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IDAHO PUBLIC UTILITIES COMMISSION

**DONOVAN E. WALKER**  
Senior Counsel  
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December 29, 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-10-62  
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY  
FOR A DETERMINATION REGARDING THE FIRM ENERGY SALES  
AGREEMENT FOR THE SALE AND PURCHASE OF ELECTRIC ENERGY  
BETWEEN IDAHO POWER COMPANY AND GROUSE CREEK WIND  
PARK II, 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

DONOVAN E. WALKER (ISB No. 5921)  
LISA D. NORDSTROM (ISB No. 5733)  
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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-10-62  
A DETERMINATION REGARDING THE )  
FIRM ENERGY SALES AGREEMENT FOR ) APPLICATION  
THE SALE AND PURCHASE OF ELECTRIC )  
ENERGY BETWEEN IDAHO POWER )  
COMPANY AND GROUSE CREEK WIND )  
PARK II, LLC. )  
\_\_\_\_\_ )

Idaho Power Company ("Idaho Power" or "Company"), in accordance with 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 ("IPUC" or "Commission") for an Order accepting or rejecting the Firm Energy Sales Agreement ("FESA") between Idaho Power and Grouse Creek Wind Park II, LLC ("Grouse Creek II" or "Seller") under which Grouse Creek II would sell and Idaho Power would purchase electric energy generated by the Grouse Creek II Wind project ("Facility") located near Lynn, Utah.

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.

2. Grouse Creek II proposes to design, construct, install, own, operate, and maintain a 21 megawatt (“MW”) (Maximum Capacity Amount) wind generating facility to be located near Lynn, Utah. The Facility will be a QF under the applicable provisions of PURPA. The FESA for this Facility, as well as the FESA for Grouse Creek Wind Park, LLC, has been executed by Brett Woodard, of Wasatch Wind Intermountain, LLC, in his capacity as Manager of the LLCs for each of the aforementioned projects.

3. On November 5, 2010, Idaho Power filed a Joint Petition and Motion seeking a reduction in the published avoided cost rate eligibility cap from 10 aMW to 100 kilowatts (“kW”). Case No. GNR-E-10-04. On December 3, 2010, the Commission issued Order No. 32131 setting a Modified Procedure comment schedule with which to

develop a record for its decision regarding the Joint Petition and Motion's request to lower the published avoided cost rate eligibility cap. Initial comments were filed on December 22, 2010, Reply Comments are due January 19, 2011, and Oral Argument is scheduled for January 27, 2011. The Commission also ordered that its decision regarding whether to reduce the published avoided cost eligibility cap become effective on December 14, 2010.

4. Idaho Power has an obligation under federal law, FERC regulations, and this Commission's Orders, that it has not been relieved of, to enter into power purchase agreements with PURPA QFs. As stated in the Joint Petition filing, Idaho Power has received a large amount, in terms of both volume and MWs, of requests from PURPA QF developers demanding to enter into published avoided cost rate FESAs. The Company continues to process these requests, in the ordinary course of business, and file the same for review with this Commission, as is its legal obligation. However, the request in this Application, as well as several other Applications that have been and will be filed over the course of the next couple of months, is made with the specific reservation of rights and incorporation of the averments set forth in the Joint Petition and the Company's Comments regarding the possible negative effects to the both the utility and its customers of additional and unfettered PURPA QF generation on system reliability, utility operations, and costs of incorporating and integrating such a large penetration level of PURPA QF generation into the utility's system.

5. As recently as November 2, 2010, in the Yellowstone Power case, the Commission reiterated to Idaho Power that, "we intend for the Company to assist the Commission in its gatekeeper role of assuring that utility customers are not being asked

to pay more than the Company's avoided cost for the QF contracts. We expect Idaho Power to rigorously review such contracts." Order No. 32104. Even though Idaho Power is legally obligated to continue to negotiate, execute, and submit PURPA QF contracts for Commission review, it also feels obligated to reiterate that the continuing and unchecked requirement for the Company to acquire additional intermittent and other QF generation regardless of its need for additional energy or capacity on its system not only circumvents the Integrated Resource Planning process and creates system reliability and operational issues, but it also increases the price its customers must pay for their energy needs.

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

6. On December 28, 2010, Idaho Power and Grouse Creek II entered into a FESA pursuant to the terms and conditions of the various Commission Orders applicable to this PURPA agreement for a wind resource. See Order Nos. 30415, 30488, 30738, and 31025. A copy of the FESA is attached to this Application as Attachment No. 1. Under the terms of this FESA, Grouse Creek II elected to contract with Idaho Power for a 20-year term using the non-levelized published avoided cost rates as currently established by the Commission for energy deliveries of less than 10 average megawatts ("aMW"). This FESA was executed by Grouse Creek II on December 20, 2010. It was subsequently executed by Idaho Power on December 28, 2010, and now filed for the Commission's review on December 29, 2010.

7. The nameplate rating of this Facility is 21 MW. As defined in paragraph 1.17 and paragraph 4.1.3 of the FESA, Grouse Creek II will be required to provide data on the Facility that Idaho Power will use to confirm that under normal and/or average

conditions, the Facility will not exceed 10 aMW on a monthly basis. Furthermore, as described in paragraph 7.5 of the FESA, should the Facility exceed 10 aMW on a monthly basis, Idaho Power will accept the energy (Inadvertent Energy) that does not exceed the Maximum Capacity Amount, but will not purchase or pay for this Inadvertent Energy.

8. This PURPA wind agreement includes the Mechanical Availability Guarantee ("MAG"), Wind Integration Cost reduction, and Wind Forecasting cost sharing as required in Commission Order No. 30488. In addition, Grouse Creek II and Idaho Power have agreed to Delay Liquidated Damages and associated Delay Security provisions of \$45 per kW of nameplate capacity within this FESA that have previously been approved as reasonable by the Commission in several PURPA FESAs. See Case Nos. IPC-E-10-02, IPC-E-10-05, IPC-E-10-15, IPC-E-10-16, IPC-E-10-17, IPC-E-10-18, IPC-E-10-19, and IPC-E-10-22.

9. Grouse Creek II has elected June 1, 2013, as the Scheduled First Energy Date and December 1, 2013, as the Scheduled Operation Date for this Facility. See Appendix B. Various requirements have been placed upon Grouse Creek II in order for Idaho Power to accept energy deliveries from this Facility. Idaho Power will monitor compliance with these initial requirements. In addition, Idaho Power will monitor the ongoing requirements through the full term of this FESA.

10. The FESA, as signed and submitted by the parties thereto, contains non-levelized published avoided cost rates in conformity with applicable IPUC Orders. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to Grouse Creek II.

11. The FESA provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Seller. The Facility is currently in the beginning stages of the generator interconnection process. The Facility is located outside of Idaho Power's service territory and thus must complete the interconnection process with a different host utility. The FESA requires the Seller to acquire interconnection and continuous firm transmission capacity to a Point of Delivery on Idaho Power's system. PURPA QF generation must be designated as a network resource ("DNR") on Idaho Power's system, which requires Idaho Power – Power Supply to submit a Transmission Service Request ("TSR") on behalf of the Facility to Idaho Power Delivery. Resolution of any and all upgrades required to acquire transmission capacity for this Facility's generation will be required in order for this Facility to be designated as a network resource.

12. Seller has selected June 1, 2013, for the Scheduled First Energy Date and December 1, 2013, as the Scheduled Operation Date. Grouse Creek II has been advised that it is Grouse Creek II's responsibility to work with the interconnecting utility and Idaho Power's Delivery business unit to ensure that sufficient time and resources will be available to construct the interconnection facilities, and transmission upgrades if required, in time to allow the Facility to achieve the December 1, 2013, Scheduled Operation date. Seller has been further advised that delays in the interconnection or transmission process do not constitute excusable delays in achieving the Scheduled Operation date and if Seller fails to achieve the Scheduled Operation date at the times specified in the FESA, delay damages will be assessed. The developer of the Facility has advised Idaho Power that it is aware of these requirements and the accompanying

risk inherent in demanding to proceed with obligating itself to a Scheduled First Energy Date and Scheduled Operation Date in the FESA without knowing what upgrades will be required, and what time frame the interconnection and potential system network upgrades can be constructed within. Grouse Creek II has advised Idaho Power that it has been advised of and is willing to take the responsibility and risk associated with electing to proceed with this contract without knowledge of the requirements of interconnection and possible transmission upgrades.

13. Grouse Creek II has also been made aware of and accepted the provisions of the FESA and the Company's approved Tariff Schedule 72 regarding non-compensated curtailment or disconnection of its Facility should certain operating conditions develop on the Company's system. According to the standard provisions in Article XII of the FESA, curtailment without compensation may occur if there is an event of Force Majeure, a Forced Outage, or a temporary disconnection of the Facility in accordance with Tariff Schedule 72. If the generation from the Facility will have an adverse effect upon Idaho Power's service to its customers, Idaho Power may temporarily disconnect the Facility from Idaho Power's transmission/distribution system as specified within Schedule 72, or take such other reasonable steps as Idaho Power deems appropriate. The parties' intent and understanding is that non-compensated curtailment would be exercised when the generation being provided by the Facility in certain operating conditions exceeds or approaches the minimum load levels of the Company's system such that it may have a detrimental effect upon the Company's ability to manage its thermal, hydro, and other resources in order to meet its obligation to reliably serve loads on its system.

14. Section 21 of the FESA provides that the FESA will not become effective until the Commission has approved all of the FESA's terms and conditions and declared that all payments Idaho Power makes to Grouse Creek II for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

### **III. MODIFIED PROCEDURE**

15. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to prepare and present its testimony in such hearing.

### **IV. COMMUNICATIONS AND SERVICE OF PLEADINGS**

16. 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)

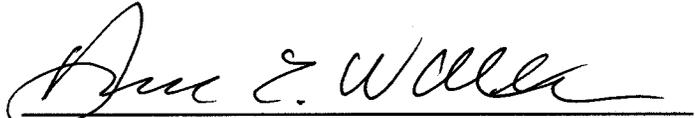
Randy C. Allphin  
Energy Contract Administrator  
Idaho Power Company  
1221 West Idaho Street  
P.O. Box 70  
Boise, Idaho 83707  
[rallphin@idahopower.com](mailto:rallphin@idahopower.com)

### **V. REQUEST FOR RELIEF**

17. Idaho Power Company respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure; (2) accepting or rejecting the Firm Energy Sales Agreement between Idaho Power Company and Grouse Creek Wind Park II, LLC, without change or condition; and, if accepted, (3) declaring that all payments for purchases of energy under the Firm

Energy Sales Agreement between Idaho Power Company and Grouse Creek Wind Park II, LLC, be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 29<sup>th</sup> day of December 2010.

A handwritten signature in black ink, appearing to read "Donovan E. Walker", written over a horizontal line.

DONOVAN E. WALKER  
Attorney for Idaho Power Company

## CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 29<sup>th</sup> day of December 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:

**Grouse Creek Wind Park II, LLC**  
Brett Woodard  
Wasatch Wind Intermountain, LLC  
2700 Homestead Road, Suite 210  
Park City, Utah 84098

Hand Delivered  
 U.S. Mail  
 Overnight Mail  
 FAX  
 Email [bwoodard@wasatchwind.com](mailto:bwoodard@wasatchwind.com)



Donovan E. Walker

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-10-62**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**

FIRM ENERGY SALES AGREEMENT  
BETWEEN  
IDAHO POWER COMPANY  
AND  
GROUSE CREEK WIND PARK II, LLC  
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FIRM ENERGY SALES AGREEMENT  
(10 aMW or Less)

Project Name: Grouse Creek Wind Park II

Project Number: 41455250

THIS AGREEMENT, entered into on this 28 day of December, 2010 between Grouse Creek Wind Park II, 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 "Ancillary Services" - Those services that are necessary to support the transmission of capacity and energy from the resource to loads while maintaining reliable operation of the transmission providers transmission system in accordance with Good Utility Practice.
- 1.2 "Availability Shortfall Price" - The current month's Mid-Columbia Market Energy Cost minus the current month's All Hours Energy Price specified in paragraph 7.3 of this Agreement. If this calculation 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, or a NERC recognized holiday.
- 1.4 “Calculated Net Energy Amount” - A monthly estimate, prepared and documented after the fact by Seller, reviewed and accepted by the Buyer that is the calculated monthly maximum energy deliveries (measured in kWh) for each individual wind turbine, totaled for the Facility to determine the total energy that the Facility could have delivered to the Transmitting Entity for delivery to Idaho Power during that month based upon: (1) each wind turbines Nameplate Capacity, (2) Sufficient Prime Mover available for use by each wind turbine during the month, (3) incidents of Force Majeure, (4) scheduled maintenance, or (5) incidents of Forced Outages less Losses and Station Use. If the duration of an event characterized as item 3, 4 or 5 above (measured on each individual occurrence and individual wind turbine) lasts for less than 15 minutes, then the event will not be considered in this calculation. The Seller shall collect and maintain actual data to support this calculation and shall keep this data for a minimum of 3 years.
- 1.5 “Commission” - The Idaho Public Utilities Commission.
- 1.6 “Contract Year” - The period commencing each calendar year on the same calendar date as the Operation Date and ending 364 days thereafter.
- 1.7 “Delay Liquidated Damages” – Damages payable to Idaho Power as calculated in paragraph 5.3, 5.4, 5.5 and 5.6.
- 1.8 “Delay Period” – All days past the Scheduled Operation Date until the Seller’s Facility achieves the Operation Date.
- 1.9 “Delay Price” - The current month’s Mid-Columbia Market Energy Cost minus the current month’s All Hours Energy Price specified in paragraph 7.3 of this Agreement. If this calculation results in a value less than 0, the result of this calculation will be 0.
- 1.10 “Designated Dispatch Facility” - Idaho Power’s Systems Operations Group, or any subsequent group designated by Idaho Power.

- 1.11 “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.
- 1.12 “Facility” - That electric generation facility described in Appendix B of this Agreement.
- 1.13 “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 the Idaho Power electrical system at the Point of Delivery.
- 1.14 “Forced Outage” – a partial or total reduction of a) the Facility’s capacity to produce and/or deliver Net Energy to the Point of Delivery, or b) Idaho Power’s ability to accept Net Energy at the Point of Delivery for non-economic reasons, as a result of Idaho Power or Facility: 1) equipment failure which was **not** the result of negligence or lack of preventative maintenance, or 2) responding to a transmission provider curtailment order, or 3) unplanned preventative maintenance to repair equipment that left unrepaired, would result in failure of equipment prior to the planned maintenance period, or 4) planned maintenance or construction of the Facility or electrical lines required to serve this Facility. The Parties shall make commercially reasonable efforts to perform this unplanned preventative maintenance during periods of low wind availability.
- 1.15 “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.
- 1.16 “Idaho Power Electrical System Control Area” or “Control Area” – The geographical area of integrated transmission and generation controlled by Idaho Power for which Idaho Power is responsible for scheduling interchanges with other control areas and balancing supply and demand within the area. The Control Area may include physical locations and/or electrical systems not served or owned by Idaho Power, but which are dependent upon Idaho Power’s operation of its generation and transmission to balance supply and demand.

- 1.17 “Inadvertent Energy” – Electric energy Seller does not intend to generate. Inadvertent energy is more particularly described in paragraph 7.5 of this Agreement.
- 1.18 “Initial Capacity Determination” – The process by which Idaho Power confirms that under normal or average design conditions the Facility will generate at no more than ten (10) average MW per month and is therefore eligible to be paid the published rates in accordance with Commission Order No. 29632.
- 1.19 “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.
- 1.20 “Losses” – The loss of electrical energy expressed in kilowatt hours (kWh) occurring as a result of the transformation and transmission of energy between the point where the Facility’s energy is metered and the point the Facility’s energy is delivered to the Idaho Power electrical system by the Transmitting Entity. The loss calculation formula will be as specified in Appendix B of this Agreement.
- 1.21 “Market Energy Reference Price” – Eighty-five percent (85%) of the Mid-Columbia Market Energy Cost.
- 1.22 “Material Breach” – A Default (paragraph 19.2.1) subject to paragraph 19.2.2.
- 1.23 “Maximum Capacity Amount” – The maximum capacity (MW) of the Facility will be as specified in Appendix B of this Agreement.
- 1.24 “Mechanical Availability” - The percentage amount calculated by Seller within five (5) days after the end of each month of the Facility’s monthly actual Net Energy divided by the Facility’s Calculated Net Energy Amount 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 6.4.4.
- 1.25 “Mechanical Availability Guarantee” shall be as defined in paragraph 6.4.
- 1.26 “Mid- Columbia Market Energy Cost” – The monthly weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Index (Dow Jones Mid-C Index) prices for non-firm

energy. If the Dow Jones Mid-Columbia Index price is discontinued by the reporting agency, both Parties will mutually agree upon a replacement index, which is similar to the Dow Jones Mid-Columbia Index. The selected replacement index will be consistent with other similar agreements and a commonly used index by the electrical industry.

- 1.27 “Nameplate Capacity” –The full-load electrical quantities assigned by the designer to a generator and its prime mover 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.
- 1.28 “Net Energy” – All of the electric energy produced by the Facility, less Station Use and Losses, expressed in kilowatt hours (kWh), which the Transmitting Entity delivers to Idaho Power on the Seller’s behalf, that is less than or equal to the Nameplate Capacity. Seller commits to deliver all energy produced by the Facility, less Station Use, and Losses, to the Transmitting Entity for delivery by the Transmitting Entity to Idaho Power at the Point of Delivery for the full term of the Agreement. Net Energy does not include Inadvertent Energy.
- 1.29 “Operation Date” – The day commencing at 00:01 hours, Mountain Time, following the day that all requirements of paragraph 5.2 have been completed.
- 1.30 “Point of Delivery” – The location specified in Appendix B, where the Transmitting Entity delivers the Facility’s Net Energy and Inadvertent Energy to the Idaho Power electrical system.
- 1.31 “Prudent Electrical Practices” – Those practices, methods and equipment that are commonly and ordinarily used in electrical engineering and operations to operate electric equipment lawfully, safely, dependably, efficiently and economically.
- 1.32 “Scheduled Operation Date” – The date specified in Appendix B when Seller anticipates achieving the Operation Date. 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.
- 1.33 “Season” – The three (3) periods identified in paragraph 6.2.1 of this Agreement.

- 1.34 “Station Use” – Electric energy that is used to operate equipment that is auxiliary or otherwise related to the production of electricity by the Facility. As this Facility is not located in the Idaho Power service territory, Idaho Power has no responsibility or ability to provide Station Use to this Facility.
- 1.35 “Sufficient Prime Mover” means wind speed that is (1) equal to or greater than the generation unit’s manufacturer-specified minimum levels required for the generation unit to produce energy, and (2) equal to or less than the generation unit’s manufacturer-specified maximum levels at which the generation unit can safely produce energy.
- 1.36 “Surplus Energy” – All Net Energy produced by the Seller’s Facility and delivered by the Transmitting Entity on the Seller’s behalf to the Idaho Power electrical system prior to the Operation Date.
- 1.37 “Total Cost of the Facility” - The total cost of structures, equipment and appurtenances.
- 1.38 “Transmitting Entity” - The signatory(s) (other than the Seller) to the Transmission Agreement referred to in paragraph 9.1 and its successors and assigns.
- 1.39 “Wind Energy Production Forecast” – A forecast of energy deliveries from this Facility provided by an Idaho Power administered wind forecasting model. The Facility shall be responsible for an allocated portion of the total costs of the forecasting model as specified 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 is a "Qualifying Facility," as that term is used and defined in 18 CFR 292.201 et seq. After initial qualification, Seller will take such steps as may be required to maintain the Facility's Qualifying Facility status during the term of this Agreement and Seller's failure to maintain Qualifying Facility status will be a Material Breach of this Agreement. Idaho Power reserves the right to review the Facility's 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 and as a condition of Idaho Power's acceptance of deliveries of energy from the Seller under this Agreement, 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 Subpart B, 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 Initial Capacity Determination - Submit to Idaho Power such data as Idaho Power may reasonably require to perform the Initial Capacity Determination. Such data will include but not be limited to, Nameplate Capacity, equipment specifications, prime mover data, resource characteristics, normal and/or average operating design conditions and Station Use data. Upon receipt of this information, Idaho Power will review the provided data and if necessary, request additional data to complete the Initial Capacity Determination within a reasonable time.

4.1.3.1 If the Maximum Capacity specified in Appendix B of this Agreement and the cumulative manufacture Nameplate Capacity rating of the individual generation units at this Facility is less than ten (10) MW, the Seller shall submit detailed, manufacturer, verifiable data of the Nameplate Capacity ratings of the actual individual generation units to be installed at this Facility. Upon verification by Idaho Power that the data provided establishes the combined Nameplate Capacity rating of the generation units to be installed at this Facility is less than ten (10) MW, it will be deemed that the Seller has satisfied the Initial Capacity Determination for this Facility.

4.1.4 Nameplate Capacity – Submit to Idaho Power manufacturer's and engineering documentation that establishes the Nameplate Capacity of each individual generation unit that is included within this entire Facility. Upon receipt of this data, Idaho Power shall review the provided data and determine if the Nameplate Capacity specified is reasonable

based upon the manufacturer's specified generation ratings for the specific generation units.

4.1.5 Engineer's Certifications - Submit an executed Engineer's Certification of Design & Construction Adequacy and an Engineer's Certification of Operations and Maintenance (O&M) Policy as described in Commission Order No. 21690. These certificates will be in the form specified in Appendix C but may be modified to the extent necessary to recognize the different engineering disciplines providing the certificates.

4.1.6 Insurance - Submit written proof to Idaho Power of all insurance required in Article XIII.

4.1.7 Transmission Agreement - Provide Idaho Power with a copy of (1) the Transmission Agreement executed by the Seller and the Transmitting Entity in a form acceptable to Idaho Power and (2) confirmation that the Idaho Power delivery business unit has agreed to accept the Net Energy deliveries at the Point of Delivery in an amount up to the Maximum Capacity Amount. Idaho Power's acceptance will not be unreasonably withheld and if the Facility is located outside of the Idaho Power service territory, in addition to the above requirements, the Seller must provide evidence that the Seller has acquired firm transmission capacity from all required transmitting entities to deliver the Facility's energy to an acceptable point of delivery on the Idaho Power electrical system.

4.1.8 Network Resource Designation - The Seller's Facility has been designated as an Idaho Power network resource capable of delivering firm energy up to the amount of the Maximum Capacity at the Point of Delivery.

4.1.8.1 Seller has provided all information required to enable Idaho Power to file an initial transmission capacity request.

a) Results of the initial transmission capacity request are known and acceptable to the Seller.

b) Seller acknowledges responsibility for all interconnection costs and any costs associated with acquiring adequate firm transmission capacity to enable the project to be classified as an Idaho Power designated firm network resource.

4.1.9 Ancillary Services – The Seller shall provide documentation and evidence that at the Seller's expense the Seller has arranged for and secured Ancillary Services for this Facility for the full Term of this Agreement.

4.1.10 Written Acceptance – Request and obtain written confirmation from Idaho Power that all conditions to acceptance of energy have been fulfilled. Such written confirmation shall be provided within a commercially reasonable time following the Seller's request and will not be unreasonably withheld by Idaho Power.

#### 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 date first written and shall continue in full force and effect for a period of twenty (20) Contract Years from the Operation Date.

5.2 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 acceptable to Idaho Power has been received.
- c) Seller has demonstrated to Idaho Power's satisfaction that the Facility is complete and able to provide energy in a consistent, reliable and safe manner.
- d) Seller has requested an Operation Date from Idaho Power in a written format.
- e) Seller has received written confirmation from Idaho Power of the Operation Date.

This confirmation will not be unreasonably withheld by Idaho Power.

5.3 Operation Date Delay - Seller shall cause the Facility to achieve the Operation Date on or before the Scheduled Operation Date. Delays in the interconnection and transmission network upgrade study, design and construction process by any party (i.e. Seller, Idaho Power, host utility, Transmitting Entity(s), etc) that **are not** Force Majeure events accepted by both Parties, **shall not** prevent Delay Liquidated Damages from being due and owing as calculated in accordance with

this Agreement.

5.3.1 If the Operation Date occurs after the Scheduled Operation Date but on or prior to 90 days following the Scheduled Operation Date, Seller shall pay Idaho Power Delay Liquidated Damages calculated at the end of each calendar month after the Scheduled Operation Date as follows:

Delay Liquidated Damages are equal to ((Current month's Initial Year Net Energy Amount as specified in paragraph 6.2.1 divided by the number of days in the current month) multiplied by the number of days in the Delay Period in the current month) multiplied by the current month's Delay Price.

5.3.2 If the Operation Date does not occur within ninety (90) days following the Scheduled Operation Date, the Seller shall pay Idaho Power Delay Liquidated Damages, in addition to those provided in paragraph 5.3.1, calculated as follows:

Forty five dollars (\$45) multiplied by the Maximum Capacity with the Maximum Capacity being measured in kW.

5.4 If Seller fails to achieve the Operation Date within ninety (90) days following the Scheduled Operation Date, such failure will be a Material Breach and Idaho Power may terminate this Agreement at any time until the Seller cures the Material Breach. Additional Delay Liquidated Damages beyond those calculated in 5.3.1 and 5.3.2 will be calculated and payable using the Delay Liquidated Damage calculation described in 5.3.1 above for all days exceeding ninety (90) days past the Scheduled Operation Date until such time as the Seller cures this Material Breach or Idaho Power terminates this Agreement.

5.5 Seller shall pay Idaho Power any calculated Delay Damages or Delay Liquidated Damages within seven (7) days of when Idaho Power calculates and presents any Delay Damages or Delay Liquidated Damages billings to the Seller. Seller's failure to pay these damages within the specified time will be a Material Breach of this Agreement and Idaho Power shall draw funds from the Delay Security provided by the Seller in an amount equal to the calculated Delay Damages or Delay Liquidated Damages.

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 Prior to the Seller executing this Agreement, the Seller shall have agreed to and executed a Letter of Understanding with Idaho Power that contains at minimum the following requirements:

- a) Seller has filed for interconnection and is in compliance with all payments and requirements of the interconnection process, and
- b) Seller has provided all information required to enable Idaho Power to file an initial transmission capacity request.

5.8 Within thirty (30) days of the date of a final non-appealable Commission Order as specified in Article XXI approving this Agreement; Seller shall post liquid security (“Delay Security”) in a form as described in Appendix D equal to or exceeding the amount calculated in paragraph 5.8.1. 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.

5.8.1 Delay Security The greater of forty-five dollars (\$45) multiplied by the Maximum Capacity with the Maximum Capacity being measured in kW or the sum of three month’s estimated revenue. Where the estimated three months of revenue is the estimated revenue associated with the first three full months following the estimated Scheduled Operation Date, the estimated kWh of energy production as specified in paragraph 6.2.1 for those three months multiplied by the All Hours Energy Price specified in paragraph 7.3 for each of those three months.

5.8.1.1 In the event (a) Seller provides Idaho Power with certification that (1) a Generation Interconnection Agreement and Transmission 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 and transmission costs, or (2) a Generation Interconnection Agreement and Transmission Agreement are substantially complete and all material costs of interconnection and transmission have been identified and agreed upon and the Seller is in compliance with all terms and conditions of the Generation Interconnection Agreement and the Transmission Agreement, the Delay Security calculated in accordance with paragraph 5.8.1 will be reduced by ten percent (10%).

5.8.1.2 If the Seller has received a reduction in the calculated Delay Security as specified in paragraph 5.8.1.1 and subsequently (1) at Seller's request, the Generation Interconnection Agreement specified in paragraph 5.8.1.1 is revised and as a result the Facility will not achieve its Operation Date by the Scheduled Operation Date, or (2) if the Seller does not maintain compliance with the Generation Interconnection Agreement, the full amount of the Delay Security as calculated in paragraph 5.8.1 will be subject to reinstatement and will be due and owing within 5 business days from the date Idaho Power requests reinstatement. Failure to timely reinstate the Delay Security will be a Material Breach of this Agreement.

5.8.2 Idaho Power shall release any remaining security posted hereunder after all calculated Delay Damages and/or Delay Liquidated Damages are paid in full to Idaho Power at the earlier of: 1) thirty (30) days after the Operation Date has been achieved, or 2) sixty (60) days after the Agreement has been terminated.

#### 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 Seller will sell all of the Net Energy produced by the Facility and delivered by the Transmitting Entity to Idaho Power at the Point of Delivery. All Inadvertent Energy produced by the Facility will also be delivered by the Transmitting Entity to

Idaho Power at the Point of Delivery. At no time will the total amount of Net Energy and/or Inadvertent Energy produced by the Facility and delivered by the Transmitting Entity on behalf of the Seller to the Point of Delivery exceed the Maximum Capacity Amount.

6.2 Net Energy Amounts - Seller intends to produce and the Transmitting Entity shall deliver Net Energy in the following monthly amounts. These amounts shall be consistent with the Mechanical Availability Guarantee.

6.2.1 Initial Year Monthly Net Energy Amounts:

	<u>Month</u>	<u>kWh</u>
Season 1	March	7,440,000
	April	5,614,100
	May	4,547,000
Season 2	July	1,524,500
	August	2,513,400
	November	6,686,300
	December	6,941,400
Season 3	June	6,405,000
	September	3,566,300
	October	6,306,500
	January	6,178,900
	February	6,720,000

6.3 Unless excused by an event of Force Majeure, Seller's failure to produce and/or the Transmitting Entity(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 6.2 shall constitute an event of default.

6.4 Mechanical Availability Guarantee – After the Operational Date has been established, the Facility shall achieve a minimum monthly Mechanical Availability of 85% for the Facility for each month during the full term of this Agreement (the "Mechanical Availability Guarantee"). Failure to achieve the Mechanical Availability Guarantee shall result in Idaho Power calculating damages as specified in paragraph 6.4.4.

6.4.1 At the same time the Seller provides the Monthly Power Production and Availability

Report (Appendix A), the Seller shall provide and certify the calculation of the Facility's current month's Mechanical Availability. The Seller shall include a summary of all information used to calculate the Calculated Net Energy Amount including but not limited to: (a) Forced Outages, (b) Force Majeure events, (c) wind speeds and the impact on generation output, and (c) scheduled maintenance and Station Use information.

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

6.4.3 Idaho Power shall have the right to review and audit the documentation supporting the calculation of the Facility's Mechanical Availability at reasonable times at the Seller's offices.

6.4.4 If the current month's Mechanical Availability is less than the Mechanical Availability Guarantee, damages shall be equal to:

((85 percent of the month's Calculated Net Energy Amount) minus the month's actual Net Energy deliveries) multiplied by the Availability Shortfall Price.

6.4.5 Any damages calculated in paragraph 6.4.4 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 thirty (30) days of the date of the invoice.

#### 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 in accordance with Commission Order 31025 adjusted in accordance with Commission Order 30415 for Heavy Load Hour Energy deliveries, adjusted in accordance with Commission Order 30488 for the wind integration charge, and with seasonalization factors applied:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2010	40.52	66.15	55.12
2011	42.80	69.87	58.24
2012	45.32	74.00	61.66
2013	47.71	78.18	64.92
2014	50.29	82.74	68.42
2015	53.05	87.64	72.17
2016	54.64	90.46	74.34
2017	56.20	93.23	76.61
2018	57.90	96.25	79.12
2019	59.57	99.21	81.59
2020	61.29	102.27	84.14
2021	63.33	105.90	87.16
2022	65.46	109.67	90.31
2023	67.67	113.59	93.57
2024	69.97	117.66	96.97
2025	72.35	121.90	100.50
2026	74.38	125.49	103.49
2027	76.62	129.20	106.58
2028	78.96	133.03	109.77
2029	81.38	136.97	113.06
2030	83.87	141.04	116.45
2031	87.22	146.51	121.01
2032	90.15	151.30	125.00
2033	93.19	156.26	129.13

7.2 Light Load Purchase Price – For all Net Energy received during Light Load Hours, Idaho Power will pay the non-levelized energy price in accordance with Commission Order 31025 adjusted in accordance with Commission Order 30415 for Light Load Hour Energy deliveries, adjusted in accordance with Commission Order 30488 for the wind integration charge, and with seasonalization factors applied:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2010	35.59	58.11	48.42
2011	37.88	61.84	51.54
2012	40.40	65.95	54.96
2013	42.79	69.86	58.22
2014	45.37	74.06	61.72
2015	48.13	78.91	65.48

2016	49.72	81.73	67.64
2017	51.28	84.50	69.76
2018	52.97	87.51	72.07
2019	54.65	90.47	74.35
2020	56.37	93.53	76.86
2021	58.41	97.16	79.88
2022	60.54	100.93	83.03
2023	62.74	104.85	86.29
2024	65.04	108.92	89.69
2025	67.43	113.16	93.22
2026	69.45	116.76	96.21
2027	71.55	120.47	99.30
2028	73.70	124.29	102.49
2029	76.03	128.24	105.78
2030	78.52	132.31	109.17
2031	81.87	137.77	113.73
2032	84.80	142.56	117.72
2033	87.84	147.52	121.85

7.3 All Hours Energy Price – The price to be used in the calculation of the Surplus Energy Price and Delay Price shall be the non-levelized energy price in accordance with Commission Order 31025 adjusted in accordance with Commission Order 30488 for the wind integration charge, and with seasonalization factors applied:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2010	38.33	62.57	52.14
2011	40.61	66.30	55.26
2012	43.13	70.42	58.68
2013	45.52	74.33	61.93
2014	48.10	78.85	65.44
2015	50.86	83.75	69.19
2016	52.45	86.58	71.36
2017	54.01	89.35	73.48
2018	55.71	92.36	75.88
2019	57.37	95.32	78.35
2020	59.10	98.38	80.90
2021	61.14	102.01	83.92
2022	63.27	105.78	87.07
2023	65.48	109.70	90.33
2024	67.78	113.77	93.73
2025	70.16	118.01	97.26
2026	72.18	121.60	100.25

2027	74.28	125.31	103.35
2028	76.58	129.14	106.53
2029	79.00	133.09	109.82
2030	81.49	137.16	113.21
2031	84.84	142.62	117.77
2032	87.77	147.41	121.76
2033	90.81	152.37	125.89

7.4 Surplus Energy Price - For all Surplus 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 Inadvertent Energy –

7.5.1 Inadvertent Energy is electric energy produced by the Facility, expressed in kWh, which the Transmitting Entity(s) delivers on the Seller's behalf to Idaho Power at the Point of Delivery that exceeds 10,000 kW multiplied by the hours in the specific month in which the energy was delivered. (For example January contains 744 hours. 744 hours times 10,000 kW = 7,440,000 kWh. Energy delivered in January in excess of 7,440, 000 kWh in this example would be Inadvertent Energy.)

7.5.2 Although Seller intends to design and operate the Facility to generate no more than 10 average MW and therefore does not intend to generate Inadvertent Energy, Idaho Power will accept Inadvertent Energy that does not exceed the Maximum Capacity Amount but will not purchase or pay for Inadvertent Energy.

7.6 Payment Due Date – Undisputed Energy payments, less the Wind Energy Production Forecasting Monthly Cost Allocation (MCA) described in Appendix E and any other payments due Idaho Power, will be disbursed to the Seller within thirty (30) days of the date which Idaho Power receives and accepts the documentation of the monthly Mechanical Available Guarantee and the Net Energy actually delivered to Idaho Power as specified in Appendix A.

7.7 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), Idaho Power Company v. Idaho Public Utilities Commission, 107 Idaho 1122, 695 P.2d 1 261 (1985), Afton Energy, Inc. v. Idaho Power Company, 111 Idaho 925, 729 P.2d 400 (1986), Section 210 of the Public Utility Regulatory Policies Act of 1978 and 18 CFR §292.303-308.

#### ARTICLE VIII: ENVIRONMENTAL ATTRIBUTES

- 8.1 Seller retains ownership under this Agreement of green tags and renewable energy certificates (RECs), or the equivalent environmental attributes, directly associated with the production of energy from the Seller's Facility sold to Idaho Power.

#### ARTICLE IX: TRANSMISSION AGREEMENT

- 9.1 Transmission Agreement - The Seller will arrange and pay for the delivery of Net Energy and Inadvertent Energy over the facilities of the Transmitting Entity(s) (Bonneville Power Administration) to the Point of Delivery. The delivery of Net Energy and Inadvertent Energy from the Facility to the Idaho Power Point of Delivery shall be in accordance with the terms and conditions of a Transmission Agreement between the Seller and the Transmitting Entities. The Transmission Agreement must provide for continuous firm transmission capacity on the Transmitting Entities system for no less than the Maximum Capacity Amount and for the full Term of this Agreement.
- 9.2 Acceptance of Transmission Agreement - This Agreement is expressly conditioned and contingent upon Idaho Power's acceptance of the Transmission Agreement. Such acceptance will not be unreasonably withheld. A default by Seller under the Transmission Agreement will be a Material Breach under this Agreement.
- 9.3 Losses - Idaho Power will only purchase the Net Energy that is delivered by the Transmitting Entity to Idaho Power at the Point of Delivery. Losses will be calculated as provided in Appendix B of this Agreement.

9.4 Required Transmission Agreement provisions for Facilities not located within the Idaho Power Electrical System Control Area –

If the Facility is not located within the Idaho Power Electrical System Control Area, the following requirements must be contained within the Transmission Agreement (s);

9.4.1 Scheduling and delivery of Net Energy – The Transmission Agreement shall include provisions that require the Transmitting Entity(s) to schedule and deliver the Facility’s energy to Idaho Power in accordance with industry standard Western Electricity Coordinating Council (WECC) scheduling processes and procedures.

9.4.2 Energy Reserve Requirements – The Transmitting Entity(s) will provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the specified Point(s) of Delivery.

9.4.3 Documentation – Seller and/or the Transmitting Entity will provide Idaho Power with monthly documentation in a form acceptable to Idaho Power showing the amount of energy scheduled and delivered to Idaho Power on an hourly basis.

If the Facility is located within the Idaho Power Electrical System Control Area but not within the Idaho Power service territory a combination of , energy scheduling, metering and telemetry equipment meeting Idaho Power standards shall be required to be in place that will provide Idaho Power accurate instantaneous Net Energy deliveries being made to Idaho Power at the Point of Delivery at any moment in time as well as the capability to record the Net Energy deliveries for an extended period of time to provide the necessary Net Energy delivery data to administer this Agreement. The Seller shall be responsible for making all necessary arrangements and for the cost of this process and equipment. The specific equipment and schedule process shall be specified in more detail in Appendix B of this Agreement.

## ARTICLE X - RECORDS

- 10.1 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, Inadvertent Energy and maximum generation (kW) records in a form and content acceptable to Idaho Power.
- 10.2 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, Inadvertent Energy and maximum generation (kW) records pertaining to the Seller's Facility.

## ARTICLE XI: OPERATIONS

- 11.1 Communications - Idaho Power, the Transmitting Entity(s) and the Seller shall maintain appropriate operating communications through Idaho Power's Designated Dispatch Facility in accordance with Appendix A of this Agreement.
- 11.2 Energy Acceptance -
- 12.2.1 Idaho Power shall be excused from accepting and paying for Net Energy or accepting Inadvertent Energy which would have otherwise been produced by the Facility and delivered by the Transmitting Entity(s) on behalf of the Seller to the Point of Delivery, if it is prevented from doing so by an event of Force Majeure, Forced Outage or if Idaho Power determines that curtailment, interruption or reduction of Net Energy or Inadvertent Energy deliveries is necessary because of line construction, electrical system maintenance requirements, emergencies, electrical system operating conditions, or electrical system reliability emergencies on its system or as otherwise required by Prudent Electrical Practices. If, for reasons other than an event of Force Majeure or a Forced Outage, a temporary disconnection that exceeds twenty (20) days, 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 6.2. Idaho Power will notify Seller when the interruption, curtailment or reduction is terminated.

- 11.2.2 Under no circumstances will the Transmitting Entity(s) on Seller's behalf deliver Net Energy and/or Inadvertent Energy from the Facility to the Point of Delivery in an amount that exceeds the Maximum Capacity Amount at any moment in time. Either the Transmitting Entity(s) or Seller's failure to limit deliveries to the Maximum Capacity Amount will be a Material Breach of this Agreement.
- 11.2.3 If Idaho Power is unable to accept the energy from this Facility and is not excused from accepting the Facility's energy, Idaho Power's damages shall be limited to only the value of the estimated energy that Idaho Power was unable to accept. Idaho Power will have no responsibility to pay for any other costs, lost revenue or consequential damages the Facility may incur.
- 11.3 Scheduled Maintenance – On or before January 31st of each calendar year, Seller shall submit a written proposed maintenance schedule of significant Facility and/or Transmitting Entity maintenance for that calendar year and Idaho Power, Seller and Transmitting Entity shall mutually agree as to the acceptability of the proposed schedule. The Parties determination as to the acceptability of the Seller's timetable for scheduled maintenance will take into consideration Prudent Electrical Practices, Idaho Power system requirements and the Seller's preferred schedule. Neither Party shall unreasonably withhold acceptance of the proposed maintenance schedule.
- 11.4 Maintenance Coordination - The Seller, Idaho Power and the Transmitting Entity(s) shall, to the extent practical, coordinate their respective line and Facility maintenance schedules such that they occur simultaneously.
- 11.5 Contact Prior to Curtailment - Idaho Power will make a reasonable attempt to contact the Seller and/or the Transmitting Entity prior to exercising its rights to curtail, interrupt or reduce deliveries from the Transmitting Entity from the Seller's Facility. Seller and the Transmitting Entity understand that, in the case of emergency circumstances, real time operations of the electrical system, and/or unplanned events Idaho Power may not be able to provide notice to the Seller or the Transmitting Entity prior to interruption, curtailment, or reduction of electrical

energy deliveries to Idaho Power.

## ARTICLE XII: RELIABILITY MANAGEMENT SYSTEM

If the Facility is not located within the Idaho Power Electrical System Control Area, the Seller will be required to comply with the Reliability Management processes of the control area operator having control of the specific location of the Facility and this Article XII will not apply. If the Facility is located within the Idaho Power Control Area, the Seller is required to comply with the following:

- 12.1 Purpose. In order to maintain the reliable operation of the transmission grid, the WECC Reliability Criteria Agreement sets forth reliability criteria adopted by the WECC to which Seller and Idaho Power shall be required to comply. Seller acknowledges receipt and understanding of the WECC Reliability Criteria Agreement and how it pertains to the Seller's Facility.
- 12.2 Compliance. Seller shall comply with the requirements of the WECC Reliability Criteria Agreement, including the applicable WECC reliability criteria set forth in Section IV of Annex A thereof, and, in the event of failure to comply, Seller agrees to be subject to the sanctions applicable to such failure. Such sanctions shall be assessed pursuant to the procedures contained in the WECC Reliability Criteria Agreement. Each and all of the provisions of the WECC Reliability Criteria Agreement are hereby incorporated by reference into this Article XII as though set forth fully herein, and Seller shall for all purposes be considered a Participant, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Participant, under and in connection with the WECC Reliability Criteria Agreement, including, but not limited to the rights, privileges and obligations set forth in Sections 5, 6 and 10 of the WECC Reliability Criteria Agreement.
- 12.3 Payment of Sanctions. Seller shall be responsible for reimbursing Idaho Power for any monetary sanctions assessed against Idaho Power by WECC due to the action or inaction of the Seller, pursuant to the WECC Reliability Criteria Agreement. Seller also shall be responsible for payment of any monetary sanction assessed against the Seller by WECC pursuant to the WECC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures

specified in the WECC Reliability Criteria Agreement.

- 12.4 **Transfer of Control or Sale of Generation Facilities.** In any sale or transfer of control of any generation facilities subject to this Agreement, Seller shall, as a condition of such sale or transfer, require the acquiring party or transferee with respect to the transferred facilities either to assume the obligations of the Seller with respect to this Agreement or to enter into an agreement with Idaho Power imposing on the acquiring party or transferee the same obligations applicable to the Seller pursuant to this Article XII.
- 12.5 **Publication.** Seller consents to the release by the WECC of information related to the Seller's compliance with this Agreement only in accordance with the WECC Reliability Criteria Agreement.
- 12.6 **Third Parties.** Except for the rights and obligations between the WECC and the Seller specified in this Article XII, this Agreement creates contractual rights and obligations solely between the Parties. Nothing in this Agreement shall create, as between the Parties or with respect to the WECC: (a) any obligation or liability whatsoever (other than as expressly provided in this Agreement), or (b) any duty or standard of care whatsoever. In addition, nothing in this Agreement shall create any duty, liability or standard of care whatsoever as to any other party. Except for the rights, as a third-party beneficiary under this Article XII, of the WECC against the Seller for the Seller, no third party shall have any rights whatsoever with respect to enforcement of any provision of this Agreement. Idaho Power and the Seller expressly intend that the WECC is a third-party beneficiary to this Article XII, and the WECC shall have the right to seek to enforce against the Seller any provision of this Article XII, provided that specific performance shall be the sole remedy available to the WECC pursuant to Article XII of this Agreement, and the Seller shall not be liable to the WECC pursuant to this Agreement for damages of any kind whatsoever (other than the payment of sanctions to the WECC, if so construed), whether direct, compensatory, special, indirect, consequential, or punitive.
- 12.7 **Reserved Rights.** Nothing in the Article XII of this Agreement or the WECC Reliability Criteria Agreement shall affect the right of Idaho Power, subject to any necessary regulatory approval, to

take such other measures to maintain reliability, including disconnection that Idaho Power may otherwise be entitled to take.

12.8 Termination of Article XII. Seller may terminate its obligations pursuant to this Article XII:

12.8.1 If after the effective date of this Article XII, the requirements of the WECC Reliability

Criteria Agreement applicable to the Seller are amended so as to adversely affect the Seller, provided that the Seller gives fifteen (15) days' notice of such termination to Idaho Power and WECC within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by the Seller for an additional forty-five (45) days if the Seller gives written notice to Idaho Power of such requested extension within the initial forty-five (45) day period; or

12.8.2 For any reason on one year's written notice to Idaho Power and the WECC.

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

13.4 Seller to Notify Idaho Power of Loss of Coverage - If the insurance coverage required by paragraph 13.2 shall lapse for any reason, Seller will immediately notify Idaho Power in writing. The notice will advise Idaho Power of the specific reason for the lapse and the steps Seller is taking 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.

#### ARTICLE XIV: FORCE MAJEURE

14.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the 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, or changes in law or regulation occurring after the effective date, 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 shall be unable to overcome. If either Party is rendered wholly or in part unable to perform 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, 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.

#### 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 to the Commission for resolution.
- 19.2 Notice of Default
- 19.2.1 Defaults. If either Party fails to perform 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 other 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.

- 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. Material Breaches must be cured as expeditiously as possible following occurrence of the breach.
- 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;
- 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 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.

#### 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.

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.

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. 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.

ARTICLE XXIII: MODIFICATION

- 23.1 No modification to this Agreement shall be valid unless it is in writing and signed by both Parties and 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:

Brett Woodard  
Wasatch Wind Intermountain, LLC  
2700 Homestead Rd, Suite 210  
Park City, UT 84098

Telephone: 435-503-8822  
Cell: 972-832-7609  
FAX: 435-647-5889

E-mail: [bwoodard@wasatchwind.com](mailto:bwoodard@wasatchwind.com)

To Idaho Power:

Original document to:

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

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.

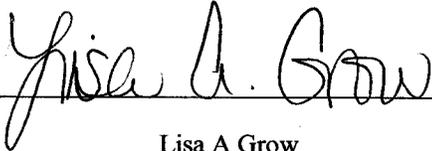
ARTICLE XXIX: ENTIRE AGREEMENT

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

By



Lisa A Grow  
Sr. Vice President, Power Supply

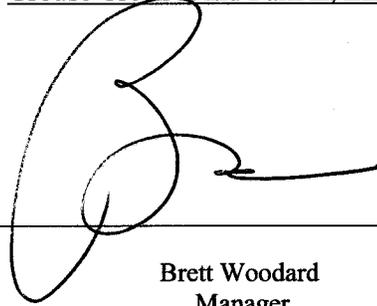
Dated

12.28.10

"Idaho Power"

Grouse Creek Wind Park II, LLC

By



Brett Woodard  
Manager

Dated

12-20-2010

"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 reading on the Meter Equipment measuring the Facility's Net Energy delivered by the Transmitting Entity to the Idaho Power electrical system and/or any other required energy measurements to adequately administer this Agreement. If the Metering Equipment is not located at the point which is able to measure the exact energy deliveries to the Idaho Power electrical system, then the metered energy amounts will be adjusted to account for electrical Losses occurring between the metering point and the point which the energy is delivered to the Idaho Power electrical system.

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 MONTHLY POWER PRODUCTION AND SWITCHING REPORT FOR PROJECTS  
LOCATED OUTSIDE OF THE IDAHO POWER ELECTRICAL SYSTEM CONTROL AREA.

- a.) The Transmitting Entity will schedule and deliver the Facility's Net Energy to the Idaho Power electrical system at the Point of Delivery in accordance with the electrical industry standard WECC scheduling and delivery processes. As specified in paragraph 9.4 the Seller and/or the Transmitting Entity shall provide Idaho Power with monthly documentation indicating the hourly energy scheduled and delivered to Idaho Power. This documentation will be reconciled with Idaho Power records of energy scheduled and received from this Facility. In the event a discrepancy exists between the Idaho Power records and the Seller / Transmitting Entity documents, Idaho Power records will be considered to be accurate until such time as Idaho Power, the Seller and the Transmitting Entity mutually agree on an adjustment to the Idaho Power records.
- b.) The Seller shall submit to Idaho Power a Monthly Power Production and Switching Report as specified in Appendix A-1 of this Agreement. The meter readings on this report shall be the meter readings at the actual Facility measuring the actual energy deliveries to Transmitting Entity at the Facility.

A-4 ROUTINE REPORTING FOR PROJECTS OUTSIDE OF THE IDAHO POWER  
ELECTRICAL SYSTEM CONTROL AREA.

The Seller and Transmitting Entity shall maintain appropriate communications with the Idaho Power Designed Dispatch Facility in compliance with electric industry standard WECC energy scheduling processes and procedures.

**Seller's Contact Information**

**24-Hour Project Operational Contact**

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

**Project On-site Contact information**

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

## APPENDIX B

### FACILITY AND POINT OF DELIVERY

Project Name: Grouse Creek Wind Park II

Project Number: 41455250

#### B-1 DESCRIPTION OF FACILITY

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

21 MW wind energy facility consisting of seven, 3.0 MW Vestas 3.0 V-112 wind turbine generators.

The maximum output at rated power:

Leading VAR Capability (VARs provided by machine, overexcited) 0.98 leading power factor or 0.61 MVAR per machine, for a total of 4.26 MVAR for the site. Lagging VAR capability (VARs absorbed by machine, underexcited) 0.96 lagging power factor or 0.88 MVAR per machine, for a total of 6.13 MVAR for the site.

*Var Capability* Leading is 6.31 MVAR Lagging is 9.3 MVAR

If the Seller wishes to substitute different wind turbines, under no circumstances will the Nameplate Capacity exceed 21 MW and the Seller shall provide detailed specifications of the proposed substitute wind turbines to Idaho Power prior to the Seller procuring the substitute wind turbines or beginning of construction of this Facility. Idaho Power will then review this detailed information and either accept or reject the Seller's proposed substitute wind turbines. Idaho Power's acceptance of the substitute wind turbines will be required by both confirmations that the interconnection is able to accommodate the substitute wind turbines and that the substitute wind turbines are acceptable under this Agreement. Only after Idaho Power's acceptance of the substitute wind turbines shall the Seller be allowed to install the substitute wind

turbines, which acceptance shall not be unreasonably withheld.

**B-2 LOCATION OF FACILITY**

Near: Lynn, UT

Sections: 21, 27, 28 Township: 14 N Range: 17 W County: Box Elder, UT

Description of Interconnection Location: Between the BPA Bridge and West Wendover Substations on the BPA 138 kV transmission line.

Nearest Idaho Power Substation: Minidoka substation

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

Seller has selected June 1, 2013 as the Scheduled First Energy Date.

Seller has selected December 1, 2013 as the Scheduled Operation Date.

In making these selections, Seller recognizes that adequate testing of the Facility and completion of all requirements in paragraph 5.2 of this Agreement must be completed prior to the project being granted an Operation Date.

**B-4 MAXIMUM CAPACITY AMOUNT:**

This value will be 21 MW which is consistent with the value provided by the Seller to interconnection provider and the Transmitting Entity(s). This value is the maximum energy (MW) that potentially could be delivered by Transmitting Entity to the Idaho Power Point of Delivery on the Seller's behalf, from the Seller's Facility at any moment in time.

**B-5 POINT OF DELIVERY**

Minidoka Substation is point on the Idaho Power electrical system where the Sellers Facility's Net energy is delivered by the Transmitting Entity to the Idaho Power electrical system.

**B-6 LOSSES**

For Facilities within the Idaho Power Electrical System Control area - If the Idaho Power

Metering equipment is capable of measuring the exact energy deliveries by the Transmitting Entity on behalf of 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 Transmitting Entity on behalf of 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% (or any other reasonably determined value by Idaho Power) 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 months kWh loss calculations. For Facilities outside of the Idaho Power Electrical Control area - Idaho Power will only pay for Net Energy that is scheduled and delivered by the Transmitting Entity to the Point of Delivery. All energy Losses between the Facility and the Point of Delivery will be borne by either the Transmitting Entity or the Seller.

#### B-7 INTERCONNECTION FACILITIES

The Seller and Transmitting Entity shall construct, operate and maintain the Facility and all interconnection and protection equipment in accordance with Prudent Electrical Practices, the National Electric Safety Code and any other applicable local, state and federal codes

#### B-8 METERING AND TELEMETRY

For Facilities located within the Idaho Power Electrical System Control Area

Metering Equipment - At the minimum the Metering Equipment and Telemetry equipment must be able to provide and record hourly energy deliveries by the Transmitting Entity to the Point of Delivery and any other energy measurements required to administer this Agreement.

Telemetry Equipment - At the minimum the Telemetry Equipment must be able to provide Idaho Power with continuous instantaneous telemetry of the Facility's energy deliveries to the Transmitting Entity. The Seller will arrange for and make available at Seller's cost, a communications circuit acceptable to Idaho Power, dedicated to Idaho Power's use to be used for load profiling and another communications circuit dedicated to Idaho Power's communication equipment for continuous telemetering of the Facility's energy deliveries to the Transmitting Entity to Idaho Power's Designated Dispatch Facility.

All costs including but not limited to actual equipment, installation, engineering, monthly communication circuit fees, operations and maintenance will be the responsibility of the Seller.

*Exact details of the Metering and Telemetry equipment and specifications will need to be added to this appendix once more information becomes available in regards to the physical and electrical configuration at this site and the configuration of the interconnection at the Point of Delivery.*

For Facilities located outside of the Idaho Power Electrical System Control Area

Metering Equipment - At the minimum the Metering Equipment must be able to provide and record hourly energy deliveries by the Facility to the Transmitting Entity and any other energy measurements required to administer this Agreement.

Telemetry Equipment – If Telemetry Equipment is required by the Transmitting Entity and the Transmitting Entity and Idaho Power determine that it is required that Idaho Power have

access to the automated data. The Seller shall be responsible for all costs associated with providing the automated telemetry data to Idaho Power.

*Exact details of the Metering and Telemetry equipment and specifications will need to be added to this appendix once more information becomes available in regards to the physical and electrical configuration at this site and the configuration of the interconnection at the Point of Delivery.*

#### 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/herself 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 Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the cogeneration or small 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 \_\_\_\_\_ 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, 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 \_\_\_\_\_ year period.

9. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 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/her knowledge and therefore sets his/her 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/herself 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 Energy Sales Agreement, hereinafter "Agreement," between Idaho Power as Buyer, and \_\_\_\_\_ as Seller, dated \_\_\_\_\_.
3. That the cogeneration or small 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 \_\_\_\_\_ 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 5.2 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/her knowledge and therefore sets his/her hand and seal below.

By \_\_\_\_\_

(P.E. Stamp)

Date \_\_\_\_\_

APPENDIX C

ENGINEER'S CERTIFICATION

OF

DESIGN & CONSTRUCTION ADEQUACY

The undersigned \_\_\_\_\_, on behalf of himself/herself 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 cogeneration or small 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 \_\_\_\_\_ 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 \_\_\_\_\_ year period.

11. That Engineer recognizes that Idaho Power, in accordance with paragraph 5.2 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/her knowledge and therefore sets his/her hand and seal below.

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

Date \_\_\_\_\_

## APPENDIX D

### FORMS OF LIQUID SECURITY

The Seller shall provide Idaho Power with 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 requirement and any other security requirement 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 any guarantee and/or letter of credit 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.

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 any 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(s): (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to Idaho Power at its discretion, or (b) an irrevocable Letter of Credit in a form acceptable to Idaho Power, in favor of Idaho Power. The Letter of Credit will be issued by a financial institution acceptable to both parties. The Seller shall be responsible for all costs 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 as specified in Appendix of this Agreement, the Wind Energy Production Forecasting Monthly Cost Allocation (MCA) will be due and payable by the Seller. Any Wind Energy Production Forecasting Monthly Cost Allocations (MCA) that are not reimbursed to Idaho Power shall be deducted from energy payments to the Seller.
  - 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 monthly allocations a refund will be included in equal monthly amounts over the ensuing Contract Year. If the Facility has not paid the monthly allocations the amount due Idaho Power will be adjusted accordingly and the unpaid balance will be deducted from the ensuing Contract Year's energy payments.
  
- b. During the first Contract Year, 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,

Idaho Power will deduct the Facility's calculated share of the Wind Energy Production Forecasting costs specified in item d each month during the first Contract Year and subsequently refund any overpayment (payments that exceed the cap) in equal monthly amounts over the ensuing Contract Year.

- 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 Idaho Power has been revised by an action of the Commission.
- d. The monthly cost allocation will be based upon the following formula :

Where: **Total MW (TMW)** is equal to the total nameplate rating of all QF wind projects that are under contract to provide energy to Idaho Power Company.

**Facility MW (FMW)** is equal to the nameplate rating of this Facility as specified in Appendix B.

**Annual Wind Energy Production Forecasting Cost (AFCost)** is equal to the total annual cost Idaho Power incurs to provide Wind Energy Production Forecasting. Idaho Power will estimate the AFCost for the current year based upon the previous year's cost and expected costs for the current year. At year-end, Idaho Power will compare the actual costs to the estimated costs and any differences between the estimated AFCost and the actual AFCost will be included in the next year's AFCost.

**Annual Cost Allocation (ACA) = AFCost X (FMW / TMW)**

And

**Monthly Cost Allocation (MCA) = ACA / 12**

- e. The Wind Energy Production Forecasting Monthly Cost Allocation (MCA) is due and payable to Idaho Power. The MCA will first be netted against any

monthly energy payments owed to the Seller. If the netting of the MCA against the monthly energy payments results in a balance being due Idaho Power, the Facility shall pay this amount within 15 days of the date of the payment invoice.