragraph of this Firm Energy Sales Agreement representing the date upon which this Firm Energy Sales Agreement was fully executed by both Parties.
- 1.13 “Facility” - That electric generation facility described in Appendix B of this Agreement.
- 1.14 “Facility Mechanical Availability” - A monthly estimate, measured in MWhs prepared and documented after the fact by the Seller, reviewed and accepted by the Buyer in accordance with paragraph 6.6.1 that is the sum of the available hours and any portion of an hour (measured in 15 minute intervals), of each wind turbine as recorded on each wind turbines operations system (SCADA) multiplied by the Nameplate Capacity of each wind turbine. The Seller shall collect and maintain actual data to support this calculation and shall keep this data for a minimum of 3 years.
- 1.15 “First Energy Date” - The day commencing at 00:01 hours, Mountain Time, following the day that Seller has satisfied the requirements of Article IV and the Seller begins delivering energy to Idaho Power at the Point of Delivery.
- 1.16 “Environmental Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Facility, and its avoided emission of pollutants. Environmental Attributes include but are not limited to: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or

potential threat of altering the Earth's climate by trapping heat in the atmosphere;<sup>1</sup> (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of Energy. Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Facility, (ii) production tax credits associated with the construction or operation of the Facility and other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a state or federal income taxation obligation, (iii) the cash grant in lieu of the investment tax credit pursuant to Section 1603 of the American Recovery and Reinvestment Act of 2009, or (iv) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating and/or air quality permits.

- 1.17 "Environmental Attribute Replacement Value" – means a) through the calendar year of 2021 the lesser of \$25 per MWh or the documented value of the affected Party's lost RECs, expressed in dollars per MWh or b) for the calendar year of 2022 and beyond the lesser of \$25 escalated by 2% for each calendar year past 2021 or the documented value of the affected Party's lost RECs, expressed in dollars per MWh.
- 1.18 "Heavy Load Hours" – The daily hours beginning at 7:00 am, ending at 11:00 pm Mountain Time, (16 hours) excluding all hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.

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<sup>1</sup> Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Environmental Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

- 1.19 “Idaho Power Forced Outage” – a partial or total reduction of Idaho Power's ability to accept Net Energy at the Point of Delivery for non-economic reasons, as a result of Idaho Power: 1) equipment failure which was **not** the result of negligence or lack of preventative maintenance or 2) unplanned preventative maintenance to repair equipment that left unrepaired, would result in failure of equipment prior to the planned maintenance period or 3) planned maintenance or construction of electrical lines required to serve this Facility. Idaho Power shall make commercially reasonable efforts to perform the planned and unplanned preventative maintenance during periods of low wind availability.
- 1.20 “Interconnection Facilities” - All equipment specified in Seller’s interconnection agreement.
- 1.21 “Light Load Hours” – The daily hours beginning at 11:00 pm, ending at 7:00 am Mountain Time (8 hours), plus all other hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.
- 1.22 “Losses” – The loss of electrical energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the Metering Point and the Point of Delivery. The loss calculation formula will be as specified in Appendix B of this Agreement. If the Metering Point is physically located at the Point of Delivery and measures the actual energy delivered to the Idaho Power electrical system at that point then the Losses will be zero.
- 1.23 “Market Energy Reference Price” – Eighty five percent (85%) of the Mid-Columbia Market Energy Cost.
- 1.24 “Material Breach” – A Default (paragraph 19.2.1) subject to paragraph 19.2.2.
- 1.25 “Maximum Capacity Amount” – The maximum capacity (MW) of the Facility will be as specified in Appendix B of this Agreement.
- 1.26 “Mechanical Availability” – The percentage amount calculated by Seller within five (5) days after the end of each month of the Facility’s monthly mechanical availability, calculated as the quotient of the Facility Mechanical Availability (MWhs) divided by the Adjusted Facility Mechanical Availability (MWhs) Availability for the applicable month. Any damages due as a result of the

- Seller falling short of the Mechanical Availability Guarantee for each month shall be determined in accordance with paragraph 6.6.4.
- 1.27 “Mechanical Availability Guarantee” shall be as defined in paragraph 6.6.
- 1.28 “Metering Equipment” - All equipment specified in Seller’s interconnection agreement, this Agreement and any additional equipment specified in Appendix B required to measure, record and telemeter bi-directional power flows from the Seller's Facility at the Metering Point.
- 1.29 “Metering Point” - The physical point at which the Metering Equipment is located that enables accurate measurement of the Test Energy and Net Energy deliveries to Idaho Power at the Point of Delivery for this Facility that provides all necessary data to administer this Agreement.
- 1.30 “Mid- Columbia Market Energy Cost” – Ninety percent (90%) of the monthly weighted average of the daily on-peak and off-peak Intercontinental Exchange Mid-Columbia Index (ICE Mid-C Index) prices for firm energy. If the ICE Mid-C Index price is discontinued by Intercontinental Exchange, both Parties will mutually agree upon a replacement index, which is similar to the ICE Mid-C Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.
- 1.31 “Nameplate Capacity” –The full-load electrical quantities assigned by the designer to a generator or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovolt-amperes, kilowatts, volts or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.
- 1.32 “Net Energy” – All of the electric energy produced by the Facility, less Station Use, less Losses, expressed in kilowatt hours (kWh) delivered to Idaho Power at the Point of Delivery. Subject to the terms of this Agreement, Seller commits to deliver all Net Energy to Idaho Power at the Point of Delivery for the full term of the Agreement.
- 1.33 “Operation Date” – The day commencing at 00:01 hours, Mountain Time, following the day that all requirements of paragraph 5.3 have been completed.

- 1.34 “Point of Delivery” – The location specified in Appendix B, where Idaho Power’s and the Seller’s electrical facilities are interconnected and the energy from this Facility is delivered to Idaho Power.
- 1.35 “Prudent Electrical Practices” – Those practices, methods and acts that would be implemented and followed by prudent operators of electric transmission facilities (with respect to Idaho Power) or prudent operators of electric generation facilities similar to the Facility (with respect to Seller) in the Western United States during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety, and shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with manufacturers’ warranties, restrictions in this Agreement, and the requirements of governmental authorities with jurisdiction over the applicable Party, WECC standards, and applicable Law. Good Industry Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.
- 1.36 “PTC” – The Production Tax Credits applicable to electricity produced from certain renewable resources pursuant to 26 U.S.C. § 45, or replacement or substitute tax benefits based on energy production from the Facility.
- 1.37 “PTC Value” – If the Seller elects to receive PTCs for this Facility, an amount equal to: (a) the PTCs to which Seller would have been entitled with respect to renewable energy (i) it is unable to deliver because of a Buyer event of default or (ii) that Buyer fails to receive and such failure is not excused by the terms of this Agreement; plus (b) a "gross up" amount to take into account the federal, state and local income tax to Seller on such payments in lieu of PTCs, so that the net amount retained by Seller, after payment of federal, state and local income taxes, is equal to the amount set forth in clause (a) of this definition. For purposes of determining the foregoing, Seller shall deliver a certificate from an officer of Seller stating the corporate income tax rates (federal,

state or local, as applicable) that are in effect for the Seller during the tax year in which the receipt of such PTC Value is taxed, and such income tax rates shall be used in the calculation of the PTC Value. If the Seller does not elect to receive PTC's for this Facility, the PTC Value shall be zero (0).

- 1.38 “Renewable Energy Certificate” or “REC” means a certificate, credit, allowance, green tag, or other transferable indicia, howsoever entitled, indicating generation of renewable energy by the Facility, and includes all Environmental Attributes arising as a result of the generation of electricity associated with the REC. One REC represents the Environmental Attributes associated with the generation of one thousand (1,000) kWh of Net Energy.
- 1.39 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date, as such date may be extended in accordance with paragraph 5.4. It is expected that the Scheduled Operation Date provided by the Seller shall be a reasonable estimate of the date that the Seller anticipates that the Seller’s Facility shall achieve the Operation Date.
- 1.40 “Season” – The three periods identified in paragraph 6.4.1 of this Agreement.
- 1.41 “Serial Defect” means an equipment failure, or a foreseen equipment failure, after installation of the equipment that is a result of a manufacturer’s material manufacturing or design defect, or a defect that occurs in thirty percent (30%) or more of the equipment installed and which the Seller had no knowledge of prior to the equipment being installed at this Facility.
- 1.42 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility.
- 1.43 “Term” has the meaning set forth in paragraph 5.1.
- 1.44 “Test Energy” – All Net Energy produced by the Seller’s Facility and delivered by the Facility to the Idaho Power electrical system prior to the Operation Date.
- 1.45 “Wind Energy Production Forecast” – A forecast of energy deliveries from this Facility provided by an Idaho Power administered wind forecasting model, as described in Appendix E.
- 1.46 “Wind Energy Production Forecasting Monthly Cost Allocation” or “MCA” has the meaning set forth in Appendix E.

## ARTICLE II: NO RELIANCE ON IDAHO POWER

- 2.1 Seller Independent Investigation - Seller warrants and represents to Idaho Power that in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of Idaho Power in connection with the transactions contemplated by this Agreement.
- 2.2 Seller Independent Experts - All professionals or experts including, but not limited to, engineers, attorneys or accountants, that Seller may have consulted or relied on in undertaking the transactions contemplated by this Agreement have been solely those of Seller.

## ARTICLE III: WARRANTIES

- 3.1 No Warranty by Idaho Power - Any review, acceptance or failure to review Seller's design, specifications, equipment or facilities shall not be an endorsement or a confirmation by Idaho Power and Idaho Power makes no warranties, expressed or implied, regarding any aspect of Seller's design, specifications, equipment or facilities, including, but not limited to, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.
- 3.2 Qualifying Facility Status - Seller warrants that the Facility will be a "Qualifying Facility," as that term is used and defined in 18 CFR 292.201 et seq. prior to the delivery of any Test Energy or Net Energy for sale pursuant to this Agreement. After initial qualification, Seller will take such steps as may be required to maintain the Facility's Qualifying Facility status under 18 CFR §292.201 et. seq. during the full term of this Agreement, and Seller's failure to maintain Qualifying Facility status will be a Material Breach of this Agreement. As specified in paragraph 4.1.1, as a condition to achieve a First Energy Date, the Seller shall provide documentation and evidence that the Facility is a Qualifying Facility. After the First Energy Date Idaho Power reserves the right to request and review the Qualifying Facility status and associated support and compliance documents at anytime during the term of this Agreement.

## ARTICLE IV: CONDITIONS TO ACCEPTANCE OF ENERGY

- 4.1 Prior to the First Energy Date, Seller shall:
- 4.1.1 Submit proof to Idaho Power that all licenses, permits or approvals necessary for Seller's operations have been obtained from applicable federal, state or local authorities, including, but not limited to, evidence of compliance with 18 CFR 292.201 et seq. as a certified Qualifying Facility.
  - 4.1.2 Opinion of Counsel - Submit to Idaho Power an Opinion Letter signed by an attorney admitted to practice and in good standing in the State of Idaho providing an opinion that Seller's licenses, permits and approvals as set forth in paragraph 4.1.1 above are legally and validly issued, are held in the name of the Seller and, based on a reasonable independent review, counsel is of the opinion that Seller is in substantial compliance with said permits as of the date of the Opinion Letter. The Opinion Letter will be in a form acceptable to Idaho Power and will acknowledge that the attorney rendering the opinion understands that Idaho Power is relying on said opinion. Idaho Power's acceptance of the form will not be unreasonably withheld. The Opinion Letter will be governed by and shall be interpreted in accordance with the legal opinion accord of the American Bar Association Section of Business Law (1991).
  - 4.1.3 Mechanical Completion Certificate – Submit to Idaho Power a copy of the Mechanical Completion Certificate provided by the engineering, procurement, and construction contractor for each wind turbine prior to the start of commissioning for such wind turbine.
  - 4.1.4 Nameplate Capacity – Submit evidence to Idaho Power that the Nameplate Capacity that will be established in paragraph 5.3 of this Agreement is not designed to exceed the Maximum Capacity.
  - 4.1.5 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIII.
  - 4.1.6 Interconnection – Provide written confirmation from Idaho Power's delivery business unit that Seller has satisfied all material interconnection requirements.

4.2 The Facility shall be designated as an Idaho Power network resource capable of delivering firm energy up to the Maximum Capacity Amount no later than the First Energy Date. Seller shall supply to Idaho Power all Facility information and data that is required to enable Idaho Power to request this designation no later than 60 days prior to the First Energy Date.

#### ARTICLE V: TERM AND OPERATION DATE

5.1 Term - Subject to the provisions of paragraph 5.2 below, this Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to the terms of this Agreement, shall continue in full force and effect for a period of twenty five (25) Contract Years from the Operation Date ("Term").

5.2 Extension of Term – prior to the end of the Term of this Agreement, the Parties may mutually agree to negotiate the extension of the Term of this agreement.

5.3 Operation Date - The Operation Date may occur only after the Facility has achieved all of the following:

- a) Achieved the First Energy Date.
- b) Commission approval of this Agreement in a form reasonably acceptable to both of the Parties has been received.
- c) Seller has submitted an executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy, in substantially the form specified in Appendix C, as may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates. If Idaho Power does not dispute the validity of these certificates within five (5) days after Seller's submission, then Idaho Power will be deemed to have accepted the certificates. If Idaho Power disputes the validity of these certificates within five (5) days the Parties shall cooperate to resolve the issues identified by Idaho Power. If the Parties are not able to resolve the identified issues, the Parties shall commence the dispute resolution procedures set forth in paragraph 19.1. Until such

time as the Engineering Certificates are accepted by Idaho Power or the dispute resolution procedure results in a determination that the Engineering Certificates meet the requirements of this paragraph 5.3(c), this requirement shall not be fulfilled ; provided that (i) if the Seller's provided Engineering Certificates are substantially and materially complete, the Scheduled Operation Date shall be extended on a day-for-day basis for each day from the submission of the Engineering Certificates until the dispute is resolved, and (ii) if after resolution of the Idaho Power identified issues, it is deemed that the initial certificates submitted by the Seller were in substantial compliance with all material requirements, the date of the initial submittal shall be established as the date that this requirement was fulfilled.

- d) Nameplate Capacity – Submit to Idaho Power manufacturer's and engineering documentation that establishes the Nameplate Capacity of the Facility.
- e) Security Requirements - Provide Idaho Power with a Letter of Credit or Cash Escrow Security (as those terms are defined in this paragraph), Guarantee (as defined in Appendix D), or other forms of liquid financial security that would provide readily available cash to Idaho Power upon the occurrence of an event of default under this Agreement. The value of these security instruments shall be \$1,500,000.00 and Seller shall have the right at any time during the Term to substitute among the forms of security provided for in this paragraph 5.3(e).
  - i. Cash Escrow Security – If Seller elects to provide Cash Escrow Security, Seller shall deposit funds in an escrow account established on behalf of Idaho Power in a banking institution acceptable to both Parties equal to value of the security as specified above. Such sum shall earn interest in accordance with the terms of the escrow agreement. To the extent Idaho Power receives payment from the escrow account, Seller shall, within fifteen (15) days thereafter,

restore the value of the escrow account as if no such deduction had occurred, unless this Agreement has been terminated.

ii. Letter of Credit or Guarantee – If Seller elects to provide a Letter of Credit or Guarantee, Seller shall post and maintain in an amount equal to the value of the security as specified above: (a) a Guarantee from Seller's corporate parent or a party meeting the Credit Requirements (as defined in Appendix D), or (b) a Letter of Credit from a party meeting the Credit Requirements (as defined in Appendix D) in favor of Idaho Power and in a form substantially similar to the form attached hereto as Appendix F. To the extent Idaho Power receives payment from the guarantor or draws upon the Letter of Credit, Seller shall, within fifteen (15) days thereafter, restore the value of the Guarantee or Letter of Credit as if no such deduction had occurred, unless this Agreement has been terminated.

f) Seller has provided written notice of the requested Operation Date to Idaho Power five (5) Business Days prior to the requested Operation Date.

g) Subject to paragraph 5.10.2, if the Delay Security remaining on the Operation Date is in excess of \$1,500,000, the Seller may notify Idaho Power to retain \$1,500,000 of the unallocated Delay Security to meet the Seller's \$1,500,000 security requirement required to be posted at the Operation Date. If the Seller makes this request, Idaho Power shall only return to the Seller the unallocated Delay Security less \$1,500,000

5.4 Operation Date Delay - Seller shall cause the Facility to achieve the Operation Date on or before the Scheduled Operation Date. The Scheduled Operation Date shall be extended on a day-for-day basis for each day of delay, caused by (a) an inability or delay in obtaining critical path permits, which shall include but not be limited to building permits ("Critical Permits") despite Seller's use

of commercially reasonable efforts to obtain timely such Critical Permits, (b) an event of Force Majeure, or (c) delays in the interconnection and transmission network upgrade study, design and construction process. Provided that such delays are not the result of any action or inaction by the Seller acting in a commercially reasonable manner, and provided that Seller is in material compliance with its obligations under its interconnection agreement.

5.4.1 If the Operation Date occurs after the Scheduled Operation Date, Idaho Power may draw upon the Delay Security in the amount of the Delay Damages, which shall be calculated at the end of each calendar month after the Scheduled Operation Date as follows:

Delay Damages are equal to the number of days in the Delay Period multiplied by the Delay Price.

5.5 If Seller has not achieved the Operation Date as of the date that is six (6) months after the Scheduled Operation Date (as it may be extended pursuant to paragraph 5.4), then either Party may terminate this Agreement within thirty (30) days after such date, effective upon written notice to the other Party, and Idaho Power shall be entitled to retain any remaining Delay Security as its sole and exclusive remedy for any inability of Seller to obtain the Operation Date by such date. If neither Party terminates this Agreement, then Idaho Power may continue to draw upon the Delay Security in the amount of the Delay Damages pursuant to paragraph 5.4.1.

5.6 The Parties agree that the damages Idaho Power would incur due to delay in the Facility achieving the Operation Date on or before the Scheduled Operation Date would be difficult or impossible to predict with certainty, and that the Delay Liquidated Damages are an appropriate approximation of such damages.

5.7 The Parties agree that the damages Idaho Power would incur due to Seller's inability to achieve the Operation Date within six (6) months after the Scheduled Operation Date would be difficult or impossible to predict with certainty, and that the portion of the Delay Security remaining undrawn at such time is an appropriate approximation of such damages.

5.8 Prior to the Seller executing this Agreement:

- a) Seller has filed for interconnection and is in material compliance with all payments and requirements of the interconnection process
- b) Seller has received and accepted an interconnection feasibility study for this Facility.
- c) Seller has provided all information required to enable Idaho Power to file an initial transmission capacity request.
- d) Results of the initial transmission capacity request are known and acceptable to the Seller.
- e) Seller acknowledges responsibility for all interconnection costs in accordance with its interconnection agreement.

5.9 Prior to Idaho Power filing this executed Agreement at the Commission seeking approval;

- a) Seller shall post security in a form as described in Appendix D in the amount of \$ 300,000, or
- b) Seller shall waive "Sellers Right to Terminate" as specified in paragraph 5.12.

If the Seller posts security as required in paragraph 5.9(a), Idaho Power shall:

- a) Draw upon this security to satisfy the termination payments due Idaho Power if the Seller terminates this Agreement as allowed in paragraph 5.12(a).
- b) Release any remaining security as required in paragraph 5.9(a) after;
  - i) Termination of this agreement as allowed in paragraph 5.12 has occurred and Idaho Power has collected all termination payments due Idaho Power,
  - ii) Seller has waived the "Sellers Right to Terminate" as specified in paragraph 5.12. or
  - iii) Seller has posted Delay Security.

5.10 Within thirty (30) days of the date of a Commission Order, as specified in Article XXI, approving this Agreement, Seller shall post Delay Security in a form as described in Appendix D equal to the amount calculated in paragraph 5.10.1. Failure to post this Delay Security in the time specified above will be a Material Breach of this Agreement and Idaho Power may terminate this Agreement

if Seller fails to cure such Material Breach within five (5) Business Days after written notice from Idaho Power.

5.10.1 Delay Security – The Delay Security shall equal forty five dollars (\$45) multiplied by the Maximum Capacity Amount, with the Maximum Capacity Amount being measured in kW.

5.10.1.1 In the event (a) Seller provides Idaho Power with a certification that (1) a generation interconnection agreement specifying a schedule that will enable this Facility to achieve the Operation Date no later than the Scheduled Operation Date has been completed and the Seller has paid all required interconnection costs thereunder, or (2) a generation interconnection agreement is substantially complete and all material costs of interconnection have been identified and agreed upon, and (b) the Seller is in material compliance with all terms and conditions of the generation interconnection agreement, the Delay Security calculated in accordance with paragraph 5.9.1 will be reduced by ten percent (10%).

5.10.1.2 If the Seller has received a reduction in the calculated Delay Security as specified in paragraph 5.9.1.1 and subsequently (a) at Seller's request, the generation interconnection agreement specified in paragraph 5.9.1.1 is revised and as a result the Facility will not achieve its Operation Date by the Scheduled Operation Date or (b) if the Seller does not maintain compliance with the generation interconnection agreement, the full amount of the Delay Security as calculated in paragraph 5.9.1 will be subject to reinstatement and will be due and owing within 15 Business Days from the date Idaho Power requests reinstatement. Failure to timely reinstate the Delay Security will be a Material Breach of this Agreement if such failure is not cured within five (5) Business Days after written notice from Idaho Power.

5.10.2 Idaho Power shall calculate the amount of any Delay Damages owed by Seller and release any remaining Delay Security within (a) five (5) Business Days after the Operation Date, provided that Idaho Power shall not be required to release the amount, if any, of the Delay

Security that Seller has elected to apply towards its security obligations under paragraph 5.3(g), or (b) if this Agreement is terminated prior to Seller achieving the Operation Date, 60 days after the Agreement has been terminated. Notwithstanding anything to the contrary in this Agreement, Seller's liability for any breach of this Agreement by Seller or termination of this Agreement prior to the Operation Date, except for any breach caused by Seller's willful misconduct, shall be limited to no more than the amount of the Delay Security. The Delay Security as determined in paragraph 5.10.1 is a fixed amount and Seller shall not be required to replenish such Delay Security if and when it is drawn upon by Idaho Power.

- 5.10.3 Progress Reports. Within ten (10) Business Days after the end of each calendar month following the Effective Date until the Operation Date is achieved, Seller shall submit progress reports to Idaho Power on the development and construction of the Facility. Idaho Power shall rely on these progress reports to schedule the transmission capacity availability and other factors that will impact Idaho Power's ability to accept the Test Energy and/or Net Energy from the Facility.
- 5.11 Partial Completion Damages – If the Nameplate Capacity established pursuant to paragraph 5.3(d) is less than seventy-two (72) MW, then Idaho Power shall be entitled to draw upon and retain a portion of the Delay Security equal to the product of (a) the difference of seventy-two (72) MW, minus the Nameplate Capacity, in MW, multiplied by (b) ten thousand dollars per MW (\$10,000/MW). Drawing upon and retaining such portion of the Delay Security shall be Idaho Power's sole and exclusive remedy for any failure of Seller to develop and place in operation the full seventy-two (72) MW of electrical generating capacity.
- 5.12 Seller Termination Right. If Seller is unable to obtain an agreement for the sale of RECs associated with the expected Net Energy produced by the Facility on terms acceptable to Seller, then Seller shall have the right to terminate this Agreement, effective upon written notice to Idaho Power, provided that Seller shall be liable to Idaho Power for a termination payment equal to (a) \$300,000

if Seller provides notice of termination prior to receipt of Commission approval of this Agreement, (b) \$1,000,000 if Seller provides notice of termination on or before the date that is thirty (30) days after receipt of Commission approval of this Agreement, or (c) the amount of the Delay Security if Seller provides notice of termination more than sixty (60) days after receipt of Commission approval of this Agreement.

#### ARTICLE VI: PURCHASE AND SALE OF NET ENERGY

- 6.1 Delivery and Acceptance of Net Energy - Except when either Party's performance is excused as provided herein, Idaho Power will purchase and receive and Seller will sell and deliver all of the Net Energy to Idaho Power at the Point of Delivery.
- 6.2 Delivery and Acceptance of Test Energy - It is understood by both Parties that prior to the Operation Date both Parties are commissioning and testing the applicable interconnection and generation equipment and interruptions of the Facility's ability to deliver Test Energy to Idaho Power may occur. The Seller and Idaho Power shall cooperate and coordinate the testing of the various equipment to minimize these interruptions.
- 6.3 At no time will the instantaneous amount of Net Energy and/or Test Energy produced by the Facility and delivered by the Seller to the Point of Delivery exceed the Maximum Capacity Amount.
- 6.4 Net Energy Amounts - Seller intends to produce and deliver Net Energy in the following monthly amounts. The Parties agree that the actual amount of Net Energy produced by the Facility and delivered by Seller to the Point of Delivery may vary from these estimates. These amounts shall be consistent with the Mechanical Availability Guarantee associated with the wind turbines selected by Seller in its sole and reasonable discretion. Upon final selection of wind turbines by Seller, Seller shall have the right to revise the amounts set forth in this paragraph as well as the Facility description in Appendix B.

6.4.1 Initial Year Monthly Net Energy Amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	20,918,000
	April	20,015,000
	May	16,735,000
Season 2	July	10,548,000
	August	12,374,000
	November	21,384,000
	December	26,752,000
Season 3	June	15,111,000
	September	13,001,000
	October	18,679,000
	January	24,395,000
	February	<u>18,150,000</u>
	Total	218,062,000

6.5 Unless excused by an event of Force Majeure, Seller's failure to deliver Net Energy in any Contract Year in an amount equal to at least ten percent (10%) of the sum of the Initial Year Monthly Net Energy Amounts as specified in paragraph 6.4 shall constitute an event of default.

6.6 Mechanical Availability Guarantee – For each full calendar month beginning after the Operation Date has been established, the Facility shall achieve a minimum monthly Mechanical Availability for the Facility of at least (a) eighty percent (80%), in respect of each of the first six (6) full calendar months after the Operation Date, or (b) eighty-five percent (85%), in respect of each full calendar month thereafter (the "Mechanical Availability Guarantee"). Failure to achieve the Mechanical Availability Guarantee shall result in Idaho Power calculating damages as specified in paragraph 6.6.4.

6.6.1 Within five (5) days after the end of each month, the Seller shall provide and certify the calculation of the Facility's Mechanical Availability for the previous month. The Seller shall include a summary of all information used to calculate the Mechanical Availability, including but not limited to: (a) hourly turbine availability, (b) Force Majeure events,

Idaho Power Forced Outages, and Idaho Power failure to receive Net Energy. If Idaho Power disputes Seller's calculation of the Facility's Mechanical Availability, Idaho shall notify Seller and if not resolved informally by the Parties, such disputes shall be resolved in accordance with Article XIX.

6.6.2 The Seller shall maintain and retain for three (3) years detailed documentation supporting the calculation of the Facility's Mechanical Availability.

6.6.3 Idaho Power shall have the right to review and audit the documentation supporting the calculation of the Facility's Mechanical Availability at the Seller's Facility or other mutually agreed location during normal business hours and upon reasonable advance notice.

6.6.4 If the previous month's Mechanical Availability is less than the Mechanical Availability Guarantee, then the damages for such month shall be equal to the product of (a) the difference between (i) the Mechanical Availability Guarantee, minus (ii) the Mechanical Availability for such month, multiplied by (b) the Initial Year Monthly Net Energy amount set forth in paragraph 6.4.1 for the applicable month, multiplied by (c) the Availability Shortfall Price (Example included as Appendix G). Notwithstanding anything to the contrary in this Agreement, the aggregate damages payable by Seller due to actual Mechanical Availability of less than the Mechanical Availability Guarantee shall not exceed \$3.2 million in any Contract Year nor \$16.0 million cumulatively over the Term of this Agreement. The caps on liability set forth in the foregoing sentence shall not limit Seller's liability for a breach of this Agreement caused by Seller's willful misconduct.

6.6.5 Any damages calculated in paragraph 6.6.4 will be offset against the current month's energy payment. If an unpaid balance remains after the damages are offset against the energy payment, the Seller shall pay in full the remaining balance within 30 days of the date of the invoice.

6.7 Tax Credits and Grants. Idaho Power agrees and acknowledges that any and all financial

incentives, benefits or credits associated with the Facility, or the ownership or operation thereof, or the output of the Facility, including any production or investment tax credits, real or personal property tax credits, the cash grant available from the United States Department of Treasury in lieu of ITCs (as provided by Section 1603 of the American Recovery and Reinvestment Act of 2009), or sales or use tax credits in effect on the Effective Date shall be owned by Seller. In the event that new tax credits or increased levels of existing tax credits, or other financial incentives applicable to the Facility or the output of the Facility are enacted or implemented after the Effective Date and during the Term of the Agreement, Seller shall own all such new or increased financial incentives.

ARTICLE VII: PURCHASE PRICE AND METHOD OF PAYMENT

7.1 Heavy Load Purchase Price – For all Net Energy received during Heavy Load Hours, Idaho Power will pay the non-levelized energy price as specified below:

<u>Year</u>	<u>Season 1 - (73.50 %)</u> <u>Mills/Kwh</u>	<u>Season 2 - (120.00 %)</u> <u>Mills/Kwh</u>	<u>Season 3 - (100.00 %)</u> <u>Mills/Kwh</u>
2011	44.39	72.47	60.39
2012	45.44	74.18	61.82
2013	46.51	75.94	63.28
2014	47.62	77.74	64.78
2015	48.75	79.59	66.32
2016	49.91	81.48	67.90
2017	51.09	83.42	69.52
2018	52.31	85.41	71.17
2019	53.56	87.45	72.87
2020	54.84	89.53	74.61
2021	56.15	91.68	76.40
2022	57.50	93.87	78.23
2023	58.87	96.12	80.10
2024	60.29	98.43	82.02
2025	61.73	100.79	83.99
2026	63.22	103.21	86.01
2027	64.74	105.69	88.08
2028	66.30	108.24	90.20
2029	67.89	110.85	92.37

2030	69.53	113.52	94.60
2031	71.21	116.26	96.89
2032	72.59	118.51	98.76
2033	73.99	120.80	100.67
2034	75.42	123.14	102.62
2035	76.89	125.53	104.61
2036	78.38	127.96	106.63

7.2 Light Load Purchase Price – For all Net Energy received during Light Load Hours, Idaho Power

will pay the non-levelized energy price as specified below:

<u>Year</u>	<u>Season 1 - (73.50 %)</u> <u>Mills/Kwh</u>	<u>Season 2 - (120.00 %)</u> <u>Mills/Kwh</u>	<u>Season 3 - (100.00 %)</u> <u>Mills/Kwh</u>
2011	39.04	63.73	53.11
2012	40.09	65.45	54.54
2013	41.16	67.20	56.00
2014	42.27	69.00	57.50
2015	43.40	70.85	59.04
2016	44.56	72.74	60.62
2017	45.74	74.68	62.24
2018	46.96	76.67	63.89
2019	48.21	78.71	65.59
2020	49.49	80.80	67.33
2021	50.80	82.94	69.12
2022	52.14	85.13	70.95
2023	53.52	87.38	72.82
2024	54.94	89.69	74.74
2025	56.38	92.05	76.71
2026	57.87	94.48	78.73
2027	59.39	96.96	80.80
2028	60.95	99.50	82.92
2029	62.54	102.11	85.09
2030	64.18	104.79	87.32
2031	65.86	107.53	89.16
2032	67.24	109.78	91.48
2033	68.64	112.07	93.39
2034	70.07	114.41	95.34

2035	71.53	116.79	97.33
2036	73.02	119.22	99.35

7.3 All Hours Energy Price – The price to be used in the calculation of the Test Energy Price and Availability Shortfall Price shall be the non-levelized energy price as specified below:

<u>Year</u>	<u>Season 1 - (73.50 %)</u> <u>Mills/Kwh</u>	<u>Season 2 - (120.00 %)</u> <u>Mills/Kwh</u>	<u>Season 3 - (100.00 %)</u> <u>Mills/Kwh</u>
2011	42.01	68.58	57.15
2012	43.06	70.29	58.58
2013	44.13	72.05	60.04
2014	45.24	73.85	61.54
2015	46.37	75.70	63.08
2016	47.53	77.59	64.66
2017	48.71	79.53	66.28
2018	49.93	81.52	67.93
2019	51.18	83.56	69.63
2020	52.46	85.65	71.37
2021	53.77	87.79	73.16
2022	55.11	89.98	74.99
2023	56.49	92.23	76.86
2024	57.90	94.54	78.78
2025	59.35	96.90	80.75
2026	60.84	99.32	82.77
2027	62.36	101.81	84.84
2028	63.92	104.35	86.96
2029	65.51	106.96	89.13
2030	67.15	109.64	91.36
2031	68.83	112.38	93.65
2032	70.21	114.62	95.52
2033	71.61	116.92	97.43
2034	73.04	119.25	99.38
2035	74.50	121.64	101.37
2036	75.99	124.07	103.39

- 7.4 Test Energy Price - For all Test Energy, Idaho Power shall pay to the Seller the current month's Market Energy Reference Price or the All Hours Energy Price specified in paragraph 7.3, whichever is lower.
- 7.5 Payment Due Date – Undisputed Energy payments, less the Wind Energy Production Forecasting Monthly Cost Allocation and any other payments due Idaho Power, will be disbursed to the Seller within 10 days of the date which Idaho Power receives the documentation of the monthly Net Energy actually delivered to Idaho Power as specified in Appendix A.
- 7.6 Continuing Jurisdiction of the Commission - This Agreement is a special contract and, as such, the rates, terms and conditions contained in this Agreement will be construed in accordance with Idaho Power Company v. Idaho Public Utilities Commission and Afton Energy, Inc., 107 Idaho 781, 693 P.2d 427 (1984) (Afton III), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P.2d 400 (1986), Arkoosh v. Idaho Power Company, Idaho Public Utilities Commission Order No. 19442 (Feb. 8, 1985), Idaho Power Company v. Idaho Public Utilities Commission, 107 Idaho 1122, 695 P.2d 1261 (1985), Section 210 of the Public Utilities Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

#### ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

- 8.1 Seller retains ownership under this Agreement of the Environmental Attributes directly associated with the production of energy from the Seller's Facility sold to Idaho Power through the last day of calendar year 2021.
- 8.2 Idaho Power shall be granted ownership under this Agreement of Environmental Attributes directly associated with the production of energy from the Seller's Facility sold to Idaho Power starting with the first hour of the first day of calendar year 2022 and through the end of the Term of this Agreement.

ARTICLE IX: FACILITY, INTERCONNECTION AND WIND FORECASTING DATA

9.1 Design of Facility - Seller will design, construct, install, own, operate and maintain the Facility and any Seller-owned Interconnection Facilities so as to allow safe and reliable generation and delivery of Net Energy to the Idaho Power Point of Delivery for the full term of the Agreement.

9.2 Interconnection Facilities - Except as specifically provided for in this Agreement, the required Interconnection Facilities will be determined in accordance with Seller's interconnection agreement. Responsibility for all costs associated with this equipment will be set forth in Seller's interconnection agreement.

9.3 Wind data

9.3.1 Historical wind data – Within 60 days after Commission approval of this Agreement, the Seller shall provide Idaho Power with seven years of historical wind data from the meteorological towers at the Rockland site. This data will be provided in an electronic format reasonably acceptable to Idaho Power.

9.3.2 No later than 30 days prior to the First Energy Date the Seller shall have erected at the site two (2) high quality, hub-height, permanent, meteorological wind measurement towers at locations on the site equipped with:

- (i) Two (2) heated anemometers per tower;
- (ii) Two (2) air temperature sensors per tower;
- (iii) One (1) barometric pressure sensor (with DCP sensor); and
- (iv) Two (2) heated wind vanes per tower.

9.3.3 The wind sensors and air temperature sensors shall be set at two (2) height locations from ground level. All equipment shall provide reasonably accurate measurement of wind data. The Seller will install the necessary equipment to be able to electronically transmit this wind data and wind turbine availability status real-time to Idaho Power or a designee of Idaho Power in a method and form reasonably acceptable to Idaho Power and in accordance with Prudent Electrical Practices. Turbine availability status shall be

transmitted beginning 45 days after First Energy Date. Failure by the Seller to operate and maintain this equipment in a manner to provide reasonably accurate and dependable data for the full term of this Agreement shall be an event of default.

9.3.4 Seller shall submit to Idaho Power Seller's technical specifications for the meteorological towers along with a site plan showing the location of the towers, project layout with turbine locations and the wind rose for the Site, as applicable.

#### ARTICLE X: METERING AND TELEMETRY

10.1 Metering - Idaho Power shall, for the account of Seller, provide, install, and maintain metering and telemetry equipment to be located at a mutually agreed upon location to record and measure power flows to Idaho Power in accordance with this Agreement and Seller's interconnection agreement. The metering equipment will be at the location and of the type required to measure, record and report the Facility's Net Energy, Station Use, and maximum energy deliveries (kW) at the Point of Delivery in a manner to provide Idaho Power adequate energy measurement data to administer this Agreement and to integrate this Facility's energy production into the Idaho Power electrical system.

10.2 Telemetry - Idaho Power will install, operate and maintain at Seller's expense metering, communications and telemetry equipment which will be capable of providing Idaho Power with continuous instantaneous telemetry of Seller's Net Energy produced and delivered to the Idaho Power Point of Delivery to Idaho Power's Designated Dispatch Facility.

#### ARTICLE XI - RECORDS

11.1 Maintenance of Records - Seller shall maintain at the Facility or such other location mutually acceptable to the Parties adequate total generation, Net Energy, Station Use, and maximum generation (kW) records in a form and content reasonably acceptable to Idaho Power and Prudent Electrical Practices.

11.2 Inspection - Either Party, after reasonable notice to the other Party, shall have the right, during

normal business hours, to inspect and audit any or all generation, Net Energy, Station Use, and maximum generation (kW) records pertaining to the Seller's Facility.

## ARTICLE XII: OPERATIONS

12.1 Communications - Idaho Power and the Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility in accordance with Appendix A of this Agreement.

12.2 Energy Acceptance –

12.2.1 Idaho Power shall be excused from accepting and paying for Net Energy which would have otherwise been produced by the Facility and delivered by the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, an Idaho Power Forced Outage or temporary disconnection of the Facility in accordance with Seller's interconnection agreement. If, for reasons other than an event of Force Majeure, temporary disconnections under Seller's interconnection agreement exceed twenty (20) days in the aggregate in any Contract Year, beginning with the twenty-first day of such interruption, curtailment or reduction, Seller will be deemed to be delivering Net Energy at a rate equivalent to the pro rata daily average of the amounts specified for the applicable month in paragraph 6.4, and Idaho Power will pay Seller the sum of the applicable energy price in paragraph 7.1 or 7.2, plus the Environmental Attribute Replacement Value (if such curtailment occurs prior to January 1, 2022), plus the PTC Value for each MWh of deemed delivered Net Energy. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

12.2.2 If, pursuant to Prudent Electrical Practices, Seller's operation of the Facility or Interconnection Facilities is unsafe or may otherwise adversely affect Idaho Power's equipment, personnel or service to its customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission/distribution system as specified within Seller's interconnection agreement or take such other reasonable steps as Idaho Power

deems appropriate in accordance with Prudent Electrical Practices. If a disconnection occurs as specified in this paragraph 12.2.2, Idaho Power will not be responsible for payments to the Seller for any energy, Environmental Attribute Replacement Value or PTC Value associated with this disconnection.

- 12.2.3 Under no circumstances will the Seller deliver Net Energy from the Facility to the Point of Delivery on an instantaneous basis in an amount that exceeds the Maximum Capacity Amount. Seller's failure to limit instantaneous deliveries to the Maximum Capacity Amount will be a Material Breach of this Agreement if Seller does not reduce the output of the Facility to less than the Maximum Capacity Amount as soon as practicable after receipt of written notice from Idaho Power. Seller shall be responsible for any costs Idaho Power incurs as a result of the Seller delivering Net Energy to Idaho Power that exceeds the Maximum Capacity Amount.
- 12.2.4 If Idaho Power is unable to accept the energy from this Facility and is not excused from accepting the Facility's energy, Idaho Power shall pay Seller the sum of the applicable energy price in paragraph 7.1 or 7.2, plus the Environmental Attribute Replacement Value (if such curtailment occurs prior to January 1, 2022), plus the PTC Value for each MWh of the estimated energy that Idaho Power was unable to accept, which shall be estimated to have been delivered at a rate equivalent to the pro rata average of the amounts specified for the applicable month in paragraph 6.4. Except as set forth in the preceding sentence, Idaho Power will have no responsibility to pay for any other costs, lost revenue or consequential damages the Facility may incur.
- 12.3 Scheduled Maintenance – On or before January 31 of each calendar year, Seller shall submit a written proposed maintenance schedule of significant Facility maintenance for that calendar year to Idaho Power.
- 12.3.1 Seller shall not schedule planned maintenance requiring the removal from service of more than ten percent (10%) of the wind turbine generators comprising the Facility at any one

time during the months of July, August, November, or December.

- 12.3.2 Idaho Power shall promptly respond with acceptance of the proposed planned maintenance schedule or with suggested changes to the proposed planned maintenance schedule. If Idaho Power does not respond within 5 Business Days the Seller's proposed planned maintenance schedule will be deemed to be accepted. If Idaho Power proposes changes to the Seller provided planned maintenance schedule the Parties shall cooperate to mutually agree on a planned maintenance schedule. If the Parties are unable to agree on a revised planned maintenance schedule, the Seller's provided planned maintenance schedule will be in effect. Nothing in this paragraph 12.4 shall preclude Seller from performing maintenance on the Facility required by Prudent Electrical Practices, equipment warranties, or manufacturer or supplier guidelines.
- 12.4 Maintenance Coordination - The Seller and Idaho Power shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.
- 12.5 Contact Prior to Curtailment - Idaho Power will make a reasonable attempt to contact the Seller prior to exercising its rights to interrupt the interconnection or curtail deliveries from the Seller's Facility. Seller understands that in the case of emergency circumstances Idaho Power may not be able to provide notice to the Seller prior to interruption, curtailment, or reduction of electrical energy deliveries to Idaho Power.
- 12.6 Replacement of Facilities. Seller may alter, modify, maintain, repair, or replace the assets comprising the Facility, including the replacement of wind turbine generators, without Idaho Power's consent under this Agreement, provided that the Nameplate Capacity of the Facility may not exceed the Maximum Capacity Amount and the changes are in compliance with Seller's interconnection agreement.

#### ARTICLE XIII: INDEMNIFICATION AND INSURANCE

- 13.1 Indemnification - Each Party shall agree to hold harmless and to indemnify the other Party, its officers, agents, affiliates, subsidiaries, parent company and employees against all loss, damage,

expense and liability to third persons for injury to or death of person or injury to property, proximately caused by the indemnifying Party's (a) construction, ownership, operation or maintenance of, or by failure of, any of such Party's works or facilities used in connection with this Agreement or (b) negligent or intentional acts, errors or omissions, but excluding any loss, damage, expense or liability caused solely by the gross negligence or willful misconduct of the Party seeking indemnity. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall pay all documented costs, including reasonable attorney fees that may be incurred by the other Party in enforcing this indemnity.

13.2 Insurance - During the term of this Agreement, Seller shall secure and continuously carry the following insurance coverage:

13.2.1 Comprehensive General Liability Insurance for both bodily injury and property damage with limits equal to \$1,000,000, each occurrence, combined single limit. The deductible for such insurance shall be consistent with current Insurance Industry Utility practices for similar property.

13.2.2 The above insurance coverage shall be placed with an insurance company with an A.M. Best Company rating of A- or better and shall include:

- (a) An endorsement naming Idaho Power as an additional insured and loss payee as applicable; and
- (b) A provision stating that such policy shall not be canceled or the limits of liability reduced without sixty (60) days' prior written notice to Idaho Power.

13.3 Certificates of Insurance - As required in paragraph 4.1.6 herein and annually thereafter, Seller shall furnish to Idaho Power a certificate of insurance, together with the endorsements required therein, evidencing the coverage as set forth above.

13.4 Notification of Loss of Coverage - If the insurance coverage required by paragraph 13.2 shall lapse for any reason, the Seller will immediately notify the other Party in writing. The notice will advise

of the specific reason for the lapse and the steps being taken to reinstate the coverage. Failure to provide this notice and to expeditiously reinstate or replace the coverage will constitute a Material Breach of this Agreement if not cured within fifteen (15) days after lapse of such insurance.

#### ARTICLE XIV: FORCE MAJEURE

14.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the reasonable control of the Seller or of Idaho Power which, despite the exercise of due diligence, such Party is unable to prevent or overcome. Force Majeure includes, but is not limited to, acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, changes in law or regulation occurring after the Effective Date or Serial Defects which, by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it is unable to overcome. If either Party is rendered wholly or in part unable to perform or delayed in performing its obligations under this Agreement because of an event of Force Majeure, both Parties shall be excused from whatever performance is affected by the event of Force Majeure, provided that:

- (1) The non-performing Party shall, as soon as is reasonably possible after the occurrence of the Force Majeure or the date when it should have reasonably become aware that an event has given rise to a Force Majeure, give the other Party written notice describing the particulars of the occurrence.
- (2) The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure.
- (3) No obligations of either Party which arose before the occurrence causing the suspension of performance and which could and should have been fully performed before such occurrence shall be excused as a result of such occurrence.
- (4) Neither Party shall be excused from the obligation to make payment for amounts due in respect of performance rendered prior to the event of Force Majeure.

ARTICLE XV: LIABILITY; DEDICATION

- 15.1 Limitation of Liability. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. Neither Party shall be liable to the other for any indirect, special, consequential, nor punitive damages, except as expressly authorized by this Agreement.
- 15.2 Dedication. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the Party or the public or affect the status of Idaho Power as an independent public utility corporation or Seller as an independent individual or entity.

ARTICLE XVI: SEVERAL OBLIGATIONS

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

ARTICLE XVII: WAIVER

- 17.1 Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XVIII: CHOICE OF LAWS AND VENUE

- 18.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho without reference to its choice of law provisions.
- 18.2 Venue for any litigation arising out of or related to this Agreement will lie in the District Court of the Fourth Judicial District of Idaho in and for the County of Ada.

## ARTICLE XIX: DISPUTES AND DEFAULT

19.1 Disputes - All disputes related to or arising under this Agreement, including, but not limited to, the interpretation of the terms and conditions of this Agreement, will be submitted for resolution as set forth in this paragraph.

19.1.1 If a dispute arises under this Agreement (a "Dispute"), within ten (10) days following the delivered date of a written request by either Party (a "Dispute Notice"), (i) each Party shall appoint a representative, and (ii) the Parties' representatives shall meet, negotiate and attempt in good faith to resolve the Dispute quickly, informally and inexpensively. If the Parties' representatives cannot resolve the Dispute within thirty (30) days after commencement of negotiations, then within ten (10) Business Days following any request by either Party at any time thereafter, each Party representative (A) shall independently prepare a written summary of the Dispute describing the issues and claims, (B) shall exchange its summary with the summary of the Dispute prepared by the other Party representative, and (C) shall submit a copy of both summaries to a senior officer of the representative's Party with authority to irrevocably bind the Party to a resolution of the Dispute. Within ten (10) Business Days after receipt of the Dispute summaries, the senior officers for both Parties shall negotiate in good faith to resolve the Dispute. If the Parties are unable to resolve the Dispute within fourteen (14) Business Days following receipt of the Dispute summaries by the senior officers, either Party may seek available remedies.

19.2 Notice of Default

19.2.1 Defaults. If either Party fails to perform or maintain any of the terms or conditions of this Agreement (an "event of default"), the non-defaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such default occurred. If the defaulting Party shall fail to cure such default within the sixty (60) days after service of such notice, or if the defaulting Party reasonably demonstrates to the non-defaulting Party that the default can be cured within a commercially reasonable

time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the non-defaulting Party may, at its option, terminate this Agreement and/or pursue its legal or equitable remedies. Notwithstanding anything to the contrary in this paragraph 19.2.1, Idaho Power's unexcused failure to accept energy from this Facility will not be deemed an event of default so long as Idaho Power continues to comply fully with its obligations to compensate Seller pursuant to paragraphs 12.2.1 and 12.2.4.

19.2.2 Material Breaches – The notice and cure provisions in paragraph 19.2.1 do not apply to defaults identified in this Agreement as Material Breaches. Without limiting any express cure periods provided in this Agreement, Material Breaches must be cured as expeditiously as possible following occurrence of the breach and, in any case, once cured shall no longer be cause for termination under this Agreement.

19.3 Security for Performance - Prior to the Operation Date and thereafter for the full term of this Agreement, Seller will provide Idaho Power with the following:

19.3.1 Insurance - Evidence of compliance with the provisions of paragraph 13.2. If Seller fails to comply, such failure will be a Material Breach and may only be cured by Seller supplying evidence that the required insurance coverage has been replaced or reinstated, which evidence must be supplied within fifteen (15) days after written notice from Idaho Power;

19.3.2 Engineer's Certifications - Every three (3) years after the Operation Date, Seller will supply Idaho Power with a Certification of Ongoing Operations and Maintenance (O&M) from a Registered Professional Engineer licensed in the State of Idaho, which Certification of Ongoing O & M shall be in the form specified in Appendix C. Seller's failure to supply the required certificate will be an event of default. Such a default may only be cured by Seller providing the required certificate; and

19.3.3 Licenses and Permits - During the full term of this Agreement, Seller shall maintain material compliance with all permits and licenses described in paragraph 4.1.1 of this

Agreement. In addition, Seller will supply Idaho Power with copies of any new or additional permits or licenses. At least every fifth Contract Year, Seller will update the documentation described in Paragraph 4.1.1. If at any time Seller fails to maintain compliance with the permits and licenses described in paragraph 4.1.1 or to provide the documentation required by this paragraph, such failure will be an event of default and may only be cured by Seller submitting to Idaho Power evidence of compliance from the permitting agency.

- 19.3.4 Security Requirements – From the Operation Date until the termination or expiration of this Agreement, Seller shall maintain compliance with the security requirements specified in paragraph 5.3(e) of this Agreement.

#### ARTICLE XX: GOVERNMENTAL AUTHORIZATION

- 20.1 This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party of this Agreement, it being acknowledged that Seller is not a “public utility” regulated by the Commission.

#### ARTICLE XXI: COMMISSION ORDER

- 21.1 This Agreement shall become finally effective upon the Commission’s approval of all terms and provisions hereof without change or condition and declaration that all payments to be made to Seller hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.
- 21.2 Idaho Power shall file this Agreement for Commission Approval within fifteen (15) days after the Effective Date. In the event that Commission approval pursuant to paragraph 21.1 has not been received within ninety (90) days after the date on which Idaho Power files this Agreement for Commission Approval, then Seller shall have the right to terminate this Agreement, without liability to Idaho Power, effective upon written notice to Idaho Power.

## ARTICLE XXII: SUCCESSORS AND ASSIGNS

22.1 This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, except that no assignment hereof by either Party shall become effective without the written consent of both Parties being first obtained. Such consent shall not be unreasonably withheld. Notwithstanding the foregoing, any party which Idaho Power may consolidate, or into which it may merge, or to which it may convey or transfer substantially all of its electric utility assets, shall automatically, without further act, and without need of consent or approval by the Seller, succeed to all of Idaho Power's rights, obligations and interests under this Agreement. Notwithstanding the foregoing, Seller may transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers without obtaining Idaho Power's consent. Upon Seller's request and expense, Idaho Power shall in good faith negotiate and agree upon a consent to collateral assignment of this Agreement in a form that is commercially reasonable and customary in the industry. This article shall not prevent a financing entity with recorded or secured rights from exercising all rights and remedies available to it under law or contract. Idaho Power shall have the right to be notified by the financing entity that it is exercising such rights or remedies.

22.2 Right of First Offer upon Sale of Facility Assets, increase of existing Facility Nameplate rating, or expansion of the Facility.

22.2.1 Facility Assets. If, at any time during the Term, Seller intends to sell the assets comprising all or substantially all of the Facility (the "Facility Assets") or more than fifty percent (50%) of the Seller's direct ownership to a person or entity that is not an Affiliate of Seller, Seller shall first offer the Facility Assets to Idaho Power. Seller's offer to Idaho Power shall set forth, in writing and in reasonable detail, substantially similar terms and conditions of the offer being proposed by the Seller to the other person or entity. Seller shall promptly answer any questions that Idaho Power may have concerning the offered terms and conditions and shall meet with Idaho Power to discuss the offer.

22.2.2 Idaho Power's Rejection of Offer; Revival of Offer. If Idaho Power does not provide written notice of its intent to accept the offered terms and conditions within thirty (30) days after receiving each of the Seller's offers made under 22.2.1, Seller may in its sole discretion enter into an agreement to sell the Facility Assets to a third party in compliance with the requirements of this Article 22 and on terms and conditions satisfactory to Seller in its sole discretion. Seller may elect not to proceed with the sale of the Facility Assets. Idaho Power and Seller may mutually agree to continue negotiations beyond the timeline specified.

22.2.3 Idaho Power's Acceptance of Offer. If Idaho Power provides written notice of its intent to accept the offer made by Seller under this paragraph 22.2, the Parties shall negotiate in good faith to enter into a definitive sales agreement that incorporates the terms and conditions of Seller's offer. The definitive agreement shall be subject to each Party's regulatory approvals. If within sixty (60) days of Idaho Power's acceptance of the offer, a definitive sales agreement has not been executed by an officer of the Idaho Power and Seller, then either Party may terminate the negotiations without further obligation to the other Party, and Seller may in its sole discretion enter into an agreement to sell the Facility Assets to a third party.

22.2.4 Right of First Offer of expansion of this Facility. If at the time of development of this Facility or at any future date, the Seller proposes to increase the nameplate rating of this Facility or add additional electrical generation at this site, the Seller shall first offer the additional electrical generation to Idaho Power as an amendment to this Agreement, as a separately negotiated purchase power agreement, or whole or partial ownership of the Facility or the additional generation facilities. This offer from the Seller shall include but not be limited to proposed capacity, energy pricing, contract term, online date and other information that will enable Idaho Power to be able to evaluate Idaho Power's interest in

this additional electrical generation. Upon receipt of the Seller's offer (containing reasonably adequate information) Idaho Power shall have thirty (30) days to respond to Seller's offer of Idaho Power's intent to continue negotiations for this additional electrical generation. If Idaho Power provides notice that Idaho Power has no current intention to continue negotiations the Seller may pursue other opportunities with other parties for the development and sale of this additional electrical generation. If Idaho Power provides notice to the Seller of the desire to continue negotiations Idaho Power and Seller shall commence good faith negotiations of an amendment to this Agreement and/or a separate agreement. If after sixty (60) days of good faith negotiations, an agreement is not completed, the Seller may provide notice to Idaho Power of its intention to pursue opportunities with other parties. By mutual consent, this sixty (60) day negotiation period may be extended.

#### ARTICLE XXIII: MODIFICATION

- 23.1 No modification to this Agreement shall be valid unless it is in writing and signed by both Parties and, if such modification is material, subsequently approved by the Commission.

#### ARTICLE XXIV: TAXES

- 24.1 Each Party shall pay before delinquency all taxes and other governmental charges which, if failed to be paid when due, could result in a lien upon the Facility or the Interconnection Facilities.

#### ARTICLE XXV: NOTICES

- 25.1 All written notices under this Agreement shall be directed as follows and shall be considered delivered when faxed, e-mailed and confirmed with deposit in the U.S. Mail, first-class, postage prepaid, as follows:

To Seller:

Original document to:

Ridgeline Energy LLC  
1300 N. Northlake Way, 2<sup>nd</sup> Floor  
Seattle, WA 98103  
Attention: Dennis P. Meany, President  
Phone: (203) 702-6372  
e-mail: [dmeany@el-en.com](mailto:dmeany@el-en.com)

Copy of document to:

Ridgeline Energy LLC  
1300 N. Northlake Way, 2<sup>nd</sup> Floor  
Seattle, WA 98103  
Attention: Joan E. Hutchinson,  
Vice President Origination and Marketing  
Phone: (206) 462-4868  
e-mail: [jhutchinson@rl-en.com](mailto:jhutchinson@rl-en.com)

To Idaho Power:

Original document to:

Senior Vice President, Power Supply  
Idaho Power Company  
P O Box 70  
Boise, Idaho 83707  
Email: [LGgrow@idahopower.com](mailto:LGgrow@idahopower.com)

Copy of document to:

Cogeneration and Small Power Production  
Idaho Power Company  
P O Box 70  
Boise, Idaho 83707  
E-mail: [rallphin@idahopower.com](mailto:rallphin@idahopower.com)

Either Party may change the contact person and/or address information listed above, by providing written notice from an authorized person representing the Party.

ARTICLE XXVI: ADDITIONAL TERMS AND CONDITIONS

26.1 Equal Employment. During performance pursuant to this Agreement, Seller agrees to comply with all applicable equal employment opportunity, small business, and affirmative action laws and regulations. All Equal Employment Opportunity and affirmative action laws and regulations are hereby incorporated by this reference, including provisions of 38 U.S.C. § 4212, Executive Order

11246, as amended, and any subsequent executive orders or other laws or regulations relating to equal opportunity for employment on government contracts. To the extent this Agreement is covered by Executive Order 11246, the Equal Opportunity Clauses contained in 41 C.F.R. 60-1.4, 41 C.F.R. 60-250.5, and 41 CFR 60-741.5 are incorporated herein by reference. [Reserved for review and comment by Seller]

26.2 This Agreement includes the following appendices, which are attached hereto and included by reference:

Appendix A	-	Monthly Power Production and Availability Report
Appendix B	-	Facility and Point of Delivery
Appendix C	-	Engineer's Certifications
Appendix D	-	Forms of Liquid Security
Appendix E	-	Wind Energy Production Forecasting
Appendix F	-	Form of Letter of Credit
Appendix G	-	Sample Shortfall Damages Calculation

#### ARTICLE XXVII: SEVERABILITY

27.1 The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other terms or provisions and this Agreement shall be construed in all other respects as if the invalid or unenforceable term or provision were omitted.

#### ARTICLE XXVIII: COUNTERPARTS

28.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

#### ARTICLE XXIX: ENTIRE AGREEMENT

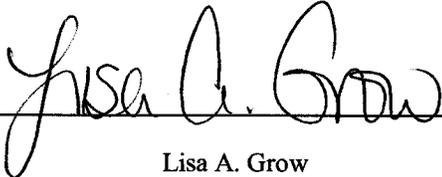
29.1 This Agreement constitutes the entire Agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements between the Parties concerning the subject matter hereof.

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed  
in their respective names on the dates set forth below:

Idaho Power Company

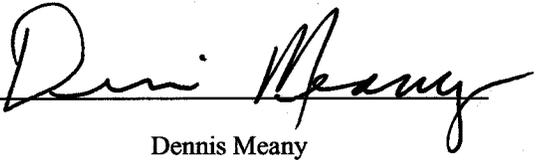
Rockland Wind Project LLC

By

  
\_\_\_\_\_

Lisa A. Grow  
Sr. Vice President, Power Supply

By

  
\_\_\_\_\_

Dennis Meany  
President

Dated

9.3.10  
\_\_\_\_\_  
"Idaho Power"

Dated

9/1/2010  
\_\_\_\_\_  
"Seller"

APPENDIX A

A-1 MONTHLY POWER PRODUCTION AND AVAILABILITY REPORT

At the end of each month the following required documentation will be submitted to:

Idaho Power Company  
Attn: Cogeneration and Small Power Production  
P O Box 70  
Boise, Idaho 83707

The meter readings required on this report will be the readings on the Idaho Power meter equipment measuring the Facility's total energy production delivered to the Delivery Point and Station Usage and the maximum generated energy (kW) as recorded on the metering equipment and/or any other required energy measurements to adequately administer this Agreement. This document shall be the document to enable Idaho Power to begin the energy payment calculation and payment process. The meter readings on this report shall not be used to calculate the actual payment, but instead will be a check of the automated meter reading information that will be gathered as described in item A-2 below:

This report shall also include the Seller's calculation of the Mechanical Availability.

**Idaho Power Company**

**Cogeneration and Small Power Production**

**MONTHLY POWER PRODUCTION AND AVAILABILITY REPORT**

Month \_\_\_\_\_ Year \_\_\_\_\_

Project Name \_\_\_\_\_ Project Number: \_\_\_\_\_  
 Address \_\_\_\_\_ Phone Number: \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

	<u>Net Facility Output</u>	<u>Station Usage</u>	<u>Station Usage</u>	<u>Metered Maximum Generation</u>
Meter Number:	_____	_____	_____	kW
End of Month kWh Meter Reading:	_____	_____	_____	
Beginning of Month kWh Meter:	_____	_____	_____	
Difference:	_____	_____	_____	<u>Net Generation</u>
Times Meter Constant:	_____	_____	_____	
kWh for the Month:	_____ -	_____ -	_____ =	
Metered Demand:	_____	_____	_____	

**Mechanical Availability Guarantee**

Seller Calculated Mechanical Availability \_\_\_\_\_

As specified in this Agreement, the Seller shall include with this monthly report a summary statement of the Mechanical Availability of this Facility for the calendar month. This summary shall include details as to how the Seller calculated this value and summary of the Facility data used in the calculation. Idaho Power and the Seller shall work together to mutually develop a summary report that provides the required data. Idaho Power reserves the right to review the detailed data used in this calculation as allowed within the Agreement.

\_\_\_\_\_  
Signature Date

## A-2 AUTOMATED METER READING COLLECTION PROCESS

Monthly, Idaho Power will use the provided Metering and Telemetry equipment and processes to collect the meter reading information from the Idaho Power provided Metering Equipment that measures the Net Energy and energy delivered to supply Station Use for the Facility recorded at 12:00 AM (Midnight) of the last day of the month.

The meter information collected will include but not be limited to energy production, Station Use, the maximum generated power (kW) and any other required energy measurements to adequately administer this Agreement.

## A-3 ROUTINE REPORTING

Once the Facility has achieved its Operation Date and has operated in a reliable and consistent manner for a reasonable period of time, the Parties may mutually agree to modify this Routine Reporting requirement.

### Idaho Power Contact Information

#### Daily Energy Production Reporting

Call daily by 10 a.m., 1-800-356-4328 or 1-800-635-1093 and leave the following information:

- Project Identification - Project Name and Project Number
- Current Meter Reading
- Estimated Generation for the current day
- Estimated Generation for the next day

#### Planned and Unplanned Project outages

Call 1-800-345-1319 and leave the following information:

- Project Identification - Project Name and Project Number
- Approximate time outage occurred
- Estimated day and time of project coming back online

Seller's Contact Information

24-Hour Project Operational Contact

Name: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_

Project On-site Contact information

Telephone Number: \_\_\_\_\_

APPENDIX B

ROCKLAND WIND PROJECT

PROJECT NO. 41455300

**B-1**    DESCRIPTION OF FACILITY

*(Must include the nameplate rating and VAR capability (both leading and lagging) of all generation units to be included in the Facility.)*

Rockland Wind Project will be comprised of 44 Vestas V100 turbines for a total nameplate rating of 79.2 MW. Each turbine is rated at 1.8 MW and has .95 lead / .90 lag power factor. Turbine selection has not been finalized and the final Facility Description is subject to change based on actual turbine selection.

**B-2**    LOCATION OF FACILITY

Near: American Falls, Idaho

T7S R31E sec 31

T8S R30E sec 13, 24, 23-28, 33-36

T8S R31E sec 6, 7, 16, 19, 30, 31

T9S R30E sec 1-5, 9-12

County: Power County, ID.

Description of Interconnection Location: The Facility will interconnect to the Idaho Power transmission system at 138 kV at the project boundary in Section 36, Township 8 South, Range 30 East – to be defined in the interconnection agreement.

Nearest Idaho Power Substation: Brady Substation in American Falls.

**B-3**    SCHEDULED FIRST ENERGY AND OPERATION DATE

Seller has selected July 15, 2011 as the Scheduled First Energy Date.

Seller has selected December 31, 2011 as the Scheduled Operation Date.

In making these selections, Seller recognizes that adequate testing of the Facility and completion of all requirements in paragraph 5.3 of this Agreement must be completed prior to the project being granted an Operation Date.

**B-4**    MAXIMUM CAPACITY AMOUNT

This value will be 80 MW which is consistent with the value provided by the Seller to Idaho Power in accordance with Seller's interconnection agreement. This value is the maximum energy (MW) that potentially could be delivered by the Seller's Facility to the Idaho Power electrical system at any moment in time.

**B-5**    POINT OF DELIVERY

"Point of Delivery" means, unless otherwise agreed by both Parties, the point of where the Seller's Facility's energy is delivered to the Idaho Power electrical system. Seller's interconnection agreement will determine the specific Point of Delivery for this Facility. The Point of Delivery identified by Seller's interconnection agreement will become an integral part of this Agreement.

**B-6**    LOSSES

If the Idaho Power Metering equipment is capable of measuring the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, no Losses will be calculated for this Facility. If the Idaho Power Metering is unable to measure the exact energy deliveries by the Seller to the Idaho Power electrical system at the Point of Delivery, a Losses calculation will be established to measure the energy losses (kWh) between the Seller's Facility and the Idaho Power Point of Delivery. This loss calculation will be initially set at 2% of the kWh energy production recorded on the Facility generation metering equipment. At such time as Seller provides Idaho Power with the electrical equipment specifications (transformer loss specifications, conductor sizes, etc) of all of the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power will configure a revised loss calculation formula to be agreed to by both Parties and used to calculate the kWh Losses for the remaining term of the Agreement. If at

any time during the term of this Agreement, Idaho Power determines that the loss calculation does not correctly reflect the actual kWh losses attributed to the electrical equipment between the Facility and the Idaho Power electrical system, Idaho Power may adjust the calculation and retroactively adjust the previous month's kWh loss calculations.

B-7 METERING AND TELEMETRY

Seller's interconnection agreement will determine the specific metering and telemetry requirements for this Facility. At the minimum the Metering Equipment and Telemetry equipment must be able to provide and record hourly energy deliveries to the Point of Delivery and any other energy measurements required to administer this Agreement. These specifications will include but not be limited to equipment specifications, equipment location, Idaho Power provided equipment, Seller provided equipment, and all costs associated with the equipment, design and installation of the Idaho Power provided equipment. Seller will arrange for and make available at Seller's cost communication circuit(s) compatible with Idaho Power's communications equipment and dedicated to Idaho Power's use terminating at the Idaho Power facilities capable of providing Idaho Power with continuous instantaneous information on the Facilities energy production. Idaho Power provided equipment will be owned and maintained by Idaho Power, with total cost of purchase, installation, operation, and maintenance, including administrative cost to be reimbursed to Idaho Power by the Seller. Payment of these costs will be in accordance with Seller's interconnection agreement and the total metering cost will be included in the calculation of the Monthly Operation and Maintenance Charges specified in Seller's interconnection agreement.

B-8 NETWORK RESOURCE DESIGNATION

Idaho Power cannot accept or pay for generation from this Facility until a Network Resource Designation ("NRD") application has been accepted by Idaho Power's delivery business unit. Federal Energy Regulatory Commission ("FERC") Rules require Idaho Power to prepare and submit the NRD. Because much of the information Idaho Power needs to prepare the NRD is specific to the Seller's Facility, Idaho Power's ability to file the NRD in a timely manner is

contingent upon timely receipt of the required information from the Seller. Prior to Idaho Power beginning the process to enable Idaho Power to submit a request for NRD status for this Facility, the Seller shall have completed all requirements as specified in Paragraph 5.7 of this Agreement. **Seller's failure to provide complete and accurate information in a timely manner can significantly impact Idaho Power's ability and cost to attain the NRD designation for the Seller's Facility and the Seller shall bear the costs of any of these delays that are a result of any action or inaction by the Seller.**

APPENDIX C

ENGINEER'S CERTIFICATION  
OF  
OPERATIONS & MAINTENANCE POLICY

The undersigned \_\_\_\_\_, on behalf of himself and \_\_\_\_\_, hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the wind energy power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. \_\_\_\_\_ and is hereinafter referred to as the "Project."
4. That the Project, which is commonly known as the \_\_\_\_\_ Project, is located in Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_, Boise Meridian, \_\_\_\_\_ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a twenty-five (25) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has reviewed and/or supervised the review of the Policy for Operation and Maintenance ("O&M") for this Project and it is his professional opinion that, provided said Project has been designed and built to appropriate standards and assuming Sufficient Prime Mover, adherence to said O&M Policy will result in the Project's producing at or near the design electrical output, efficiency and plant factor for a twenty (20) year period.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.3 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By \_\_\_\_\_

(P.E. Stamp)

Date \_\_\_\_\_

APPENDIX C

ENGINEER'S CERTIFICATION  
OF  
ONGOING OPERATIONS AND MAINTENANCE

The undersigned \_\_\_\_\_, on behalf of himself and \_\_\_\_\_ hereinafter collectively referred to as "Engineer," hereby states and certifies to the Seller as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the wind energy power production project which is the subject of the Agreement and this Statement is identified as IPCo Facility No. \_\_\_\_\_ and hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the \_\_\_\_\_ Project, is located in Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_, Boise Meridian, \_\_\_\_\_ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a twenty-five (25) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project.
8. That Engineer has made a physical inspection of said Project, its operations and maintenance records since the last previous certified inspection. It is Engineer's professional opinion, based on the Project's appearance, that its ongoing O&M has been substantially in accordance with said O&M Policy; that it is in reasonably good operating condition; and that if adherence to said O&M Policy continues, the Project will continue producing at or near its design electrical output, efficiency and plant factor for the remaining \_\_\_\_\_ years of the Agreement.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.3 of the Agreement, is relying on Engineer's representations and opinions contained in this Statement.

10. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By \_\_\_\_\_

(P.E. Stamp)

Date \_\_\_\_\_

APPENDIX C

ENGINEER'S CERTIFICATION

OF

DESIGN & CONSTRUCTION ADEQUACY

The undersigned \_\_\_\_\_, on behalf of himself and \_\_\_\_\_, hereinafter collectively referred to as "Engineer", hereby states and certifies to Idaho Power as follows:

1. That Engineer is a Licensed Professional Engineer in good standing in the State of Idaho.
2. That Engineer has reviewed the Firm Energy Sales Agreement, hereinafter "Agreement", between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the wind energy power production project, which is the subject of the Agreement and this Statement, is identified as IPCo Facility No \_\_\_\_\_ and is hereinafter referred to as the "Project".
4. That the Project, which is commonly known as the \_\_\_\_\_ Project, is located in Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_, Boise Meridian, \_\_\_\_\_ County, Idaho.
5. That Engineer recognizes that the Agreement provides for the Project to furnish electrical energy to Idaho Power for a twenty-five (25) year period.
6. That Engineer has substantial experience in the design, construction and operation of electric power plants of the same type as this Project.
7. That Engineer has no economic relationship to the Design Engineer of this Project and has made the analysis of the plans and specifications independently.
8. That Engineer has reviewed the engineering design and construction of the Project, including the civil work, electrical work, generating equipment, prime mover conveyance system, Seller furnished Interconnection Facilities and other Project facilities and equipment.

9. That the Project has been constructed in accordance with said plans and specifications, all applicable codes and consistent with Prudent Electrical Practices as that term is described in the Agreement.

10. That the design and construction of the Project is such that with reasonable and prudent operation and maintenance practices by Seller, the Project is capable of performing in accordance with the terms of the Agreement and with Prudent Electrical Practices for a twenty (20) year period.

11. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.3 of the Agreement, in interconnecting the Project with its system, is relying on Engineer's representations and opinions contained in this Statement.

12. That Engineer certifies that the above statements are complete, true and accurate to the best of his knowledge and therefore sets his hand and seal below.

By \_\_\_\_\_  
(P.E. Stamp)

Date \_\_\_\_\_

## APPENDIX D

### FORMS OF LIQUID SECURITY

To the extent required pursuant to this Agreement, Seller shall provide Idaho Power with one or more commercially reasonable security instruments such as Cash Escrow Security, Guarantee or Letter of Credit as those terms are defined below or other forms of liquid financial security that would provide readily available cash to Idaho Power to satisfy the Delay Security and any other security requirements within this Agreement.

For the purpose of this Appendix D, the term "Credit Requirements" shall mean acceptable financial creditworthiness of the entity providing the security instrument in relation to the term of the obligation in the reasonable judgment of Idaho Power, provided that (a) any guarantee issued by any other entity with a short-term or long-term investment grade credit rating by Standard & Poor's Corporation or Moody's Investor Services, Inc. shall be deemed to have acceptable financial creditworthiness, and (b) any letter of credit issued by any other entity with a short-term or long-term investment grade credit rating of A- by Standard & Poor's Corporation or A3 by Moody's Investor Services, Inc. shall be deemed to have acceptable financial creditworthiness.

1. Cash Escrow Security – Seller shall deposit funds in an escrow account established by the Seller in a banking institution acceptable to both Parties equal to the Delay Security or other required security amount(s). The Seller shall be responsible for all costs, and receive any interest earned associated with establishing and maintaining the escrow account(s).
2. Guarantee or Letter of Credit Security – Seller shall post and maintain in an amount equal to the Delay Security or other required security amount either: (a) a Guarantee from Seller's corporate parent or a party that satisfies the Credit Requirements, in a form acceptable to Idaho Power at its reasonable discretion, or (b) an irrevocable Letter of Credit in a form

substantially similar to the form in Appendix F, in favor of Idaho Power. The Letter of Credit will be issued by a financial institution that satisfies the Credit Requirements. The Seller shall be responsible for its own costs and all costs imposed by the guarantor(s) or the issuer of the Letter(s) of Credit associated with establishing and maintaining the Guarantee(s) or Letter(s) of Credit.

## APPENDIX E

### WIND ENERGY PRODUCTION FORECASTING

As specified in Commission Order 30488, Idaho Power shall make use of a Wind Energy Production Forecasting model to forecast the energy production from this Facility and other Qualifying Facility wind generation resources. Seller and Idaho Power will share the cost of Wind Energy Production Forecasting. The Facility's share of Wind Energy Production Forecasting is determined as specified below. Sellers share will not be greater than 0.1% of the total energy payments made to Seller by Idaho Power during the previous Contract Year.

- a. For every month of this Agreement beginning with the first full month after the First Energy Date, the "Wind Energy Production Forecasting Monthly Cost Allocation" (or "MCA") will be due and payable by the Seller. Any MCAs that are not reimbursed to Idaho Power shall be deducted from energy payments to the Seller.
- b. As the value of the 0.1% cap of the Facilities total energy payments will not be known until the first Contract Year is complete, at the end of the first Contract Year any prior allocations that exceeded the 0.1% cap shall be adjusted to reflect the 0.1% cap and if the Facility has paid the MCAs a refund will be included in equal monthly amounts over the ensuing Contract Year. If the Facility has not paid the MCAs the amount due Idaho Power will be adjusted accordingly and the unpaid balance will be deducted from the ensuing Contract Year's energy payments.
- c. The cost allocation formula described below will be reviewed and revised if necessary on the last day of any month in which the cumulative MW nameplate of wind projects having Commission approved agreements to deliver energy to

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Issuer

\_\_\_\_\_  
(Name)

Title: \_\_\_\_\_

ATTACHMENT A

*Drawing Certificate*  
TO *[ISSUING BANK NAME]*  
IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT  
No. \_\_\_\_\_

DRAWING CERTIFICATE

Bank  
Bank Address

Subject: Irrevocable Non-transferable Standby Letter of Credit  
Reference Number: \_\_\_\_\_

The undersigned \_\_\_\_\_, an authorized representative of Idaho Power Company (the "Beneficiary"), hereby certifies to *[Issuing Bank Name]* (the "Bank"), and \_\_\_\_\_ (the "Applicant"), with reference to Irrevocable Nontransferable Standby Letter of Credit No. { \_\_\_\_\_ }, dated \_\_\_\_\_, (the "Letter of Credit"), issued by the Bank in favor of the Beneficiary, as follows as of the date hereof:

1. The Beneficiary is entitled to draw under the Letter of Credit an amount equal to \$ \_\_\_\_\_, for the following reason(s) [check applicable provision]:
  - [ ] JA. Pursuant to the terms of that certain Firm Energy Sales Agreement between Applicant and Beneficiary, dated as of *[Date of Execution]* (the "Agreement"), Beneficiary is entitled to draw under the Letter of Credit amounts owed by Applicant under the Agreement.
  - [ ] JB. The Letter of Credit will expire in fewer than 30 days from the date hereof, and Applicant has not provided Beneficiary alternative security acceptable to Beneficiary.
2. Based upon the foregoing, the Beneficiary hereby makes demand under the Letter of Credit for payment of U.S. DOLLARS AND \_\_\_\_/100ths (U.S.\$ \_\_\_\_\_), which amount does not exceed (i) the amount set forth in paragraph 1 above, and (ii) the Available Amount under the Letter of Credit as of the date hereof.
3. Funds paid pursuant to the provisions of the Letter of Credit shall be wire transferred to the Beneficiary in accordance with the following instructions:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been duly executed and delivered on behalf of the Beneficiary by its authorized representative as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Beneficiary: IDAHO POWER COMPANY

By:  
Name:  
Title:

APPENDIX G

SAMPLE SHORTFALL DAMAGES CALCULATION

PARAGRAPH 6.6.4 OF THE AGREEMENT

**Sample Mechanical Availability damage calculation**

**April 2012 (Hypothetical Month)**

**MAG Shortfall calculation**

Mechanical Availability Guarantee (Paragraph 6.6)	85.00%
Less: Current Month calculated Mechanical Availability	80.00%
MAG shortfall	5.00%

**KWh shortfall**

April Initial Year Monthly Net Energy amounts (paragraph 6.4.1)	20,015,000	KWh
Multiplied by the MAG shortfall	5.00%	
KWh Shortfall	1,000,750	KWh

Availability Shortfall Price - as defined in paragraph 1.2 and not to be less than 15.00 Mills/KWh	15.00	Mills / KWh
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<b>Shortfall Payment payable to Idaho Power</b>	<b>\$15,011.25</b>
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