SCANNED

060225-EI

Need Study for Electrical Power Plant 2009



FPL

APPENDICES
A - P

DOCUMENT NUMBER-DATE
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Appendix A

FPL's Interconnections with Other Utilities

List of FPL Major Interconnections (230 KV and 500 KV)		
FPL	**FPC[2/]**	**KV**
Poinsett	Holopaw	230
Sanford Plant	North Longwood	230
Sanford Plant	Debary	230
Sanford Plant	Altamonte	230
Whidden	Vandolah	230
FPL	**TECO[2/]**	**KV**
Ringling	Big Bend	230
Manatee	Big Bend	230
Manatee	Ruskin	230
FPL	**JEA[2/]**	**KV**
Duval	Brandy Branch (3 circuits)	230
FPL120G1	Switzerland	230
FPL	**OUC[2/]**	**KV**
Cape Canaveral	Indian River (2 circuits)	230
FPL	**SECI[2/]**	**KV**
Calusa	Lee (2 circuits)	230
Rice	Seminole Plant (2 circuits)	230
Putnam[3/]	Seminole Plant	230
Duval	Seminole Plant	230
Charlotte	Hardee	230
FPL	**FMPA[2/]**	**KV**
Orangedale	Sampson	230
Duval	Greencove	230
FPL120G1	Sampson	230
FPL	**SOCO[2/]**	**KV**
Duval	Hatch	500
Duval	Thalman	500
Yulee	Kingsland	230

Notes:

1/ FPL is also interconnected with GRU by one 138 KV transmission line.

2/ FPC: Florida Power Corporation
TECO: Tampa Electric Company
JEA: Jacksonville Electric Authority
OUC: Orlando Utilities Commission
SECI: Seminole Electric Cooperative, Inc.
FMPA: Florida Municipal Power Authority
SOCO: Southern Company

3/ Bus tiebreaker at Seminole Plant normally open, thereby creating Putman-Titanium 230 KV line.

Appendix B

Existing Generating Facilities

Plant Name	Unit No.	Location	Unit Type	Fuel		Fuel Transportation		Commercial In-Service Month/Year	Expected Retirement Month/Year	Net Capability	
				Pri.	Alt.	Pri.	Alt.			Winter MW	Summer MW
Cape Canaveral	1	Brevard County	ST	FO6	NG	WA	PL	Apr-65	Unknown	403	399
	2		ST	FO6	NG	WA	PL	May-69	Unknown	403	399
Cutler	5	Miami Dade County	ST	NG	No	PL	No	Nov-54	Unknown	67	65
	6		ST	NG	No	PL	No	Jul-55	Unknown	109	105
Fort Myers	2	Lee County	CC	NG	No	PL	No	Jun-02	Unknown	1,610	1,441
	3A & B		CT	NG	FO2	PL	PL	Jun-01	Unknown	380	326
	1-12		GT	FO2	No	PL	No	May-74	Unknown	769	648
Lauderdale	4	Broward County	CC	NG	FO2	PL	PL	May-93	Unknown	465	430
	5		CC	NG	FO2	PL	PL	Jun-93	Unknown	464	429
	1-12		GT	NG	FO2	PL	PL	Aug-70	Unknown	509	420
	13-24		GT	NG	FO2	PL	PL	Aug-72	Unknown	509	420
Manatee	1	Manatee County	ST	FO6	NG	WA	PL	Oct-76	Unknown	817	810
	2		ST	FO6	NG	WA	PL	Dec-77	Unknown	817	810
	3		CC	NG	FO2	PL	PL	Jun-05	Unknown	1,197	1,107
Martin	1	Martin County	ST	FO6	NG	PL	PL	Dec-80	Unknown	830	828
	2		ST	FO6	NG	PL	PL	Jun-81	Unknown	829	815
	3		CC	NG	No	PL	No	Feb-94	Unknown	471	449
	4		CC	NG	No	PL	No	Apr-94	Unknown	472	450
	8		CC	NG	No	PL	PL	Jun-01	Unknown	1,197	1,107
Port Everglades	1	City of Hollywood	ST	FO6	NG	WA	PL	Jun-60	Unknown	220	219
	2		ST	FO6	NG	WA	PL	Apr-61	Unknown	220	219
	3		ST	FO6	NG	WA	PL	Jul-64	Unknown	382	377
	4		ST	FO6	NG	WA	PL	Apr-65	Unknown	390	385
	1-12		GT	NG	FO2	PL	PL	Aug-71	Unknown	509	420
Putnam	1	Putnam County	CC	NG	FO2	PL	WA	Apr-78	Unknown	282	245
	2		CC	NG	FO2	PL	WA	Aug-77	Unknown	286	249
Riviera	3	City of Riviera Beach	ST	FO6	NG	WA	PL	Jun-62	Unknown	274	272
	4		ST	FO6	NG	WA	PL	Mar-63	Unknown	286	284
Sanford	3	Volusia County	ST	FO6	NG	WA	PL	May-59	Unknown	142	138
	4		CC	NG	No	PL	No	Oct-03	Unknown	1,045	952
	5		CC	NG	No	PL	No	Jun-02	Unknown	1,045	952
Scherer 2/	4	Monroe, GA	BIT	BIT	FO2	RR	PL	Jul-89	Unknown	642	639
St. Johns River	1	Duval County	BIT	BIT	Pet Coke	RR	WA	Mar-87	Unknown	130	127
Power Park	2		BIT	BIT	Pet Coke	RR	WA	May-88	Unknown	112	105
St. Lucie	1	St. Lucie County	NP	UR	No	TK	No	May-76	Unknown	853	839
	2		NP	UR	No	TK	No	Jun-83	Unknown	726	714
Turkey Point	1	Miami Dade County	ST	FO6	NG	WA	PL	Apr-67	Unknown	388	385
	2		ST	FO6	NG	WA	PL	Apr-68	Unknown	403	400
	3		NP	UR	No	TK	No	Nov-72	Unknown	717	693
	4		NP	UR	No	TK	No	Jun-73	Unknown	717	693
	1-5		IC	FO2	No	TK	No	Dec-67	Unknown	12	12

1/ These ratings are peak capability.

2/ Total capability is 853/839 MW. Capabilities shown represnet FPL's share of the unit and exclude the Orlando Utilities Commission (OUC) and Florida Municipal Power Agency (FMPA) combined portion of 14.89551%.

Appendix C

Computer Models used in FPL's Resource Planning

TIGER

TIGER, the "Tie Line Assistance and Generation Reliability" program, is a model originally developed by Florida Power Corporation. The model has been modified by FPL and is used to determine the magnitude and the timing of FPL's resource needs. The system reliability analyses performed by TIGER are based on three planning criteria: 20% minimum summer reserve margin, 20% minimum winter reserve margin, and a maximum loss-of-load probability (LOLP) of 0.1 days/year.

TIGER is a program capable of modeling two areas. FPL models its service territory (and its connections to other utilities) as a single area. The expected assistance levels from other utility systems are modeled as an additional generator within FPL's service territory.

TIGER performs the calculation of excess firm capacity around the annual system peak (reserve margin). It performs these calculations for the winter peak (January) and the Summer peak (August). TIGER checks the Winter/Summer reserve margin to determine if additional capacity is needed to meet FPL's reserve margin criteria.

In addition, TIGER performs the calculation of LOLP by looking at the peak demand for each day of the year, while taking into consideration the unavailability of generators due to maintenance or forced outages. Therefore, 365 daily peaks (366 for leap years) are used to calculate annual LOLP values.

EGEAS

EGEAS is a production costing, generation expansion program developed under Electric Power Research Institute (EPRI) sponsorship and maintained by Stone & Webster. EGEAS, "Electric Generation Expansion Analysis System", is used in the development of FPL's generation expansion plans and to perform economic analyses of resource plans.

EGEAS develops the optimum expansion plans in terms of two objective functions: present worth of revenue requirements and levelized average system rates ($/MWh). The output details the type, size, and installation date of each demand side management and supply side alternative. EGEAS can handle conventional generating alternatives such as fossil-fueled units, combustion turbines, and nuclear units. It can also handle other non-generating alternatives such as demand side management programs.

In the RFP 2005 work EGEAS was used to perform FPL's economic evaluation of individual proposals and to create resource portfolios containing FPL's NPGUs, alternate generating unit, and the proposals.

P-MArea

P-MArea is a detailed, hourly production costing model developed by P-Plus Corporation. The model has been used extensively for developing the information used in FPL's Fuel Cost Recovery filings and in numerous fuel-related studies including FPL's 2005 Coal Study.

In the RFP 2005 work P-MArea was used to develop production costs (fuel, energy, variable O&M, and system SO2 emission costs) of the four competing portfolios. The model also used transmission transfer limits in order to capture the

Impacts on system production costs of the geographic location of the new generation resources included in each portfolio.

Fixed Cost Spreadsheet

The Fixed Cost spreadsheet is an FPL spreadsheet designed to capture all fixed costs associated with a resource plan. Fixed costs addressed include: generator capital, capacity payments, fixed O&M, capital replacement, transmission interconnection & integration, and firm gas transportation costs.

In the RFP 2005 work the Fixed Cost Spreadsheet was used to calculate all fixed costs associated with the four competing portfolios. These fixed costs, when combined with the production costs developed with P-MArea, provided FPL with a complete perspective on the generation system costs of each portfolio.

MetrixND

MetrixND is an advanced statistics program for analysis and forecasting of time-series data that is stored in Excel or Access databases. This statistical package is used to develop the regression models to forecast sales, net energy for load and peak demand.

Residential Sales Regression Model

Residential energy sales are forecast by multiplying the projected residential use per customer by the projected number of residential customers. A regression model is used to project the electric usage per customer. The regression model utilizes the following explanatory variables: real residential price of electricity, Florida real total personal income, and Cooling and Heating Degree Days as well as a dummy variable for shoulder months.

Commercial Sales Regression Model

The commercial sales forecast is also developed using a regression model. The regression model utilizes the following explanatory variables: Florida's non-agricultural employment, commercial real price of electricity, cooling degree days and an autoregressive term.

Industrial Sales Linear Multiple Regression Model

Industrial sales were forecasted using a linear multiple regression model. The linear multiple regression model utilizes the following explanatory variables: industrial customers, industrial

real price of electricity cooling degree days, a dummy variable for outliers, and an autoregressive term.

Net Energy for Load (NEL) Annual and Monthly Econometric Models

An annual econometric model is developed to produce a Net Energy for Load (NEL) forecast. The explanatory variables used in the model are the following: the real price of electricity, heating and cooling degree days, Florida non-agricultural employment and an auto-regressive term.

The monthly model is similar except the economic variable utilized is Florida's real total personal income and a dummy variable for the month of February.

The forecasts from the two models are combined to develop the twenty year monthly Net Energy for Load forecast.

System Summer Peak Econometric Model

The summer peak forecast is developed using an econometric regression model. This econometric model utilizes the following explanatory variables: total average customers, the real price of electricity, Florida real total personal income, and maximum peak day temperature.

System Winter Peak Econometric Model

The winter peak forecast is developed using the same econometric regression methodology as is used for summer peak forecasts. The winter peak model is a per customer model which contains the following explanatory variables: the minimum temperature on the peak day, heating degree hours for the prior day as well as for the morning of the winter peak day. The model also includes an economic variable: Florida real total personal income.

The Hourly Load Forecast: System load Forecasting "shaper" Program

Forecasted values for system hourly load for the period 2006 – 2025 are produced using a System Load Forecasting "shaper" program. This model uses 16 years of historical FPL hourly system load data to develop load shapes for weekdays, weekend days, and holidays. The model allows calibration of hourly values where the peak is maintained or where both the peak and minimum load-to-peak ratio is maintained.



Florida Power & Light Company's

2005 Generation Capacity

Request for Proposals

September 9, 2005
Rev. 1

2005 Request for Proposals - Generation Capacity

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Section I - 2005 RFP Overview

A. Introduction

Florida Power & Light Company (FPL) set forth a comprehensive generation plan in its 2005 Ten Year Power Plant Site Plan (the "Site Plan"). This plan included a mix of future natural gas and coal fueled technologies to help maintain fuel diversity and enhance the reliability and cost-effectiveness of FPL's current system.

FPL has developed a Request for Proposals (RFP) process in 2005 to identify viable firm capacity and energy resources that will be compared to FPL's Next Planned Generating Units (NPGU). This RFP is divided into two parts: Part One, which is developed in full detail in this document, will focus on FPL's capacity needs between 2009 and 2011, and Part Two, which is only partially developed in this document, will target fuel diversity and capacity needs between 2012 and 2014. When this two-part RFP process is completed, it is envisioned that it will result in the addition of approximately 4,000 MW of fuel diverse generation resources obtained under power purchases and/or FPL self-build units, for the benefit of FPL's customers.

The aim of this RFP process is to obtain a variety of supply-side resource proposals and evaluate those proposals, combinations of proposals, and combinations of proposals with an FPL alternate generating unit in comparison to FPL's NPGU. This will enable FPL to select the most cost-effective combination of generation resources that meets FPL's system reliability and performance standards and enhances fuel diversity in FPL's system, all for the benefit of FPL's customers.

B. Notices

It is important that all participants in this RFP process clearly understand that, in order to protect the interests of FPL's customers, FPL retains the right during the RFP process to: select a combination of proposals, select a proposal or combination of proposals that is not the lowest-priced proposal or combination, waive a non-compliance in any proposal, reject any and all proposals, modify or cancel the RFP, refine the cost and/or performance assumptions of FPL's NPGU, and refine FPL's projected need for resource additions. In the event that FPL modifies the cost and/or performance assumptions of FPL's NPGU, those Proposers that have viable and competitive proposals under evaluation at that time will be given the opportunity to refine their proposals in those aspects that are affected by FPL's modifications.

This RFP is not an offer to enter into a contract. It is a solicitation of exclusive firm offers of fixed duration from Proposers. Nothing in this RFP or any

communication associated with this RFP shall be taken as constituting an offer or representation between FPL and any other party. Neither issuance of this RFP, nor the entry of FPL into negotiations with any Proposer, will be deemed to create any commitment or obligation on the part of FPL to enter into a binding agreement with any Proposer. Those who submit proposals do so without recourse against FPL or any of its affiliates for either rejection of their proposal(s) or for failure to execute a purchase agreement for any reason.

C. Regulatory Background

The Florida Administrative Code Rule 25-22.082 requires public utilities to issue an RFP prior to filing a petition for Determination of Need in accordance with Section 403.519, Florida Statutes. FPL has a need for additional capacity during the years 2009, 2010, and 2011, and has determined that the most cost-effective FPL self-build options that can provide that additional capacity would require a Determination of Need. FPL recognizes that proposals that may be submitted as alternatives to FPL's self-build options may or may not require a Determination of Need.

D. Overall Process Description

This RFP consists of two parts. Part One addresses FPL's projected capacity needs in 2009 through 2011 and seeks alternatives that can be compared to FPL's self-build options. This will enable FPL to select the most cost-effective combination of generation capacity resources that will meet the reliability and performance requirements of FPL and that can be placed in service to meet FPL's need in 2009 through 2011.

Part Two addresses FPL's projected capacity needs in 2012 through 2014, as well as FPL's need for fuel diversity. Only generation resources that can improve FPL's fuel diversity in a cost-effective and reliable manner will be considered in Part Two of this RFP process.

FPL has incorporated Part Two into this RFP process in order to give all parties who may be considering projects that can enhance FPL's fuel diversity in 2012 through 2014 additional lead time to develop such projects on a schedule that would allow the projects to be proposed, evaluated and, if selected, constructed and placed in operation in this time period. This RFP document provides a significant amount of information regarding Part Two. The remaining detailed information for Part Two will be provided in an RFP Supplement to be issued in the summer of 2006.

Part One and Part Two of this RFP have some features and requirements in common. These are described in Section II - General Information and Requirements. Each Part of this RFP also has its own specific features and requirements. Those that pertain to Part One are described in Section III - Part

One (2009-2011) and those that relate to Part Two are provided in Section IV - Part Two (2012-2014).

Appendix A provides a copy of FPL's 2005 Ten Year Power Plant Site Plan. Appendix B provides a copy of FPL's Report on Clean Coal Generation of March 2005. These documents convey important information regarding FPL's generation plan.

Appendix C consists of a draft Power Purchase Agreement (PPA) appropriate for combined cycle gas-fueled units and a Natural Gas Tolling Agreement, both related to Part One. These draft contracts are intended to communicate FPL's contract language preferences and provide a general commercial terms framework to assist Proposers.

Appendix D provides the specific forms that Proposers will need to submit as a part of their proposal to Part One of the RFP. Specific forms related to Part Two information will be issued with the RFP Supplement in 2006. Appendix E provides detailed information regarding FPL's evaluation methodology, including examples of how specific processes and calculations are applied.

E. FPL's IGCC Goals

FPL believes that Integrated Gasification Combined Cycle (IGCC) technology may hold significant promise as a generation source in the future. Because IGCC technology in FPL's view does not presently support an acceptable level of certainty regarding reliability and cost, FPL is not proposing at this time an IGCC facility as a self-build option in the near-term planning time frame (2005 - 2014). However, FPL is interested in encouraging continued development of the technology, and is willing to explore inclusion of IGCC as a part of the FPL system as the reliability and cost areas of uncertainty are resolved and upon demonstration that adding IGCC generation will benefit our customers. Consistent with that goal, FPL will interface with IGCC technology developers and equipment suppliers to enable FPL to incorporate IGCC technology into FPL's portfolio when it becomes fully developed, reliable and economically viable.

Specifically, FPL will be involved in the following activities:

- Perform engineering analyses and continue discussions with technology providers to better define the operational characteristics, fuel transportation requirements and costs of IGCC technology with the intent of developing an FPL-preferred design specification.

- Conduct ongoing reviews of proposed environmental legislation and continue to communicate with interested organizations, agencies and participants involved in the development and implementation of

environmental policy in order to more effectively identify and quantify the benefits that IGCC-based generation may provide to FPL's customers.

- Define the range of potential lifecycle costs associated with IGCC technology under various possible future scenarios or combinations of environmental, technological, fuel and macro-economic factors in order to determine the relative costs and risks of IGCC as a generation resource alternative.

- Review possible financial arrangements, including partnerships or consortia that could facilitate more effective management of the risks presented by IGCC technology to FPL and its customers in order to make adding IGCC generation to FPL's portfolio in the future commercially feasible.

Earlier Opportunity for IGCC

FPL anticipates that by 2015 IGCC may become technically, commercially and economically feasible as a generation resource for FPL's portfolio. Based on FPL's load forecast, 2015 would also be the first year in which new capacity would be required after the addition of the new generation plants already identified in FPL's 2005 Ten Year Site Plan.

There could be, however, an earlier opportunity for IGCC power purchases to be incorporated into the FPL system. Overall, this RFP is soliciting proposals for approximately 4,000 MW of new generation between the years 2009 and 2014. Proposals from participants that can provide IGCC generation in that time frame will be evaluated along with other proposals and with FPL's next planned generation units.

IGCC power purchase proposals for 2009 through 2011 will be evaluated with all firm, dispatchable proposals and FPL's next planned generating unit for 2009-2010, a gas-fueled advanced combined cycle facility.

IGCC power purchase proposals for 2012 through 2014 will be evaluated only with resource alternatives that improve FPL's fuel diversity and with FPL's next planned generating unit for 2012-2013, a supercritical pulverized coal facility with advanced emission control technology.

Consistent with the best interests of FPL's customers, FPL will select the most cost-effective alternatives to meet the stated capacity needs.

Fuel Diversity Workshops Will Include IGCC Technology

In order to facilitate an open discussion of issues surrounding the addition of environmentally acceptable, economic, reliable and fuel diverse generation resources and encourage the development of such fuel diverse resource opportunities, FPL will host two Fuel Diversity Workshops in December 2005 and March 2006, respectively.

FPL's goal is that through this dialogue and FPL's own activities FPL will be able to identify the critical issues that must be resolved to meet the reliability and economic standards our customers require, and thus enable FPL to successfully incorporate IGCC technology into the FPL system.

Section II - General Information and Requirements

A. Issues Influencing System Cost and Reliability

1. Geographic Location.

System cost-effectiveness and reliability measures are improved when new generation units are located near the system load center. The ability of a generator to deliver power in or near the area of greatest need lowers the cost of delivering that power and provides operational flexibility for the system. FPL's RFP evaluation methodology recognizes the value of geographic location and is discussed in more detail in Appendix E.

2. Fuel Diversity.

FPL's generation system has always sought to maintain a balance of fuel sources as a means to manage the cost impacts of fuel price volatility and maintain fuel supply reliability. By developing a system that utilizes nuclear, coal, fuel oil, natural gas and other fuels, FPL is taking steps to control the impact of market price volatility on the average cost of electricity in our service area. Recent commodity price increases and volatility in natural gas markets demonstrate that despite the low capital cost and emissions benefits associated with natural gas technologies, FPL must continue to pursue diversification of fuel sources balanced with other considerations.

Part Two of the 2005 RFP specifically focuses on generation technologies that provide fuel diversity to be compared to FPL's self-build coal based generation alternative. However, FPL encourages proposals in both solicitations that help to control exposure of the FPL system to the volatilities of the fuel commodity markets.

FPL's RFP evaluation methodology recognizes the value offered by fuel diverse generation options. The unique aspects of such proposals will also be considered in the full context of the proposed offering during the non-economic evaluation of environmental and technical or operational factors. Proposals involving solid fuel generation that assist FPL in cost-effectively increasing the fuel diversity of the FPL system are encouraged.

3. Firm Capacity and Dispatchability.

FPL seeks proposals that would allow FPL to meet its firm capacity requirement in future years. Therefore, proposals will be required to offer the commitment of firm capacity and energy. FPL defines Firm Capacity and Energy as follows:

"all electric energy and capacity owned or acquired by the Proposer to be made available to FPL pursuant to the RFP on a first call basis and priority as if FPL owned the generating capacity on its own system. Firm Capacity and Energy shall not include any electric generating capacity that another Party, including the Proposer, has a priority to utilize that is superior to that of FPL."

The firm capacity and energy must be fully dispatchable under the operational control of FPL and must include all of the facility output inclusive of ancillary service products. Ensuring that all proposals satisfy the firm and dispatchability conditions enables that the proposals can be evaluated on an equal basis regarding their total costs and reliability benefits.

B. Proposer Obligations

1. Regulatory Compliance.

The Proposer is responsible for acquiring and maintaining compliance with all licenses, permits, and other regulatory approvals (including environmental) that will be required by current or future federal, state, or other local government laws, regulations, or ordinances to successfully implement the proposal. For a selected proposal that requires new power plant construction falling under the Florida Electrical Power Plant Siting Act ("Siting Act"), FPL will be a co-applicant in a Determination of Need filing. FPL will cooperate with any selected Proposer(s) to provide information or such other assistance as may reasonably be necessary for the Proposer(s) to satisfy licensing and regulatory requirements. The selected Proposer(s) shall fully support all of FPL's regulatory requirements associated with this potential capacity and energy arrangement.

A proposal that requires new power plant construction falling under the Siting Act must demonstrate a permitting and construction schedule that allows the new plant to be in commercial operation on or before the Capacity Delivery Date. Please see Appendix D for a discussion of Form # 7 that requests, in part, this permitting and construction schedule information.

2. Development Activities.

The Proposer is completely responsible for the location, acquisition, and development of the plant site and other land or infrastructure that is needed for new generating units.

The Proposer is also completely responsible for securing, locating, or guaranteeing any emissions allowances, credits, or offsets which may be required by the Title IV Clean Air Act Amendments, Clean Air Interstate Rule, Clean Air Mercury Rule or other federal, state, or local requirements to allow the construction and/or operation of the proposed facility. Proposers whose proposals offer the sale of an existing power plant(s) must secure the emission allowances, credits, or approvals necessary to operate the facility until ownership of the facility and the emission allowances, credits, or approvals are transferred to FPL.

3. **Project Execution.**

The Proposer will be completely responsible for ensuring that the implementation of any and all parts of the proposal is carried out in full compliance with any changes, modifications, or additions to laws, regulations, ordinances, licenses, permits, and other regulatory approvals (including environmental) that affect the proposal. FPL shall not bear any price or cost risk associated with any such changes, modifications, or additions, except in the case of proposals offering the sale of an existing power plant(s) to the extent the contract for conveyance expressly places such risk(s) on FPL upon transfer of ownership of the facility.

4. **Project Funding and Costs.**

All Proposers are completely responsible for all financing activities related to the project and for engineering, design, procurement and construction of all aspects of the facility. These include, but are not limited to, the power block, environmental control systems, fuel delivery systems (from the fuel delivery point, if a tolling arrangement is proposed), and transmission system interconnections, etc. The Proposer is also completely responsible for sourcing and contracting for a reliable fuel supply and firm transportation (unless the proposal is a tolling proposal) and any other activity required for the reliable delivery of firm capacity and energy to FPL at the identified delivery or interconnection point. All costs associated with the design, construction, operation, and maintenance of the transmission interconnection facilities (including but not limited to generator step-up transformers and high-voltage breakers) associated with the delivery of firm capacity and energy to FPL will be the responsibility of the Proposer.

5. **Interconnection and Transmission Service.**

The Proposer must secure with the appropriate transmission provider(s) all needed transmission facilities and arrangements required to deliver the

firm capacity and energy to the FPL transmission system on a firm long-term basis for the entire term of the proposal.

6. Cooperation.

Any selected Proposer(s) agrees by the act of submitting a proposal in response to this RFP to file, as needed, an application under the Siting Act and to fully support, as requested by FPL, any FPL regulatory proceeding(s) related to firm capacity purchases and/or sale of an existing power plant(s) emanating from this solicitation. Proposers shall be responsible for all of Proposer's costs to participate in the necessary regulatory proceedings.

C. General Instructions for Proposers

1. FPL Contact Person.

Steve Scroggs, Manager Integrated Resource Planning
Florida Power & Light Company
RAP/GO
9250 West Flagler Street
Miami, FL 33174

Email: Steven_Scroggs@FPL.com
Office: (305) 552-4199
Fax: (305) 552-2905

2. Proposal Confidentiality.

FPL will take reasonable precautions and use reasonable efforts to protect proprietary and confidential information contained in a proposal, provided that such information is clearly identified by the Proposer as Proprietary and Confidential on the page(s) on which the information appears.

To clearly identify confidential information, the Proposer must (1) stamp each such page with "Confidential Information" and (2) highlight/shade the confidential information on the pages stamped "Confidential Information". (A blanket statement that an entire page or proposal is proprietary and confidential will not be considered clear identification.)

Notwithstanding the foregoing, FPL shall disclose Confidential Information in the event that it determines, in its sole discretion, that disclosure is necessary in order to comply with any applicable law, order, regulation, ruling, subpoena or order of the Florida Public Service Commission or other governmental authority or tribunal with competent jurisdiction. Such disclosure may include, but is not limited to, production

of Confidential Information to the Florida Public Service Commission and to parties in legal and regulatory proceedings conducted to consider and to approve the project which is the subject of this Request for Proposals.

In the event that FPL is requested or required to disclose any Confidential Information, FPL will provide prior notice to the entity who's Confidential Information has been requested so that such entity may, if it chooses, seek an appropriate protective order subject to protections available under the Florida Statutes, Florida Administrative Code and Florida Rules of Civil Procedure.

With respect to any disclosure made by FPL pursuant to the foregoing paragraphs, FPL will furnish only that portion of the Confidential Information that FPL determines in its discretion to be consistent with the scope of the subpoena, demand, or request and will seek reasonable assurances that confidential treatment will be accorded such Confidential Information.

3. **Proposer Exceptions.**

FPL will consider proposals that contain exceptions to the general terms and conditions of the RFP and/or the PPAs. **No exceptions to the General or Specific Minimum Requirements will be accepted.** If a Proposer identifies exceptions, the exceptions must be explained in writing as part of the proposal using Form # 10 (Appendix D). For each exception, the Proposer must fully explain in writing the condition, requirement, or facet of the RFP or the PPA to which the Proposer takes exception and provide the replacement language proposed.

Inclusion of exception information with a proposal will be used to compare proposals to one another and will facilitate negotiations by allowing FPL to evaluate the specific core issues of the exceptions, rather than addressing generic or conceptual comments. A more detailed discussion of the non-price evaluation is provided in Appendix E. FPL reserves the right to request from a Proposer whether, or to what extent, FPL's contemplated rejection of a particular exception would affect the pricing of the proposal.

If a Proposer fails to state exceptions and pose alternative language to the material terms set forth in the RFP and draft PPA, FPL shall assume that a Proposer has no specific objection to such terms and conditions.

4. **Proposer Questions and Communications.**

Proposers are to follow all instructions contained in this RFP and provide all information requested in the RFP and on the forms presented and

discussed in Appendix D of this document. Proposers also are expected to provide supporting documentation, and answer any follow-up questions from FPL, as requested.

Proposers are encouraged to contact the FPL Contact Person with questions to ensure complete and accurate proposals. Following the RFP release date, all questions will be recorded. FPL will post questions and answers on the FPL.com website at www.FPL.com/2005rfp. All questions and answers from the Pre-Proposal Workshop, and any subsequent questions posed to FPL and answers to these questions, will be posted for the benefit of all Proposers.

D. General Minimum Requirements for Proposals

All proposals must satisfy each of the General Minimum Requirements listed below and the Specific Minimum Requirements listed under Part One of this RFP (Section III.E) or Part Two of this RFP (Section IV.E), as applicable. Note that Section IV.E, related to Part Two of this RFP will be provided as a part of an RFP Supplement to be issued in the Summer of 2006. Failure of a proposal to satisfy one or more General or Specific Minimum Requirements will be grounds for determining a proposal ineligible. However, FPL reserves the right to waive inconsequential non-compliance with these Minimum Requirements. Proposals determined to be ineligible will be returned to the Proposer along with a refund of 75% of the RFP Fee.

1. Proposal Submission Requirements.

All proposals and variations to proposals must be received by the FPL RFP Contact Person by the Proposal Due Date and Time. Proposers must submit five (5) bound hard copies, plus an electronic copy of the completed forms on a CD (supplied with the RFP), by the Proposal Due Date and Time. The RFP Evaluation Fees must accompany the proposal(s) and any variations.

All required forms and the information requested on these forms must be submitted. FPL may choose to contact a Proposer to request that omitted or incomplete information be provided, but is under no obligation to do so. Any attempt by a Proposer to disclaim generally the terms and conditions of this RFP and/or PPA without stating specific exceptions and alternative language will be grounds for determining a proposal to be incomplete, and therefore ineligible.

Proposer must comply with the Publication Notice requirement of Rule 25-22.082, Florida Administrative Code which requires a notice to be published in a newspaper of general circulation in each county in which the participant proposes to build an electrical power plant. The notice

shall be at least one-quarter of a page and shall be published no later than 10 days after the Proposal Due Date. The notice shall state that the participant has submitted a proposal to build an electrical power plant, and shall include the name and address of the participant submitting the proposal, the name and address of the public utility that solicited the proposals, and a general description of the proposed power plant and its location. A copy of the notice, including an affidavit confirming publication, must be submitted to FPL within 10 days of publication.

2. Term of the Proposal(s).

The firm capacity and energy offered by the proposal must commence within the time frame identified for each solicitation. The acceptable term lengths for proposals are established recognizing factors that are specific to the source of the proposals.

a) The minimum term length for proposals offering system sales or proposals supported by new or existing assets that do not require a need determination is one (1) year.
b) The minimum term length for proposals offering PPA sales from a new asset requiring a need determination is ten (10) years.
c) The minimum term length for proposals requiring a Natural Gas Tolling Agreement is fifteen (15) years.
d) The maximum term length of any proposal type is twenty-five (25) years.

3. Firm Nature of Proposal.

a) Proposals must offer year-round firm capacity.
b) The firm capacity and energy must be fully dispatchable under the operational control of FPL, subject only to the operating capabilities of the facility for proposals other than system sales.
c) Proposals supported by identifiable units (other than system sales) must commit all of the facility output, including any ancillary service products.
d) The firm capacity and energy delivery must commence within the required time frame of the solicitation and remain as firm capacity and energy throughout the term of the proposed offer.

4. Permit and Authorization Feasibility.

The Proposer must demonstrate that there are no significant barriers to obtaining the necessary regulatory and governmental permits and authorizations to execute or implement the proposed project on a schedule that meets the Capacity Delivery Date. All proposed projects will be subject to the approval of the appropriate Regulatory Authorities.

The Proposer is responsible for acquiring and maintaining compliance with all licenses, permits, and other regulatory approvals (including environmental) that will be required by current or future federal, state, or other local government laws, regulations, or ordinances to successfully implement the proposal.

5. Binding Nature of Proposal.

Proposals must be certified by an Officer of the proposing entity. Proposal(s) must remain as valid and binding offers for 180 days from the submittal date and cannot be modified, except to be withdrawn in full, modified in response to a modification of FPL information describing the FPL NPGU, or in response to a request for a Best and Final Offer from FPL. Clarifications requested by FPL are not considered modifications. **Indicative bids are not eligible.**

If a proposal is selected for the Short List, the selected Proposer will be asked to provide a Best and Final Offer (BAFO) at that point. Such BAFO must be valid and binding for 180 days from the date of Short List publication.

6. Identifiable Capacity Source.

The proposal's firm capacity and energy must be from a specific power plant(s) that is/are clearly identified in the proposal. Exceptions to this requirement will be made for system sales from electric systems that are accountable to the FPSC or similar public authority, have direct control of generation and transmission assets and are members in good standing of a NERC reliability coordinating council. Firm capacity and energy sales from systems must include a clear explanation of how the capacity is to be obtained and delivered. The proposal must also explain how commitment of such system capacity to FPL will affect the Proposer's ability to meet the Florida Public Service Commission (FPSC) reserve margin requirements (or the requirements of other state agencies as appropriate).

7. Site Development.

For newly built generation, the Proposer shall be responsible for the location, development and permitting of the Proposer's site for the proposed facility.

8. **Minimum Operating Characteristics.**

The following operational characteristics must be accommodated by all proposals.

a) The facility must be able to achieve and sustain generation at the proposed capacity and heat rate while maintaining compliance with all permits and authorizations.
b) Natural gas-fired facilities shall be designed to fulfill all operational requirements satisfying all permits and authorizations using pipeline quality gas. Gas quality specifications are provided in Appendix D.

9. **Regulatory Modifications.**

Section 15 of Rule 25-22.082, Florida Administrative Code provides: "If the Commission approves a purchase power agreement as a result of the RFP, the public utility shall be authorized to recover the prudently incurred costs of the agreement through the public utility's capacity, and fuel and purchased power cost recovery clauses absent evidence of fraud, mistake, or similar grounds sufficient to disturb the finality of the approval under governing law." Proposer must agree that should FPL, at any time during the term of a contract between FPL and the Proposer entered into as a result of this RFP, fail to obtain or is denied the authorization of the FPSC, or the authorization of any other legislative, administrative, judicial or regulatory body which now has, or in the future may have, jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to the Proposer now Seller under the terms of such a contract or any subsequent amendment hereto, FPL may, at its sole option, adjust the payments made under such contract to the amount(s) which FPL is authorized to recover from its customers. In the event that FPL so adjusts the payments to which the Proposer now Seller is entitled under such a contract, then the Proposer now Seller may, at its sole option, terminate such a contract upon one hundred eighty (180) days notice to FPL. If such determination of disallowance is ultimately reversed and such payments previously disallowed are found to be recoverable, FPL shall pay all withheld payments. The Proposer now Seller acknowledges that any amounts initially received by FPL from its customers, but for which recovery is subsequently disallowed and charged back to FPL, may be offset or credited, against subsequent payments to be made by FPL to the Proposer now Seller under such a contract.

If, at any time, FPL receives notice that the FPSC or any other legislative, administrative, judicial or regulatory body seeks or will seek to prevent full recovery by FPL from its customers of all payments required to be made under the terms of such a contract or any subsequent amendments to such a contract, then FPL shall, within thirty (30) days of such action, give

notice thereof to the Proposer now Seller. FPL shall use reasonable efforts to defend and uphold the validity of such a contract and its right to recover from its customers all payments required to be made by FPL hereunder, and will cooperate in any effort by the Proposer now Seller to intervene in any proceeding challenging, or to otherwise defend, the validity of such a contract and the right of FPL to recover from its customers all payments to be made by it hereunder.

10. Regulatory Approvals.

Proposer must agree that the obligations of Proposer to generate, deliver and sell, and of FPL to accept delivery of and purchase, Capacity and Energy in any contract that results from this RFP shall be subject to the satisfaction of the conditions precedent that: (i) the FPSC shall have issued a final Determination of Need and a final order approving such contract, which order includes a finding that FPL is entitled to recover from its customers all payments for Capacity and Energy, which orders are no longer subject to appeal, (ii) the FERC shall have issued a final order authorizing Proposer to make the sales of electrical energy and capacity contemplated by such contract, which order is no longer subject to appeal, and (iii) each other Governmental Authority having jurisdiction over such contract shall have issued a final order approving such contract or otherwise authorizing sales of electrical Capacity and Energy under such contract, as applicable, which orders are no longer subject to appeal

11. FIN 46R Compliance.

Certain accounting rules now in effect, or as they might be amended or interpreted in the future, may require that the Seller under the PPA or tolling contract be consolidated into the financial statements of FPL. Proposers must submit an analysis, with supporting information as required in Appendix D, evaluating whether or not FPL would be required to consolidate the Seller under the provisions of Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) (FIN 46R). A Proposer who enters into a contract with FPL under this RFP must agree to comply with Section 15.4 in each of the accompanying draft PPAs presented in Appendix C that specifies requirements for FPL's ongoing compliance with FIN 46R.

Note: In addition, please review the Specific Minimum Requirements for Part One of the RFP in Section III.E of this document.

E. Evaluation Process

The objective of the RFP is to solicit proposals that allow FPL to assess the best generating alternatives that cost-effectively meet the RFP capacity requirement. It is anticipated that FPL will receive a variety of proposals that may vary in length of term, capacity, source, price, fuel and other pertinent characteristics. In addition to the variations that may be presented within individual proposals, there may be a need to combine multiple proposals to develop portfolios that meet the RFP capacity requirements. FPL will employ an evaluation methodology that will anticipate responses that offer a wide range of individual characteristics and can evaluate the costs and benefits offered by combining various proposals into unique portfolios of generating alternatives. Therefore, eligible proposals that pass initial screening and individual economic ranking, but do not individually meet the capacity requirement for a given year, will be evaluated in portfolios that match them with other resources to meet the capacity need and the sequence of annual need identified in each solicitation. Ultimately, FPL will identify the best portfolio that cost-effectively meets the RFP capacity requirement. FPL's evaluation methodology, including a detailed description of the criteria to be used to evaluate price and non-price attributes, is discussed in detail in Appendix E. A summary description of the evaluation process is provided below.

1. **Initial Screening.**

   Proposals will be reviewed for compliance with the General and Specific Minimum Requirements set forth in this RFP. Those proposals determined to be eligible will advance in the evaluation. Proposals determined to be ineligible will be returned to the Proposer along with a refund of 75% of the RFP Evaluation Fee and will not be evaluated further.

2. **Economic Evaluation of Individual Proposals.**

   Proposals determined to be eligible will first be ranked by their individual economic impact on the FPL system over the length of the study period. If there are a large number of eligible proposals and a significant difference in economic impact on the FPL system is noted, this analysis may be used to eliminate a portion of the lowest ranked proposals from further evaluation.

3. **Creation and Economic Screen of Portfolios.**

   It is anticipated that some of the proposals may need to be combined with other proposals or the FPL alternate generating unit to present portfolios that fully meet the RFP capacity needs. FPL will, therefore conduct a portfolio analysis. Load growth will be modeled using the FPL Load Forecast and additional generation will be added for growth that occurs in

the time period beyond the current Ten Year Site Plan to complete the generation plan maintaining the required reserve margin into the future.

An estimated system economic cost (presented as the Cumulative Present Value of Revenue Requirements - CPVRR) for each portfolio and associated generation plan will be developed during the portfolio creation step. This estimated cost will provide a basis for further screening of non-competitive proposals, if necessary.

4. Final Evaluation of Total System Costs.

The top ranking portfolios emerging from the creation and screening step will undergo a detailed economic evaluation, including estimates developed for system costs specific to each portfolio and associated generation plan.

The system costs include variable and fixed costs of production for all units, transmission-related costs, fuel-related costs and a net equity adjustment for purchase obligations longer than three years. The transmission-related costs include transmission interconnection costs, transmission integration costs, and the costs of system energy and capacity losses. The fuel-related costs include all infrastructure upgrades and firm transportation costs necessary to deliver the fuel requirements of the portfolio.

The fixed and variable costs developed for each specific portfolio and associated generation plan will be combined to represent the full economic evaluation. The results, presented in CPVRR form, will be compared to the results of other portfolio and generation plan options.

5. Non-Economic Evaluation.

In addition to the economic evaluation, the portfolios will be evaluated for non-economic factors. In the non-economic evaluation, the proposals will be evaluated individually and in the context of the other proposals in the portfolio as to the environmental, technical/operational, and project execution non-economic factors enumerated in Appendix E. The objective of the evaluation is to develop an understanding of the proposal and identify areas that may warrant further review.

Proposals that exhibit strong potential in the economic evaluation but are unclear in certain non-economic evaluation areas may be considered for a Panel Review. The Panel Review, if necessary, would provide for an exchange between the Proposer(s) and FPL panelists in regard to the non-economic evaluation areas. This would allow for a more complete

exchange of ideas in the important areas. Proposers will be notified individually if a need for a Panel Review is indicated, and a mutually convenient time will be arranged.

The result of the non-economic evaluation will be a summary report on the risk areas that may be used in conjunction with the results of the economic evaluation to select Finalists. A complete description of the non-economic criteria is provided in Appendix E.

6. **Best and Final Offer Evaluation.**

FPL will apply the process above to develop a Short List of proposals that will be Finalists. FPL will request from the Finalists a Best and Final Offer. FPL will evaluate these Best and Final Offers to develop the final economic and non-economic evaluations.

7. **Final Selection.**

The economic and non-economic factors will be presented to an FPL Management Review Team. The Management Review Team will then make a selection based on sound business practices and the best interests of FPL customers.

Section III - Part One Solicitation: 2009 - 2011

A. Specific Need for the Period

The capacity values described below represent an update from the information presented in FPL's 2005 Ten-Year Power Plant Site Plan (Site Plan), a copy of which is attached to this document as Appendix A. This update is based on on-going analyses and contract negotiations conducted as part of FPL's resource planning work in 2005. FPL's capacity need is potentially subject to further change as this work continues. Nonetheless, FPL may choose to acquire more or less capacity than identified below.

Proposals or combinations of proposals will be allowed up to a maximum total capacity of 2,440 MW. The specific annual capacity need for Part One based on exactly meeting the 20% reserve margin planning standard is as follows:

June 1, 2009	950 MW
June 1, 2010	838 MW
June 1, 2011	583 MW

Individual proposals may offer to meet all or a portion of the Part One capacity requirement with a Capacity Delivery Date (CDD) as early as January 1, 2009 but no later than June 1, 2011. Proposals offering to meet a portion of the capacity solicitation will be paired with other partial capacity proposals and/or FPL's Alternate unit, to form a portfolio that meets the capacity need. The portfolios will be formed to meet both the magnitude and the timing of the capacity need as identified above.

B. FPL's 2009-2011 NPGU

Rule 25-22.082, Florida Administrative Code, requires that specific information about FPL's "next planned generating unit" be included in an RFP seeking firm capacity.

In FPL's 2005 Ten Year Power Plant Site Plan (Site Plan), FPL described a generation plan that included two new combined cycle (CC) units at the West County Energy Center site in Palm Beach County, one each in 2009 and 2010, to satisfy the 2009-2011 need requirements. These planned CC units are based on 3 combustion turbines (CT's) in combined cycle with 3 heat recovery system generators and a single steam turbine generator (3x1 configuration). Each new CC unit would add approximately 1,219 MW (summer). Additionally, the new CC units would have dual fuel capability (distillate) with on-site storage capacity to enable a minimum of 108 hours of full capability operation.

FPL identifies West County Energy Center Units 1 and 2 installed as a combined project with delivery in 2009 and 2010, respectively, as the "Next Planned Generating Units" (NPGU) for the 2009-2011 period in accordance with the requirements of Rule 25-22.082, Florida Administrative Code. The eligible proposals submitted in response to this RFP will be evaluated against these next planned generating units.

FPL also plans to evaluate the RFP proposals against and potentially in conjunction with an alternate FPL self-build option. The FPL Alternate Generation Unit is a single 3x1 CC unit at West County Energy Center with a COD of June 1, 2009. This single unit will be available to be paired with one or more proposals that do not independently fulfill the minimum capacity need. These proposals may also be paired with other proposals to form portfolios that can meet the minimum capacity solicited in this RFP.

FPL's purpose in identifying and making this second self-build option available for analysis, in addition to its NPGU, is to protect FPL customers by maintaining flexibility in the evaluation process. Inclusion of the option offers another means of creating candidate portfolios that satisfy the capacity required and include a portion of generation sited in the Southeast area, an area in need of additional generation as identified in FPL's 2005 Site Plan. Inclusion also helps to address developments which may occur during the pendency of the RFP. For example, FPL's forecasted need might change during the pendency of the RFP, requiring more or less generation to meet customer needs. In such a circumstance FPL will have the option of being able to analyze all of the generating alternatives that may potentially best serve its customers. The inclusion of this option also provides a portfolio pairing opportunity for proposals that only partially meet the RFP capacity requirement. This feature enables the evaluation process to identify one or more proposals that, in conjunction with the alternate self-build unit, are more cost-effective than FPL's next planned generating units.

FPL has provided the same detailed technical and cost information for the additional FPL self-build option as is provided for FPL's NPGU. The costs associated with the single unit alternative reflect the costs necessary to develop, construct and operate the single unit beginning June 1, 2009.

1. Required Information

FPL is providing a technical description of its next planned generating units for 2009 and 2010. The technical description for each unit complies with the requirements of Rule 25-22.082 (5) (a). In addition, FPL is providing a technical description of an alternate generating unit. This description also complies with the requirements of Rule 25.22.082 (5) (a).

2. Tables

The technical information required by Rule 25-22.082 (5) (a) is presented in Tables III.B - 1, III.B - 2, and III.B - 3 for West County Energy Center combined cycle Unit # 1 (WCEC Unit # 1), and in Tables III.B - 4, III.B - 5, and III.B - 6 for West County Energy Center combined cycle Unit # 2 (WCEC Unit # 2). These two units are FPL's most economic construction options for meeting its presently forecasted 2009-2011 capacity need and are FPL's "Next Planned Generating Units". WCEC # 1 has a June 1, 2009 in-service date and WCEC # 2 has a June 1, 2010 in-service date.

Tables III.B - 7, III.B - 8, and III.B - 9 are for Alternate West County Energy Center combined cycle Unit # 1 (WCEC Unit # 1 stand alone). The information in these three tables is identical to the information presented in Tables III.B - 1, III.B - 2, and III.B - 3 except for the firm gas transportation cost listed in Table III.B - 7. WCEC Unit # 1 (stand alone), with its June 1, 2009 in-service date, is the Alternate Generating Unit.

Table III.B – 1

Next Planned Generating Unit Data – West County Energy Center Combined Cycle Unit # 1 (WCEC Unit # 1)

The following data represent FPL's current estimates for this 2009 capacity addition. These planning estimates are subject to further refinement in regard to site-specific costs, detailed engineering, or vendor quotes. FPL reserves the right to modify the construction costs and/or performance parameters for this unit. If FPL exercises this option, it will do so concurrent to publication of the Short List. FPL would then inform the remaining participants of its intent and permit the remaining participants to revise their proposals.

1. A three-on-one combined cycle generating unit to be located at the West County Energy Center near FPL's Corbett substation in Palm Beach County, Florida.
2. Planned size is 1,219 MW (Summer rating).
3. Commercial operation for the facility is proposed to be on or before June 1, 2009.
4. The primary fuel is natural gas. Low sulfur light (distillate) oil will be the backup fuel type.
5. The estimated total direct cost (without AFUDC) is $ 621.2 million (in 2009 $). This value includes the cost of generation, land, gas expansion and handling, plus transmission interconnection and integration (without AFUDC).
6. The estimated annual levelized capital (generation, land, gas expansion and handling, plus transmission interconnection and integration) revenue requirement with AFUDC is $97.5 million over 25 years.
7. The estimated annual value of deferral with AFUDC of this unit is $61.77 /kW-yr in 2009 (excludes variable O&M, fixed O&M, and capital replacement).
8. The estimated fixed O&M, capital replacement, and variable O&M annual expenditures are presented in Table III.B - 2.
9. The estimated fuel cost in 2009 is currently estimated at $ 6.33 /mmBTU and the firm gas transportation cost is currently estimated at $ 0.57 /mmBTU. (See Note 1).
10. The following are the estimates for:

Planned Outage Factor	See Table III.B - 3 and Note 2
Forced Outage Rate	See Table III.B - 3 and Note 2
Heat Rate at maximum capacity	6582 Btu/kWh @75F (HHV) 100% (Base Operational Mode)
Minimum load	280 MW
Ramp Rate	30 MW/min

11. The estimated transmission interconnection and integration costs associated with this unit are $ 22.7 million (without AFUDC in 2009 $). The gas expansion and handling cost is $ 13.6 million (without AFUDC in 2009 $).
12. Air, water discharge, and other permits will be required for this unit. It is FPL's plan to comply with all air and water quality standards of the Local, State, and Federal governments.
13. The major financial assumptions in the development of these numbers were:

Construction escalation (approx.)	3 %
General escalation	See Table III.B - 2 and Note 3
Fuel escalation	Varies by year. See Note 1
Capital Structure	45 % debt @ 6.9 % 55 % equity @ 11.75 %

Table III.B - 2

Next Planned Generating Unit Data - WCEC Unit # 1

Year	Projected Fixed O&M Expenditures * ($/kw-yr)	Projected Variable O&M Expenditures *, ** ($/mwh)	Projected Capital Replacement Expenditures * ($/kw-yr)
2009	$4.61	$0.138	$7.04
2010	$4.82	$0.139	$7.11
2011	$5.05	$0.141	$7.20
2012	$5.29	$0.143	$7.30
2013	$5.52	$0.145	$7.38
2014	$5.77	$0.147	$7.48
2015	$6.03	$0.148	$7.57
2016	$6.31	$0.150	$7.66
2017	$6.60	$0.152	$7.75
2018	$6.90	$0.154	$7.85
2019	$7.22	$0.156	$7.96
2020	$7.55	$0.158	$8.05
2021	$7.90	$0.160	$8.15
2022	$8.25	$0.162	$8.25
2023	$8.61	$0.164	$8.35
2024	$8.99	$0.166	$8.46
2025	$9.39	$0.168	$8.57
2026	$9.80	$0.170	$8.68
2027	$10.23	$0.172	$8.79
2028	$10.68	$0.174	$8.89
2029	$11.15	$0.176	$9.00
2030	$11.64	$0.179	$9.11
2031	$12.15	$0.181	$9.22
2032	$12.69	$0.183	$9.33
2033	$13.25	$0.185	$9.44
2034	$13.83	$0.187	$9.55
2035	$14.44	$0.189	$9.67
2036	$15.07	$0.192	$9.78
2037	$15.74	$0.194	$9.90

* Based on Summer (95 degrees) total capacity rating.
** Based on an assumed annual capacity factor of 85% each year and cost excludes fuel.

Table III.B - 3

Next Planned Generating Unit Data - WCEC Unit # 1
(See Note 2)

	Base & Duct Firing Operational Modes	
Year	Projected Annual Planned Outage Hours	Projected Annual Forced Outage Hours
2009	190	96
2010	190	96
2011	190	96
2012	190	96
2013	190	96
2014	190	96
2015	190	96
2016	190	96
2017	190	96
2018	190	96
2019	190	96
2020	190	96
2021	190	96
2022	190	96
2023	190	96
2024	190	96
2025	190	96
2026	190	96
2027	190	96
2028	190	96
2029	190	96
2030	190	96
2031	190	96
2032	190	96
2033	190	96
2034	190	96
2035	190	96
2036	190	96
2037	190	96

Notes for:
Next Planned Generating Unit Data – WCEC Unit # 1

1. The commodity fuel cost value provided in Table III.B - 1 is from FPL's May 2005 Fuel Forecast. For the economic evaluation of capacity options in this RFP, both for proposals received in response to this RFP and FPL's self-build options, FPL will use a designated FPL Fossil Fuel Price and Natural Gas Availability Forecast in the economic evaluation of all alternatives. This forecast may differ from the May 2005 forecast. In addition, the firm gas transportation cost value also includes certain equipment costs for the gas yard (meters, regulators, and moisture separators) and on-site compression.

2. The projected outage hour estimates for FPL's self-build options represent arithmetic averages of expected outage hours over the 2009-2037 period and do not represent "new & clean" unit values. A capacity factor of 85% for all years for the unit as a whole was used in making these projections. Maintenance outage hours were not included in these projections.

   Using these outage hour values, FPL projects the following values for both the Base and Duct Firing operational modes:

POF	2.1%
FOR	1.1%
Availability	96.8%

3. FPL used a variety of escalation indices to develop the values in Table III.B - 2. Since FPL is requiring annual guaranteed cost values for all PPA proposals (and is not allowing submission of starting year costs followed by a formula stating how to escalate these costs), FPL is providing its annual projected costs for O&M and capital replacement costs.

Table III.B – 4

Next Planned Generating Unit Data – West County Energy Center Combined Cycle Unit # 2 (WCEC Unit # 2)

The following data represent FPL's current estimates for this 2010 capacity addition. These planning estimates are subject to further refinement in regard to site-specific costs, detailed engineering, or vendor quotes. FPL reserves the right to modify the construction costs and/or performance parameters for this unit. If FPL exercises this option, it will do so concurrent to publication of the Short List. FPL would then inform the remaining participants of its intent and permit the remaining participants to revise their proposals.

1. A three-on-one combined cycle generating unit to be located at the West County Energy Center near FPL's Corbett substation in Palm Beach County, Florida.
2. Planned size is 1,219 MW (Summer rating).
3. Commercial operation for the facility is proposed to be on or before June 1, 2010.
4. The primary fuel is natural gas. Low sulfur light (distillate) oil will be the backup fuel type.
5. The estimated total direct cost (without AFUDC) is $ 562.7 million (in 2010 $). This value includes the cost (without AFUDC) of generation, land, gas expansion and handling, plus transmission interconnection and integration.
6. The estimated annual levelized capital (generation, land, gas expansion and handling, plus transmission interconnection and integration) revenue requirement with AFUDC is $ 89.8 million over 25 years.
7. The estimated annual value of deferral with AFUDC of this unit is $ 56.90 /kW-yr in 2010 (excludes variable O&M, fixed O&M, and capital replacement).
8. The estimated fixed O&M, capital replacement, and variable O&M annual expenditures are presented in Table III.B - 5.
9. The estimated fuel cost in 2010 is currently estimated at $6.09 /mmBTU, and firm gas transportation cost is currently estimated at $0.57/mmBTU. (See Note 1.)
10. The following are the estimates for:

Planned Outage Factor	See Table III.B - 6 and Note 2
Forced Outage Rate	See Table III.B - 6 and Note 2
Heat Rate at maximum capacity	6582 Btu/kWh @75F (HHV) 100% (Base Operational Mode)
Minimum load	280 MW
Ramp Rate	30 MW/min

11. The estimated transmission interconnection and integration costs associated with this unit are $ 33.6 million (without AFUDC in 2010 $). The gas expansion and handling cost is $ 9.7 million (without AFUDC in 2010 $). Note that the transmission interconnection and integration cost, plus the gas expansion and handling cost, listed above are based on the assumption that the WCEC Units # 1 and # 2 are built consecutively in 2009 and 2010.
12. Air, water discharge, and other permits will be required for this unit. It is FPL's plan to comply with all air and water quality standards of the Local, State, and Federal governments.
13. The major financial assumptions in the development of these numbers were:

Construction escalation (approx.)	3 %
General escalation	See Table III.B - 5 and Note 3.
Fuel escalation	Varies by year. See Note 1
Capital Structure	45 % debt @ 6.9 % 55 % equity @ 11.75 %

Notes for:
Next Planned Generating Unit Data – WCEC Unit # 2

1. The commodity fuel cost value provided in Table III.B - 4 is from FPL's May 2005 Fuel Forecast. For the economic evaluation of capacity options in this RFP, both for proposals received in response to this RFP and FPL's self-build options, FPL will use a designated FPL Fossil Fuel Price and Natural Gas Availability Forecast in the economic evaluation of all alternatives. This forecast may differ from the May 2005 forecast. In addition, the firm gas transportation cost value also includes certain equipment costs for the gas yard (meters, regulators, and moisture separators) and on-site compression.

2. The projected outage hour estimates for FPL's self-build options represent arithmetic averages of expected outage hours over the 2010-2037 period and do not represent "new & clean" unit values. A capacity factor of 85% for all years for the unit as a whole was used in making these projections. Maintenance outage hours were not included in these projections.

   Using these outage hour values, FPL projects the following values for both the Base and Duct Firing operational modes:

POF	2.1%
FOR	1.1%
Availability	96.8%

3. FPL used a variety of escalation indices to develop the values in Table III.B - 5. Since FPL is requiring annual guaranteed cost values for all PPA proposals (and is not allowing submission of starting year costs followed by a formula stating how to escalate these costs), FPL is providing its annual projected costs for O&M and capital replacement costs.

Table III.B – 7

Alternate Generating Unit Data – West County Energy Center Combined Cycle Unit # 1 stand alone (WCEC Unit # 1 stand alone)

The following data represent FPL's current estimates for this 2009 capacity addition. These planning estimates are subject to further refinement in regard to site-specific costs, detailed engineering, or vendor quotes. FPL reserves the right to modify the construction costs and/or performance parameters for this unit. If FPL exercises this option, it will do so concurrent to publication of the Short List. FPL would then inform the remaining participants of its intent and permit the remaining participants to revise their proposals.

1. A three-on-one combined cycle generating unit to be located at the West County Energy Center near FPL's Corbett substation in Palm Beach County, Florida.
2. Planned size is 1,219 MW (Summer rating).
3. Commercial operation for the facility is proposed to be on or before June 1, 2009.
4. The primary fuel is natural gas. Low sulfur light (distillate) oil will be the backup fuel type.
5. The estimated total direct cost (without AFUDC) is $ 621.2 million (in 2009 $). This value includes the cost of generation, land, gas expansion and handling, plus transmission interconnection and integration (without AFUDC).
6. The estimated annual levelized capital (generation, land, gas expansion and handling, plus transmission interconnection and integration) revenue requirement with AFUDC is $ 97.5 million over 25 years.
7. The estimated annual value of deferral with AFUDC of this unit is $ 61.77 /kw-yr in 2009 (excludes variable O&M, fixed O&M, and capital replacement).
8. The estimated fixed O&M, capital replacement, and variable O&M annual expenditures are presented in Table III.B - 8.
9. The estimated fuel cost in 2009 is currently estimated at $ 6.33 /mmBTU and the firm gas transportation cost is currently estimated at $ 0.67 /mmBTU. (See Note 1).
10. The following are the estimates for:

Planned Outage Factor	See Table III.B - 9 and Note 2
Forced Outage Rate	See Table III.B - 9 and Note 2
Heat Rate at maximum capacity	6582 Btu/kWh @75F (HHV) 100% (Base Operational Mode)
Minimum load	280 MW
Ramp Rate	30 MW/min

11. The estimated transmission interconnection and integration costs associated with this unit are $ 22.7 million (without AFUDC in 2009 $). The gas expansion and handling cost is $ 13.6 million (without AFUDC in 2009 $). Note that the transmission interconnection and integration cost, the gas expansion and handling cost, and the firm gas transportation cost listed above, are based on the assumption that the Alternate WCEC Unit # 1 is built in 2009 as stand alone unit. It is unknown what other capacity options the unit might be paired with to meet FPL's capacity needs in 2010 and 2011. The total transmission- and gas-related costs for WCEC Unit # 1 (stand alone) and option(s) it is paired with will likely vary from the values shown above. These revised costs cannot be estimated accurately at this time since the costs will be dependent on the portfolio created with the other options.
12. Air, water discharge, and other permits will be required for this unit. It is FPL's plan to comply with all air and water quality standards of the Local, State, and Federal governments.
13. The major financial assumptions in the development of these numbers were:

Construction escalation (approx.)	3 %
General escalation	See Table III.B - 8 and Note 3
Fuel escalation	Varies by year. See Note 1
Capital Structure	45 % debt @ 6.9 % 55 % equity @ 11.75 %

Table III.B - 5

Next Planned Generating Unit Data - WCEC Unit # 2

Year	Projected Fixed O&M Expenditures * ($/kw-yr)	Projected Variable O&M Expenditures *, ** ($/mwh)	Projected Capital Replacement Expenditures * ($/kw-yr)
2009	—	---	—
2010	$3.21	$0.139	$7.11
2011	$3.36	$0.141	$7.20
2012	$3.52	$0.143	$7.30
2013	$3.68	$0.145	$7.38
2014	$3.84	$0.147	$7.48
2015	$4.02	$0.148	$7.57
2016	$4.20	$0.150	$7.66
2017	$4.40	$0.152	$7.75
2018	$4.60	$0.154	$7.85
2019	$4.81	$0.156	$7.96
2020	$5.03	$0.158	$8.05
2021	$5.26	$0.160	$8.15
2022	$5.49	$0.162	$8.25
2023	$5.73	$0.164	$8.35
2024	$5.99	$0.166	$8.46
2025	$6.25	$0.168	$8.57
2026	$6.53	$0.170	$8.68
2027	$6.81	$0.172	$8.79
2028	$7.11	$0.174	$8.89
2029	$7.43	$0.176	$9.00
2030	$7.75	$0.179	$9.11
2031	$8.09	$0.181	$9.22
2032	$8.45	$0.183	$9.33
2033	$8.82	$0.185	$9.44
2034	$9.21	$0.187	$9.55
2035	$9.61	$0.189	$9.67
2036	$10.04	$0.192	$9.78
2037	$10.48	$0.194	$9.90

* Based on Summer (95 degrees) total capacity rating.

** Based on an assumed annual capacity factor of 85% each year and cost excludes fuel.

Table III.B - 6

Next Planned Generating Unit Data - WCEC Unit # 2
(See Note 2)

	Base & Duct Firing Operational Modes	
Year	Projected Annual Planned Outage Hours	Projected Annual Forced Outage Hours
2009	—	—
2010	190	96
2011	190	96
2012	190	96
2013	190	96
2014	190	96
2015	190	96
2016	190	96
2017	190	96
2018	190	96
2019	190	96
2020	190	96
2021	190	96
2022	190	96
2023	190	96
2024	190	96
2025	190	96
2026	190	96
2027	190	96
2028	190	96
2029	190	96
2030	190	96
2031	190	96
2032	190	96
2033	190	96
2034	190	96
2035	190	96
2036	190	96
2037	190	96

Table III.B - 8

Alternate Generating Unit Data - WCEC Unit # 1 (stand alone)

Year	Projected Fixed O&M Expenditures * ($/kw-yr)	Projected Variable O&M Expenditures *, ** ($/mwh)	Projected Capital Replacement Expenditures * ($/kw-yr)
2009	$4.61	$0.138	$7.04
2010	$4.82	$0.139	$7.11
2011	$5.05	$0.141	$7.20
2012	$5.29	$0.143	$7.30
2013	$5.52	$0.145	$7.38
2014	$5.77	$0.147	$7.48
2015	$6.03	$0.148	$7.57
2016	$6.31	$0.150	$7.66
2017	$6.60	$0.152	$7.75
2018	$6.90	$0.154	$7.85
2019	$7.22	$0.156	$7.96
2020	$7.55	$0.158	$8.05
2021	$7.90	$0.160	$8.15
2022	$8.25	$0.162	$8.25
2023	$8.61	$0.164	$8.35
2024	$8.99	$0.166	$8.46
2025	$9.39	$0.168	$8.57
2026	$9.80	$0.170	$8.68
2027	$10.23	$0.172	$8.79
2028	$10.68	$0.174	$8.89
2029	$11.15	$0.176	$9.00
2030	$11.64	$0.179	$9.11
2031	$12.15	$0.181	$9.22
2032	$12.69	$0.183	$9.33
2033	$13.25	$0.185	$9.44
2034	$13.83	$0.187	$9.55
2035	$14.44	$0.189	$9.67
2036	$15.07	$0.192	$9.78
2037	$15.74	$0.194	$9.90

* Based on Summer (95 degrees) total capacity rating.

** Based on an assumed annual capacity factor of 85% each year and cost excludes fuel.

Table III.B - 9

Alternate Generating Unit Data - WCEC Unit # 1 (stand alone)
(See Note 2)

	Base & Duct Firing Operational Modes	
Year	Projected Annual Planned Outage Hours	Projected Annual Forced Outage Hours
2009	190	96
2010	190	96
2011	190	96
2012	190	96
2013	190	96
2014	190	96
2015	190	96
2016	190	96
2017	190	96
2018	190	96
2019	190	96
2020	190	96
2021	190	96
2022	190	96
2023	190	96
2024	190	96
2025	190	96
2026	190	96
2027	190	96
2028	190	96
2029	190	96
2030	190	96
2031	190	96
2032	190	96
2033	190	96
2034	190	96
2035	190	96
2036	190	96
2037	190	96

Notes for:
Alternate Generating Unit Data – WCEC Unit # 1 (stand alone)

1. The commodity fuel cost value provided in Table III.B - 7 is from FPL's May 2005 Fuel Forecast. For the economic evaluation of capacity options in this RFP, both for proposals received in response to this RFP and FPL's self-build options, FPL will use a designated FPL Fossil Fuel Price and Natural Gas Availability Forecast in the economic evaluation of all alternatives. This forecast may differ from the May 2005 forecast. In addition, the firm gas transportation cost value also includes certain equipment costs for the gas yard (meters, regulators, and moisture separators) and on-site compression.

2. The projected outage hour estimates for FPL's self-build options represent arithmetic averages of expected outage hours over the 2009-2037 period and do not represent "new & clean" unit values. A capacity factor of 85% for all years for the unit as a whole was used in making these projections. Maintenance outage hours were not included in these projections.

   Using these outage hour values, FPL projects the following values for both the Base and Duct Firing operational modes:

POF	2.1%
FOR	1.1%
Availability	96.8%

3. FPL used a variety of escalation indices to develop the values in Table III.B - 8. Since FPL is requiring annual guaranteed cost values for all PPA proposals (and is not allowing submission of starting year costs followed by a formula stating how to escalate these costs), FPL is providing its annual projected costs for O&M and capital replacement costs.

C. Part One Proposer Information

1. Types of Proposals.

The Part One solicitation is designed to accommodate a wide range of proposals for supply-side generation alternatives from various fuels, technologies, locations and under differing commercial frameworks. For example, FPL may receive proposals for power sales under a Purchase Power Agreement from existing facilities (currently in operation) and newly constructed facilities (greenfield, brownfield, or turnkey offerings). These proposals may have fuel supply and firm transportation arrangements or request a natural gas tolling arrangement where FPL would provide the fuel supply and firm transportation. FPL may also receive proposals for the sale of existing or newly constructed facilities, and the structure of these sales could take several forms. Every attempt has been made to accommodate creative variations that may be proposed. Nonetheless, it is conceivable that a Proposer may offer a unique attribute that has not been explicitly considered in this RFP and the associated forms. In that instance, FPL will work with the Proposer to understand, and if possible, accommodate the unique features of a particular offering.

Proposals offering the sale of an existing power plant or a new construction turnkey offering must include a proposed date of conveyance that would occur between January 1, 2009 and June 1, 2011. FPL will also entertain an alternative that would offer the sale (or option to buy) at a later date, following some period of firm capacity sale (via a Purchased Power Agreement) to FPL from this unit. The purchase price would be set by a pre-determined price submitted in the proposal on Pricing Information Form # 6, Appendix D.

Customary and prudent due diligence will apply to the consideration of existing assets or turnkey projects. The analysis will commence with a review of the required submittals (See Appendix E.4 for additional requirements specific to turnkey offerings). Asset price and forecasted costs will also be compared to industry benchmarks (such as industry references like RDI/UDI, or NERC GADS reporting data). Should the proposal become a Finalist, further due diligence will be conducted concurrent to negotiations and will include, but not be limited to, the following areas:

Technical Design	Performance Guarantees
Maintenance	Operations
Material History	Supply Chain/IT
Environmental	Human Resources

Fuels Plan	Transmission Plan
Accounting/Tax	Management
Risk/Mitigation	Project Schedule

2. RFP Evaluation Fee.

In order for a proposal to be evaluated, the complete proposal accompanied by a non-refundable check of $10,000 made out to "Florida Power & Light Company" must be submitted to the FPL RFP Contact Person on or before the Proposal Due Date (no later than 4:00 p.m. EDT). If more than one proposal is submitted by a specific Proposer, then a separate, non-refundable $10,000 fee must accompany each proposal. Proposals deemed ineligible or otherwise non-responsive after an initial review will not be evaluated further and 75% of the fee will be refunded.

One proposal consists of a specific combination of a site, technology, fuel source, total capacity level, Capacity Delivery Date, term (e.g., 10 years) and pricing submittal. A Proposer may submit one variation of term and/or price related to a specific proposal (a single variation is defined as a change in one or both term and/or price) at no additional cost. A fee of $5,000 per variation will be required for any further price/term variations. There are no limitations to the number of variations submitted, as long as each additional variation is accompanied by a $5,000 fee. Changes in site, technology, fuel source, capacity level, or Capacity Delivery Date will constitute a separate proposal and a separate full evaluation fee. Proposals and the related variations deemed ineligible or otherwise non-responsive after an initial review will not be evaluated further and 75% of the fees received will be refunded.

The RFP base evaluation fee and the incremental variation fee are based on the costs experienced to evaluate proposals received during previous RFP's.

3. Power Purchase Agreement(s).

For each selected power purchase proposal, FPL expects to enter into a pay-for-performance type power purchase contract. Draft Power Purchase Agreements (PPAs) have been included in Appendix C to allow Proposers to understand the general commercial framework that will describe the ongoing relationship of a successful proposal. Both Natural Gas Tolling and Non-Tolling draft PPAs are provided. The drafts are written from the perspective of a new Combined Cycle generating facility falling under the Florida Electrical Power Plant Siting Act and subject to a Determination of Need order from the

FPSC. While preserving a balance of risk and benefits, milestones and other relevant terms and conditions will be modified to reflect the characteristics of Facilities that are not subject to the Siting Act or utilize other fuels and technologies.

Proposers should consider the draft PPAs as containing the key elements FPL considers are necessary for a final agreement. Any proposed revision to a draft PPA must be set forth in the proposal as discussed in Section II.C.3. Concerns regarding draft PPA language will be addressed through a negotiation process with Finalists.

4. **Fuels Plan and Natural Gas Tolling Proposals.**

FPL will evaluate the economics of each proposal based on the designated FPL Fossil Fuel Price and Natural Gas Availability Forecast. This forecast will be provided to participants via the FPL 2005 RFP website. The following items are contained in the FPL fuels forecast:

- Delivered natural gas prices into the FGT and Gulfstream pipeline systems.
- Estimated FGT and Gulfstream firm and non-firm transportation costs based on geographic proximity to interstate mainlines, delivery point pressure requirements and utilization.
- Residual and distillate fuel oil commodity prices and transportation costs for various sulfur grades and delivery points in Florida.
- Delivered coal and petroleum coke prices for selected locations in the FPL service territory.

A specific fuel plan, including an estimated fuel transportation cost, will be developed for each candidate portfolio based on the size, location and fuel requirements of the individual units included in the candidate portfolio. This allows FPL to capture the unique benefits offered by certain asset combinations in the fuel costs. The portfolio specific fuel plan will be used to conduct the detailed economic evaluation.

All proposals must ensure the price includes all capital costs to construct, and all O&M costs to maintain, any pipeline laterals(s), railway equipment, fuel handling equipment and facility infrastructure necessary to deliver the full fuel requirements (e.g., the required pressure) from the Proposer-designated Fuel Delivery Point to the generating unit.

a) Non-Tolling Proposals

Non-tolling proposals must be accompanied by a complete Fuel Plan. The Fuel Plan must designate the fuel type, the intended fuel source (e.g., FGT, Gulfstream, Central Appalachian Low Sulfur Coal, etc.) and the Fuel Delivery Point to be used. For proposals relying on natural gas, the Fuel Plan must provide the level of firm gas transportation, as described in Appendix E that is appropriate for the technology proposed. The Fuel Plan must be accompanied by evidence of feasibility (letter of intent or other indicative planning documents) that identify the required volume, pressure and pipeline infrastructure upgrades that will be accomplished to operate the proposed unit(s) at capacity. For coal and petroleum coke, the Fuel Plan must indicate the carrier(s) and mode(s) of transportation and be accompanied by evidence of feasibility as described above. **Non-Tolling proposals must guarantee commodity and transportation pricing forecasts provided in the proposal. The guarantee must be supported by a creditworthy entity to the satisfaction of FPL.** In the absence of such a guarantee and appropriate credit support, the proposal may be evaluated, at FPL's sole discretion, as a Natural Gas Tolling proposal.

b) Natural Gas Tolling Proposals

Natural Gas Tolling proposals will be evaluated using the data outlined in the designated FPL Fossil Fuel Price and Natural Gas Availability Forecast, as modified for the specific fuel plan of the candidate portfolio(s). FPL will not entertain tolling agreements for fuels other than natural gas, distillate fuel as a backup fuel and residual fuel oil to existing facilities currently receiving residual fuel oil deliveries.

FPL will develop and include all capital costs associated with any interstate mainline improvements required to deliver the full fuel requirements, at the required pressure, to the Proposer-designated Fuel Delivery Point for tolling proposals. As a part of a natural gas tolling arrangement, FPL will be required to negotiate and commit to a Firm Transportation Agreement to support the needs of the project. Proposers as Sellers in a Natural Gas Tolling PPA will be required to provide an appropriate level of additional security to cover the costs that may arise from a Seller default to protect FPL customers. This will be a part of the definitive agreements that comprise the PPA.

5. Fuel Switching Credit.

FPL recognizes that certain assets may provide short-term fuel cost volatility management benefits by their inherent capability to operate on both natural gas and residual fuel oil. These assets provide an opportunity whose value is dependent upon a number of external factors that have historically demonstrated their own degree of uncertainty. These factors include individual commodity prices, commodity price correlation, transportation costs, unit performance, maintenance costs, emissions compliance and others. FPL seeks to recognize the potential value this fuel switching capability may offer to FPL customers in the evaluation process.

In order to recognize the potential value offered by an asset's fuel switching capability, the economic evaluation will include a Fuel Switching Credit (FSC) for any asset that offers the capability of switching between natural gas and residual fuel oil; and that opportunity is to the benefit of FPL customers. The FSC will be determined by using a standard option pricing model with up-to-date assumptions for the normal strike price, underlying value, interest rates, time to expiration and term consistent with each proposal. Additionally, the model will incorporate the forecast volatility, correlations of the two fuels and the heat rate of the plant. Using the May 2005 forecasts and a 10,000 Btu/kWh (HHV) heat rate, the FSC was estimated to be approximately $0.28/kW-mo. This value will be developed for each eligible proposal based on the current and applicable information. The value will then be deducted from unit's bid capacity price for the purpose of the economic evaluation for the term of the proposal.

6. Security Package Requirements.

FPL has developed security requirements that will provide protection in the event a Proposer fails to deliver the contracted firm capacity and energy as required. The Completion Security addresses the risk associated with a new construction project's ability to deliver capacity on the scheduled Capacity Delivery Date. The Performance Security addresses performance risk from the commencement of contracted deliveries through the duration of the contract. Section 3.2 of the draft PPAs provides specific details related to drawdown of the security amounts.

a) Completion Security for Proposals Supported by New Construction.

i. Proposer must provide Completion Security in an amount equal to $319,000 per MW of capacity bid.
ii. Completion Security must be posted in accordance with the following Milestone Schedule and remain in place up to and including the Capacity Delivery Date.

Event	Security Amount ($/MW)
Commencement Date of PPA	$134,000
Irrevocable Orders Placed (nlt 28 months before CDD)	$164,000
Fuel Transportation Agreement Executed (nlt 24 months before CDD)	$202,000
Financing Closed (nlt 20 months before CDD)	$319,000

iii. During the facility construction period, the selected supplier must provide evidence showing that they meet the Project Milestones Schedule specified in Section III.E.7. Failure to meet these milestones could result in termination of the Purchase Power Agreement and payment of liquidated damages.

b) Performance Security for Proposals Supported by New Construction.

i. Proposer must provide Performance Security in an amount equal to $160,000 per MW of capacity bid.
ii. Performance Security must be posted upon commencement of commercial operations for a proposal supported by new construction. Performance Security must be provided through the duration of the contract.

c) Performance Security for Proposals from Existing Facilities.

i. Proposer must provide Performance Security in an amount equal to $160,000 per MW of capacity bid.
ii. Performance Security must be posted upon execution of the Purchase Power Agreement and remain in place through the duration of the contract.

d) Form of Security.

Security requirements may be provided with a combination of cash, Letter Of Credit (LOC) or a company guarantee based on the Proposer's credit quality and tangible net worth.

A Supplier Credit Limit will be calculated for each Supplier or Guarantor of Supplier based on the Company's unsecured debt rating and tangible net worth as follows:

Unsecured Debt Rating	% of Tangible Net Worth
AAA+/Aaa1 to AA-/Aa3	20%
A+/A1 to A-/A3	15%
BBB+/Baa1 to BBB-/Baa3	10%
BB+/Ba1 and below or unrated	0%

Completion Security and Performance Security in an amount up to the Supplier Credit Limit shall be in the form of a company guarantee, an affiliate or parent company guarantee if relying on affiliate or parent company credit, cash in U.S. Dollars, U. S. Government Bonds deposited with an Issuer acceptable to FPL, or an irrevocable standby LOC drawn on an Issuer acceptable to FPL.

Completion Security and Performance Security in excess of the Supplier Credit Limit shall be in the form of cash in U.S. Dollars or U.S. Government Bonds deposited with an Issuer acceptable to FPL or an irrevocable standby LOC drawn on an Issuer acceptable to FPL. A minimum of ten percent (10%) of the Completion Security Amount must be provided in the form of cash, U.S. Government Bonds, or LOC if the entity providing credit support has a Credit Rating of BBB/Baa2 or below.

The Supplier Credit Limit shall be recalculated and the form of Completion and Performance Security adjusted quarterly based on the Proposer's most recent financial statements and within 5 business days of Proposer or Seller becoming aware of any change in the Proposer's unsecured debt ratings.

e) Definitions.

Supplier Credit Limit – The maximum credit exposure FPL will accept from a Proposer in the form of a guarantee from an investment grade entity. Security requirements in excess of the Supplier Credit Limit must be in the form of Cash or a LOC.

Tangible Net Worth - Net worth per most recent quarterly financial statements of entity providing credit support less goodwill and intangible assets.

D. Part One Schedule

FPL envisions that the schedule for the RFP process will be as described in Table III.9. FPL reserves the right to change the schedule at its sole discretion.

Table III.9 Schedule of Milestones for Part One

Milestone	Date
• RFP Pre-Release Meeting	September 7, 2005
• Release Part One Document	September 9, 2005
• Pre-Proposal Workshop	September 14, 2005
• Cutoff Date for RFP Questions	October 21, 2005
• Part One Proposals Due	November 9, 2005
• Short List Announcement	February 2006
• Permitting Activity Commences	TBD
• Best and Final Offers Due	TBD
• Initial Negotiations	January to March 2006
• Selection Announced	TBD

Note: The above dates are goals, however all dates are subject to change to accommodate unforeseen delays or required procedural actions.

E. Part One Specific Minimum Requirements

The following minimum requirements must be met for all proposals submitted in response to Part One of this RFP. These Specific Minimum Requirements are in addition to the General Minimum Requirements of Section II.D.

1. Resource Block Size (MW) and RFP Capacity Range.

The minimum resource block size that FPL will consider in a proposal is 50 MW. Exceptions to this minimum requirement will be made for proposals based on Qualifying Facilities. No individual proposal may exceed the 2,440 MW maximum capacity limit of Part One of this RFP.

2. Financial Viability and Security Requirements.

a) For proposals supported by newly built generation (greenfield, brownfield, turnkey) Proposer or guarantor of Proposer must possess a senior unsecured debt rating of no less than "BBB-" from Standard & Poor's or "Baa3" from Moody's Investors Service with a "stable" outlook. In addition, by submitting a proposal, a Proposer agrees to provide Completion Security and Performance Security as specifically defined in section III.C.6.
b) For proposals supported by existing facilities, Proposer must agree to provide the Performance Security as specifically defined in section III.C.6.
c) Proposer must certify that there are no pending legal or civil actions that would affect the ability of the Proposer and/or its guarantor to maintain the criteria identified in section III.C.6.

3. Proposal Pricing and Fuel Requirements.

A proposal's prices must include any and all costs that FPL will be expected to pay to the Proposer for delivered capacity and energy. This includes without limitation:

a) The costs of all equipment, development, design, construction, commissioning and all costs of meeting and maintaining compliance with environmental regulations that are in effect as of the Capacity Delivery Date or are known as of the Capacity Delivery Date to be in effect during the pendency of a PPA that would result from selection of the proposal.
b) All required capital and O&M costs that would be incurred to transport natural gas from the Proposer-designated interstate pipeline Fuel Delivery Point to the facility burner-tip for all proposals. This requirement applies to PPAs or Asset Sales,

natural gas tolling or non-tolling. Proposers of Natural Gas Tolling arrangements acknowledge that additional security will be required to cover costs that may arise from any firm transportation agreement entered into by FPL to support the project in the event of a Proposer then Seller's default.

c) If a Proposer offers to provide its own fuel supply, the proposal must also include all costs for the required amount of firm fuel transportation and commodity, meeting the requirements as described in Section III.C.4. The Proposer must also provide evidence of feasibility documenting arrangements that support the above costs. The proposal must also guarantee these costs and demonstrate credit support for the guarantee that is satisfactory to FPL.

d) If the proposal is for a plant that does not use natural gas as the primary fuel, the proposal price must include the capital and O&M cost of fuel transportation, delivery and inventory.

e) The proposed prices must be presented in the format specified in Appendix D, Section F. and/or Appendix D, Section G. Prices for firm capacity and energy purchases, or for projects that initially offer purchases prior to sale of a new or an existing power plant to FPL, must be provided on Pricing Information Form # 5. Prices for the sale of a new or an existing power plant must also be provided on Pricing Information Form # 6.

4. Proposal Transmission Requirements.

a) For proposals with generation located outside of the FPL system, FPL will not accept any proposal that requires FPL to secure firm transmission service and any associated rights, as this shall be a responsibility of the Proposer. Proposed prices must include all costs of delivering capacity and energy to the Proposer designated FPL System Receipt Point.

b) For proposals with generation located inside the FPL system (directly connecting to an FPL System Receipt Point), FPL will coordinate and cooperate with the generation owner, if selected, to obtain the required FPL interconnection and integration/transmission service needed for the transaction, including any associated rights.

c) Transmission interconnection costs to connect the proposed units to the FPL system or a third party system must be included in the proposal price and separately identified on Pricing Information Form #5.

d) Transmission integration costs on the FPL system and the costs of energy and capacity losses within the FPL system will be developed by FPL during the economic analysis of candidate portfolios and should not be included in the proposal price.

e) To the extent a RTO or ISO or similar arrangement is implemented in Florida, proposers should note that prior to operation under such RTO or ISO or similar arrangement, the FPL Receipt Point shall be defined as the location where the facility (or a third party transmission system, if the facility is not in FPL territory) connects with the FPL system. Following the implementation of an RTO or ISO or similar arrangement, the Receipt Point shall be defined as the load bus or group of buses that represents FPL's electrical load center (e.g., North Broward County or South Palm Beach County service area), to be specifically designated solely by FPL at the time of the implementation of an RTO or ISO or similar arrangement.

5. Minimum Experience of Proposer.

Any Proposer whose proposal is supported by new construction must have successfully executed the development, permitting, design, procurement, construction, and commissioning of a project similar to that proposed. The operating entity of a proposed facility must have over five years of demonstrated experience in the successful and reliable operation of facilities employing the technology similar to that proposed. The success and reliability of operations may be demonstrated through operational records and/or NERC GADS reporting data as requested in Appendix D, Form # 4.

6. Dual Fuel Source Capability.

Based on the impact of hurricanes on the production and transport of natural gas, FPL considers that for newly built natural gas-fired generation proposals the fuel continuity and operability characteristics of on-site distillate fuel oil capability as a backup fuel source is the most effective approach to meet system reliability and service continuity needs. Just as FPL's Next Planned Generating Units have on-site distillate fuel oil capability, all newly built gas-fired generation proposals must include the capability to operate on distillate oil as a backup fuel to satisfy system reliability and service continuity needs.

Proposals supported by newly built gas-fired generation unit(s), and the proposed prices for such proposals, shall reflect the necessary equipment to meet the following backup fuel continuity and operability characteristics. The distillate oil inventory must be immediately accessible to the facility, sized to provide 108 hours of continuous operation at full capacity (as rated on distillate oil), and must be independent of the primary fuel supply. The facility must be able to start up on distillate fuel oil and operate at full capacity for a minimum of one hundred eight (108) continuous hours. Additionally,

the unit(s) must be able to make the transition from natural gas fuel supply to distillate fuel oil supply without disconnecting electrically from the transmission grid. Test demonstrations of these capabilities will be required as a condition of any subsequent PPA. These are the same continuity and operability requirements that FPL requires of its own Next Planned Generating Units.

Due to the sequence of the permitting process, FPL recognizes that Proposers are unable to ascertain the success of permitting the facility for full use of distillate oil capability. However, Proposers will be required to make commercially reasonable efforts to seek permits and authorizations necessary to support up to 500 hours of operation per year on distillate fuel oil.

7. Project Milestone Schedule.

All Proposers must agree to meet the following Critical Milestone dates. FPL retains the right to terminate negotiations if a Finalist with whom FPL is negotiating a contract fails to meet the filing dates scheduled for the Site Certification, Air Permit or Interconnection Application filings. The remaining milestones would be a part of any contract entered into by FPL as a result of this RFP and are referenced to the Capacity Delivery Date (CDD).

Site Certification Application Filed	CDD - 39 months
Air Permit Application Filed	CDD - 39 months
Interconnection Application Filed	CDD - 39 months
Irrevocable Orders Placed for major equipment	CDD - 28 months
Fuel Transportation Agreement(s) Executed	CDD - 24 months
Contractor Mobilized, Financing Closed	CDD - 20 months

F. Part One Notices & Addenda

1. Pre-Proposal Workshop.

FPL will hold a Pre-Proposal Workshop in Miami on September 14, 2005, beginning at 10:00 a.m. EDT at the Hilton – Miami Airport (5101 Blue Lagoon Drive, Miami, FL). The workshop will conclude by 1 p.m. EDT. The purpose of the Pre-Proposal Workshop is to assist Proposers in understanding the submittal requirements and provide background on FPL's most recent resource planning results.

Please see the RFP Website (www.FPL.com/2005RFP) for further Notices and Addenda.

Section IV - Part Two Solicitation: 2012 - 2014

A. Specific Need for the Period

The capacity values described below represent an update from the information presented in FPL's 2005 Ten-Year Power Plant Site Plan (Site Plan), a copy of which is attached to this document as Appendix A. This update is based on on-going analyses and contract negotiations conducted as part of FPL's resource planning work in 2005. FPL's capacity values are potentially subject to further change as this work continues. Nonetheless, FPL may choose to acquire more or less capacity than identified below.

FPL is soliciting approximately 1,700 MW of firm capacity through Part Two of the Generation RFP. The specific annual need for Part Two is approximately 550 MW each year.

Individual proposals may offer to meet all or a portion of the Part Two RFP Capacity Requirement with a Capacity Delivery Date (CDD) as early as January 1, 2012 and no later than June 1, 2014. Proposals offering to meet a portion of the capacity solicitation will be paired with other partial capacity proposals to form a portfolio that meets the minimum capacity solicitation. FPL does not intend to offer a smaller unit to facilitate pairings of proposals that partially meet the capacity need. The portfolios will be formed to meet both the magnitude of the capacity and the timing of the need as identified above.

B. FPL's 2012-2014 NPGU

Rule 25-22.082, Florida Administrative Code, requires that specific information about FPL's "next planned generating unit" be included in an RFP seeking firm capacity.

In FPL's 2005 Ten Year Power Plant Site Plan (Site Plan), FPL described a generation plan that included two new supercritical pulverized coal (SCPC) units, one each in 2012 and 2013, to satisfy the 2012-2014 need requirements. These planned SCPC units are based on advanced combustion and supercritical boiler technology in combination with a state-of-the-art suite of emission control technologies. Each new SCPC unit would add approximately 850 MW (summer). The necessary permits and authorizations to confirm the location of these advanced coal generation units has not yet been obtained. Therefore, the final location of these units may be revised.

FPL plans to identify units similar in size, technology and capability to the units described in the 2005 Site Plan as the "Next Planned Generating Units" (NPGU) for the 2012-2014 period in the 2006 Supplemental to this RFP. The eligible

proposals submitted in response to Part Two of the 2005 RFP will be evaluated against these next planned generating units.

The following data represent FPL's current estimates for the cost and performance characteristics of the 2012 and 2013 capacity additions. These estimates are based upon preliminary engineering and site development efforts and do not reflect finalized cost estimates. Necessary permits and authorizations have not been completed. FPL will publish an updated cost and performance estimate prior to opening the solicitation period for Part Two of the 2005 RFP.

Technology:	Supercritical Pulverized Coal with Advanced Emissions Control Technology
COD:	Unit 1 by June 1, 2012; Unit 2 by June 1, 2013.
Fuel:	Mix of Central Appalachian and Colombian Coals with up to 20% Petroleum Coke. Natural gas will be used in a limited capacity for unit startup.

Performance Estimates:

Capacity:	850 MW per unit (summer)
Heat Rate:	8,600 Btu/kWh (HHV)
Availability:	92%
Forced Outage Rate:	4%

Cost Estimates:

Total Capital Cost:	$3,000 MM (without AFUDC, $2012).
Fixed O&M:	$30.00 /kw-yr
Variable O&M:	$1.40 /MWh
Capital Replacement:	$3.30 /kw-yr

C. Part Two Information

[Specific information for Part Two will be published in the Part Two RFP Supplement in 2006.]

D. Part Two Schedule

Table IV.1 Schedule of Milestones for Part Two

Milestone	Date
• 2005 RFP Pre-Release Meeting	September 7, 2005
• Part Two Discussion Session One	December, 2005
• Part Two Discussion Session Two	April, 2006
• Part Two RFP Supplement Released	Summer 2006
• Part Two Proposals Due	Fall 2006
• Short List Announcement	Early 2007

Note: The above dates are goals, however all dates are subject to change to accommodate unforeseen delays or required procedural actions.

E. Part Two Specific Minimum Requirements

Specific information regarding the Minimum Requirements for Part Two are currently under review. The specific minimum requirements applicable to Part Two of the RFP will be published with the Part Two RFP Supplement in 2006. It is anticipated that the minimum requirements will be revised to reflect the unique attributes of the solicitation.

F. Part Two Notices & Addenda

[Specific information for Part Two will be published in the Part Two RFP Supplement in 2006.]

Addendum One
Corrections to Request for Proposal

This Addendum One to FPL's 2005 Capacity Generation Request for Proposals (RFP) is published to correct an error in Section III.C.6.a), (page 41).

The amounts associated with the Completion Security posting schedule were incorrect. The corrected table should read as follows:

Event	Security Amount ($/MW)
Commencement Date of PPA	$134,000
Irrevocable Orders Placed (nlt 28 months before CDD)	$164,000
Fuel Transportation Agreement Executed (nlt 24 months before CDD)	$202,000
Financing Closed (nlt 20 months before CDD)	$319,000

A replacement for page 41 is provided for your convenience. Please direct any questions or comments to the RFP Contact Person:

Steve Scroggs
Manager, Integrated Resource Planning
Steven_Scroggs@FPL.com
305-552-4154/4199

a) Completion Security for Proposals Supported by New Construction.

i. Proposer must provide Completion Security in an amount equal to $319,000 per MW of capacity bid.
ii. Completion Security must be posted in accordance with the following Milestone Schedule and remain in place up to and including the Capacity Delivery Date.

Event	Security Amount ($/MW)
Commencement Date of PPA	$134,000
Irrevocable Orders Placed (nlt 28 months before CDD)	$164,000
Fuel Transportation Agreement Executed (nlt 24 months before CDD)	$202,000
Financing Closed (nlt 20 months before CDD)	$319,000

iii. During the facility construction period, the selected supplier must provide evidence showing that they meet the Project Milestones Schedule specified in Section III.E.7. Failure to meet these milestones could result in termination of the Purchase Power Agreement and payment of liquidated damages.

b) Performance Security for Proposals Supported by New Construction.

i. Proposer must provide Performance Security in an amount equal to $160,000 per MW of capacity bid.
ii. Performance Security must be posted upon commencement of commercial operations for a proposal supported by new construction. Performance Security must be provided through the duration of the contract.

c) Performance Security for Proposals from Existing Facilities.

i. Proposer must provide Performance Security in an amount equal to $160,000 per MW of capacity bid.
ii. Performance Security must be posted upon execution of the Purchase Power Agreement and remain in place through the duration of the contract.



Ten Year Power Plant Site Plan

2005-2014

Submitted To:

Florida Public
Service Commission

Miami, Florida
April, 2005

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Overview of the Document

Chapter 186, Florida Statutes, requires that each electric utility in the state of Florida with a minimum existing generating capacity of 250 megawatts (MW) must annually submit a Ten-Year Power Plant Site Plan. This plan includes an estimate of the utility's electric power generating needs, a projection of how those needs will be met, and a disclosure of information pertaining to the utility's preferred and potential power plant sites. This information is compiled and presented in accordance with Rules 25-22.070, 25-22.071, and 25-22.072, Florida Administrative Code (FAC).

This Ten-Year Power Plant Site Plan (Site Plan) document is based on Florida Power & Light Company's (FPL) planning analyses that were carried out in 2004 and that were completed in the first quarter of 2005. The forecasted information presented in this plan addresses the 2005–2014 time period.

Site Plans are long-term planning documents and should be viewed in this context. A Site Plan contains tentative information, especially for the latter years of the ten year time horizon, and is subject to change at the discretion of the utility. Much of the data submitted is preliminary in nature and is presented in a general manner. Specific and detailed data will be submitted as needed in the future as part of the Florida site certification process or other proceedings and filings.

This document is organized in the following manner:

Chapter I – Description of Existing Resources

This chapter provides an overview of FPL's current generating facilities. Also included is current information on other FPL resources including purchased power, demand side management, and FPL's transmission system.

Chapter II – Forecast of Electric Power Demand

FPL's load forecasting methodology, and its forecast of seasonal peaks and annual energy usage, is presented in Chapter II.

Chapter III – Projection of Incremental Resource Additions

This chapter discusses FPL's integrated resource planning (IRP) process and outlines FPL's projected resource additions, particularly new power plants, as determined by FPL's IRP work in 2004 and early 2005.

Chapter IV – Environmental and Land Use Information

This chapter discusses environmental information as well as preferred and potential site locations for additional electric generation facilities under consideration.

Chapter V – Other Planning Assumptions and Information

This chapter addresses twelve "discussion items" which pertain to additional specific information which is to be included in a Site Plan filing.

FPL
List of Abbreviations
Used in FPL Forms

Reference	*Abbreviation*	*Definition*
Unit Type	BIT	Bituminous Coal
	CC	Combined Cycle
	CT	Combustion Turbine
	GT	Gas Turbine
	IC	Internal Combustion
	NP	Nuclear Power
	NPGU	Next Planned Generating Unit
	ST	Steam Unit
Fuel Type	UR	Uranium
	BIT	Bituminous Coal
	FO2	#1, #2 or Kerosene Oil (Distillate)
	FO6	#4,#5,#6 Oil (Heavy)
	LNG	Liquified Natural Gas
	NG	Natural Gas
	NO	None
	Pet	Petroleum Coke
Fuel Transportation	NO	None
	PL	Pipeline
	RR	Railroad
	TK	Truck
	WA	Water
Unit/Site Status	OT	Other
	P	Planned Unit
	RP	Proposed for repowering
	T	Regulatory approval received but not under construction
	U	Under construction, less than or equal to 50% Complete
	V	Under construction, more than 50% Complete
Other	CKT.	Circuit
	P.U.	Per Unit

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Executive Summary

Florida Power & Light Company's (FPL) 2005 Ten Year Power Plant Site Plan (Site Plan) addresses FPL's plans to meet its projected incremental resource needs for the 2005–2014 time period.

FPL's total generation capability is projected to significantly increase during the 2005–2014 time period as shown in Table ES.1. This table also shows the resulting projected Summer and Winter reserve margins for FPL over this ten-year time horizon.

Table ES.1 reflects FPL's planned changes to existing generation units (due to unit overhauls, etc.), scheduled changes in the delivered amount of purchased power, and the planned additions of new generating units. Although not specifically shown in this table, FPL's approved DSM Goals are assumed to be implemented on schedule.

The amount of new generating capacity that will be added is driven in part by the outcome of the Florida Public Service Commission docket No. 981890-EU. This docket ended with a stipulated agreement that resulted in FPL, along with Tampa Electric Company and Florida Power Corporation, switching from a minimum reserve margin planning criterion of 15% to one of 20% beginning with the Summer of 2004.

FPL has previously sought to partially secure needed capacity through a number of short-term and long-term firm capacity purchases from utilities and other entities. Included in the capacity additions for the 2005 through 2014 time frame are a new four-year firm purchase from Reliant's Indian River facility starting in 2006 and a five and a half-year firm purchase from Southern Company starting in 2010.

In 2005, FPL will be adding a large (1,107 Summer MW) new combined cycle (CC) unit at its existing Manatee plant site. Also in 2005, the two combustion turbines (CT's) that were added at FPL's existing Martin plant site in mid-2001 will be converted into a 1,107 Summer MW CC unit by the addition of two additional CT's, heat recovery steam generators, and associated equipment. This conversion will add another 787 Summer MW of capability above the present capability of the existing two CT's. The additions for 2005 were selected as the best options among other FPL construction alternatives and numerous proposals received in response to two Requests for Proposals (RFP's) FPL issued in August 2001 and April 2002, respectively. These two capacity additions were approved by the Florida Public Service Commission (FPSC) on November 19, 2002, and their applications for certification under the Florida Electric Power Plant Siting Act (Siting

Act) were approved by the Governor and Siting Board on April 11, 2003.

In 2007, FPL will be adding a large (1,144 Summer MW) new CC unit at its existing Turkey Point plant site. This unit was selected as the best option after comparison to other FPL construction alternatives and proposals received in response to an RFP that FPL issued in August 2003. This capacity addition was approved by the FPSC on June 18, 2004. On February 7, 2005, the Governor of Florida and Cabinet, acting as the Siting Board, approved the certification of the location, construction, and operation of the Turkey Point CC capacity addition.

FPL's 2008 capacity requirement will be met by a four-year purchase of varying capacity from Reliant's Indian River facility that starts in 2006 and continues through 2009. This purchase also has an option that would allow FPL to extend the purchase by one-year, through 2010.

FPL currently projects to meet its 2009 capacity need with the addition of a new self–build CC unit at its West County Energy Center site. FPL's 2010 capacity requirements will be met, in part, by the previously mentioned five and a half-year purchase from Southern Company. This 930 MW purchase begins in mid-2010 and continues through the end of 2015. In addition, FPL projects to meet the remainder of its 2010 capacity need and its 2011 capacity need with the addition of a second new self–build CC unit at its West County Energy Center site. These capacity addition selections will be conducted in a manner consistent with the Commission's Bid Rule through a Request for Proposal (RFP) process. Specifically, FPL intends to publish an RFP in the Summer of 2005 to solicit competitive proposals for comparison to its Next Planned Generating Unit(s) for the capacity need required in the years 2009 – 2011.

As noted on Table ES.1, the projected reserve margin for 2011 with these capacity additions is 19.7%, 75 MW under the 20% reserve margin planning standard. Should the need remain as currently forecast, FPL anticipates that it will make short-term purchases or other capacity adjustments as required to satisfy the reserve margin requirement. This situation presents itself again, to a lesser degree, in 2014.

Based on FPL's current forecast, there will be additional capacity needs of approximately 550 MW per year in the 2012 through 2014 time frame. Given the issue of fuel diversity, FPL proposes to meet that need with two supercritical pulverized coal (SCPC) units. These units will combine highly efficient and reliable supercritical pulverized coal combustion technology with advanced emissions control technology and plant design allowing for recycling of generation byproducts into useful commercial products, bringing a new generation of clean coal facilities to Florida. Current need projections for the in-service dates of the first and second units are June 2012 and June 2013,

respectively. These planned increases in electric generation capability will allow FPL to continue to maintain system reliability and integrity at a reasonable cost and maintain the economic and reliability benefits of a diverse fuel mix. The clean coal units are discussed in detail in FPL's recent *Report on Clean Coal Generation*, provided to the Commission in March of 2005. FPL plans to publish a Clean Coal RFP on or before August 2006 for the capacity need required in the years 2012-2014. Because the objective of the Clean Coal RFP is to enhance fuel diversity, the Clean Coal RFP will be restricted to proposals for clean coal generation, or other proposals that enhance fuel diversity as effectively as clean coal generation. The Clean Coal RFP is being initiated with a lead time that will support the longer construction schedule of a clean coal plant.

FPL's 2004 planning efforts have continued to address two significant issues that can affect the reliability and cost of electricity in the FPL service territory. Those two issues are: 1) the economic impact of the imbalance in southeast Florida between regional load and generating capacity located within this region and, 2) addressing fuel diversity in the FPL system. The selection of the Turkey Point CC unit to meet FPL's 2007 resource need has helped mitigate the immediate imbalance in southeast Florida through the year 2010. The purchase of additional coal-fired generation through a purchase agreement, the development of a potential clean coal generation facility, and efforts to evaluate bringing Liquefied Natural Gas (LNG) supplies to Florida, are the steps FPL is pursuing to address fuel diversity concerns. FPL's approach to these two issues will continue to be incorporated into FPL's resource planning work and other related initiatives.

Projected Capacity Changes and Reserve Margins for FPL [1]					
		Net Capacity Changes (MW)		FPL Reserve Margin (%)	
		Winter [2]	Summer [3]	Winter	Summer
2005	Changes to Existing Purchases [4]	(166)	(566)	20.9%	25.4%
	Manatee Unit #3 Combined Cycle [6]	---	1,107		
	Conversion of Martin #8 CT's to CC [6]	0	787		
	Changes to existing Units	---	12		
2006	Changes to Existing Purchases [4]	(132)	(136)	29.3%	23.1%
	New Purchases [5]	130	130		
	Manatee Unit #3 Combined Cycle [6]	1,197	---		
	Conversion of Martin #8 CT's to CC [6]	835	---		
	Changes to existing Units	240	167		
2007	Changes to Existing Purchases [4]	---	(935)	27.1%	22.1%
	Changes to New Purchases [5]	224	224		
	Turkey Point Combined Cycle #5 [6]	---	1,144		
	Changes to existing Units	(1)	(1)		
2008	Changes to Existing Purchases [4]	(1,008)	---	26.4%	20.5%
	Changes to New Purchases [5]	222	222		
	Turkey Point Combined Cycle #5 [6]	1,181	---		
2009	Changes to Existing Purchases [4]	---	(51)	21.9%	21.1%
	Changes to New Purchases [5]	(326)	(326)		
	West County Energy Center #1 Combined Cycle [6]	---	1,107		
2010	Changes to Existing Purchases [4]	(51)	(979)	23.1%	22.4%
	Changes to New Purchases [5]	(250)	680		
	West County Energy Center #1 Combined Cycle [6]	1,181	---		
	West County Energy Center #2 Combined Cycle [6]	---	1,107		
2011	Changes to Existing Purchases [4]	(94)	(45)	25.2%	19.7%
	Changes to New Purchases [5]	930	---		
	West County Energy Center #2 Combined Cycle [6]	1,181	---		
2012	Unsited Clean Coal Unit # 1 (6)	---	850	22.4%	21.0%
2013	Unsited Clean Coal Unit # 1 (6)	855	---	23.3%	22.4%
	Unsited Clean Coal Unit # 2 (6)	---	850		
2014	Unsited Clean Coal Unit # 2 (6)	855	---	24.1%	19.9%
	TOTALS =	7,003	5,348		

(1) Additional information about these resulting reserve margins and capacity changes are found on Schedules 7 & 8 respectively.

(2) Winter values are values for January of year shown.

(3) Summer values are values for August of year shown.

(4) These are firm capacity purchases with contract that existed on 12/31/03. See Section I.B, I.D and III.A. for more details.

(5) These are firm capacity purchases with contracts executed on/after 1/01/04.

(6) All new units are scheduled to be in-service in June of the year shown. Consequently, they are included in the Summer reserve margin calculation for the in-service year and in both the Summer and Winter reserve margin calculations for subsequent years.

Table ES.1

CHAPTER I

Description of Existing Resources

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I. Description of Existing Resources

FPL's service area contains approximately 27,650 square miles and has a population of approximately 8 million people. FPL served an average of 4,224,509 customer accounts in thirty-five counties during 2004. These customers were served from a variety of resources including: FPL-owned fossil and nuclear generating units, non-utility owned generation, demand side management, and interchange/purchased power.

I.A. FPL-Owned Resources

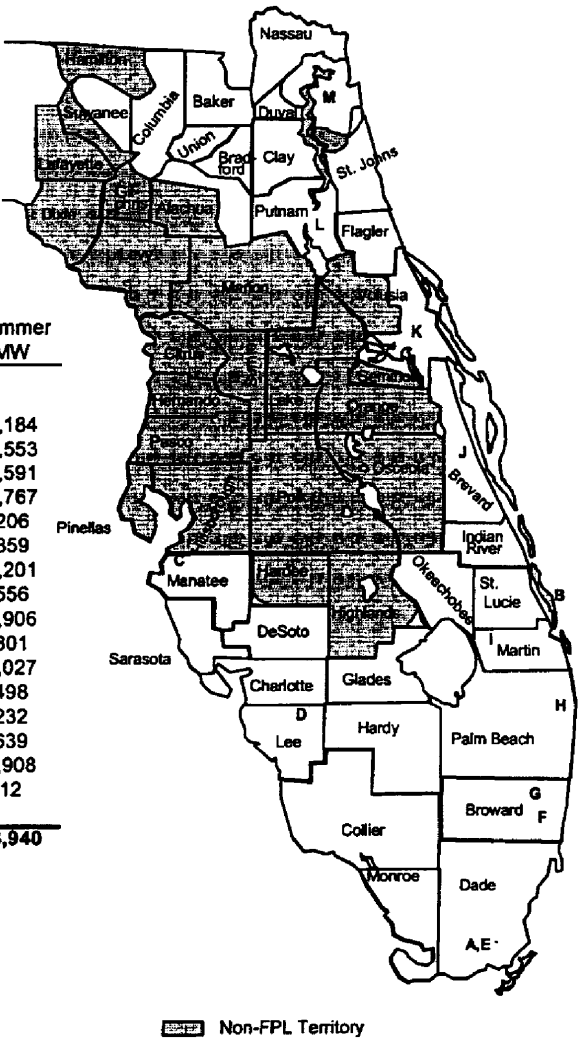
The existing FPL generating resources are located at fourteen generating sites distributed geographically around its service territory and also include partial ownership of one unit located in Georgia and two units located in Jacksonville, FL. The current generating facilities consist of four nuclear steam units, three coal units, nine combined cycle units, seventeen fossil steam units, forty-eight combustion gas turbines, two simple cycle combustion turbines, and five diesel units. The location of these units is shown on Figure I.A.1 and in Table 1.A.1.

The bulk transmission system is composed of 1,104 circuit miles of 500 Kilovolt (KV) lines (including 75 miles of 500 KV lines [two 37-1/2 mile lines] between Duval Substation and the Florida-Georgia state line, which are jointly owned with Jacksonville Electric Authority) and 2,753 circuit miles of 230 KV lines. The underlying network is composed of 1,584 circuit miles of 138 KV lines, 717 circuit miles of 115 KV lines, and 164 circuit miles of 69 KV transmission lines. Integration of the generation, transmission, and distribution system is achieved through FPL's 537 substations.

The existing FPL system, including generating plants, major transmission stations, and transmission lines, is shown on Figure I.A.2. In addition, Figure I.A.3 shows FPL's interconnection ties with other utilities.

Capacity Resources by Location
(as of December 31, 2004)

Location/ Map Key	Plant Name	Number of Units	Summer MW
A	Turkey Point	4	2,184
B	St. Lucie *	2	1,553
C	Manatee	2	1,591
D	Fort Myers	2	1,767
E	Cutler	2	206
F	Lauderdale	2	859
G	Port Everglades	4	1,201
H	Riviera	2	556
I	Martin	5	2,906
J	Cape Canaveral	2	801
K	Sanford	3	2,027
L	Putnam	2	498
M	SJRPP **	2	232
	Scherer ***	1	639
	Gas Turbines	48	1,908
	Internal Combustion Turbines	5	12
	FPL Generation =	**88**	**18,940**



* Represents FPL's ownership share: St Lucie nuclear: 100% unit 1, 85% unit 2: St. Johns River: 20% of two units.

** SJRPP = St. John's River Power Park

*** The Scherer unit is located in Georgia and is not shown on this map.

Figure I.A.1

Capacity Resource by Unit Type
As of December 31, 2004

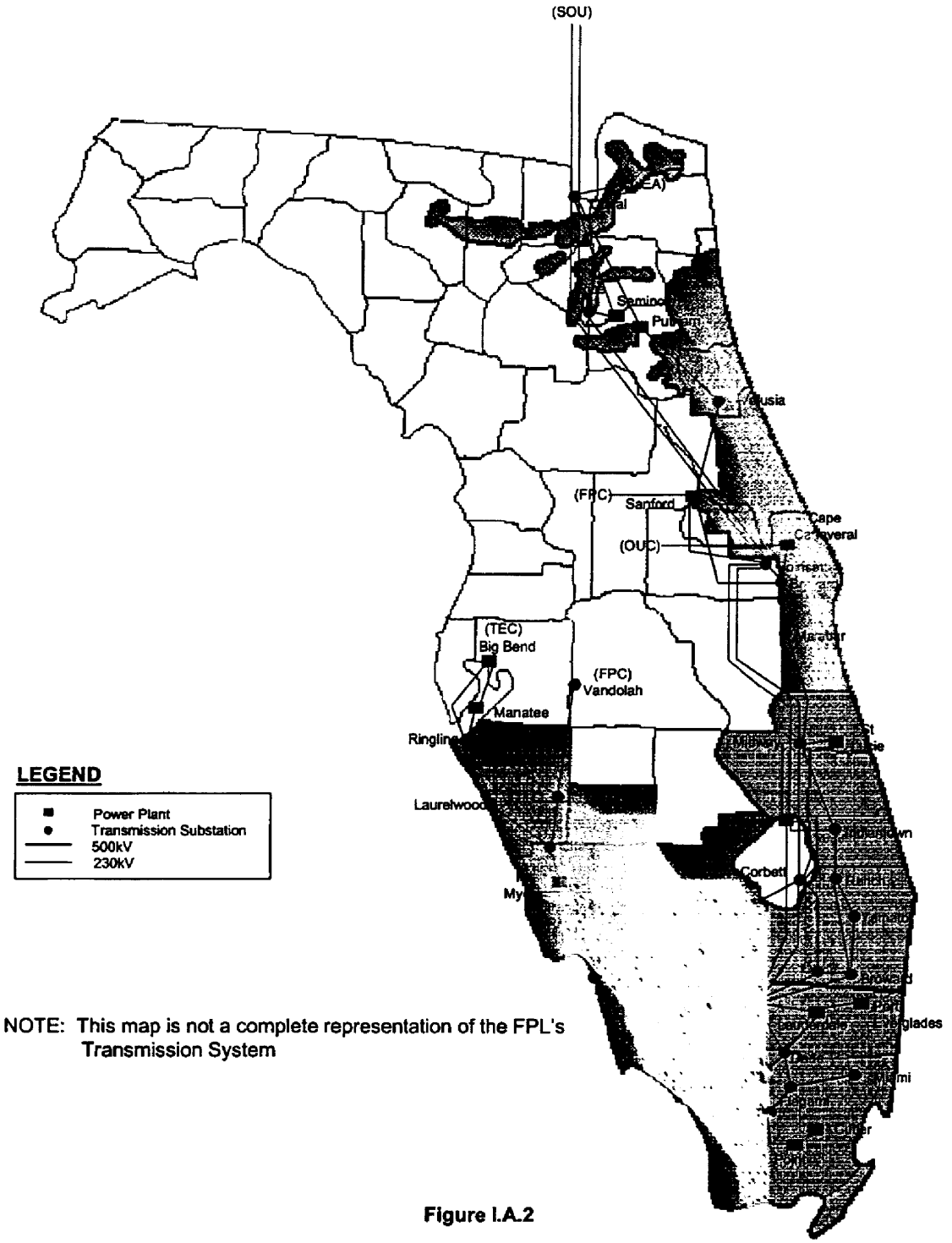
Unit Type/ Plant Name	Location	Number of Units	Fuel	Summer MW
Combined-Cycle				
Lauderdale	Dania, FL	2	Gas/Oil	859
Martin	Indiantown,FL	2	Gas	943
Sanford	Lake Monroe, FL	2	Gas	1,889
Putnam	Palatka, FL	2	Gas/Oil	498
Fort Myers	Fort Myers, FL	1	Gas	1,441
Total Combined Cycle		9		5,630
Combustion Turbines				
Martin *	Indiantown,FL	1	Gas/Oil	320
Fort Myers *	Fort Myers, FL	1	Gas/Oil	326
Total Combustion Turbines		2		646
Nuclear				
Turkey Point	Florida City, FL	2	Nuclear	1,386
St. Lucie **	Hutchinson Island, FL	2	Nuclear	1,553
Total Nuclear		4		2,939
Coal Steam				
SJRPP **	Jacksonville, FL	2	Coal	232
Scherer	Monroe County, Ga	1	Coal	639
Total Coal Steam		3		871
Oil/Gas Steam				
Cape Canaveral	Cocoa, FL	2	Oil/Gas	801
Cutler	Miami, FL	2	Gas	206
Manatee	Parrish, FL	2	Oil/Gas	1,591
Martin	Indiantown,FL	2	Oil/Gas	1,643
Port Everglades	Port Everglades, FL	4	Oil/Gas	1,201
Riviera	Riviera Beach, FL	2	Oil/Gas	556
Sanford	Lake Monroe, FL	1	Oil/Gas	138
Turkey Point	Florida City, FL	2	Oil/Gas	798
Total Oil/Gas Steam		17		6,934
Gas Turbines(GT)/Diesels(IC)				
Lauderdale (GT)	Dania, FL	24	Oil/Gas	840
Port Everglades (GT)	Port Everglades, FL	12	Oil/Gas	420
Fort Myers (GT)	Fort Myers, FL	12	Oil	648
Turkey Point (IC)	Florida City, FL	5	Oil	12
Total Gas Turbines/Diesels		53		1,920
Total Units:		88		
Total Net Generating Capability:				18,940

* Each unit consists of two combustion turbines totaling approximately 300 MW.

** Represents FPL's ownership share: St. Lucie nuclear: 100% unit 1, 85% unit 2; SJRPP coal: 20% of two units.

Table I.A.1

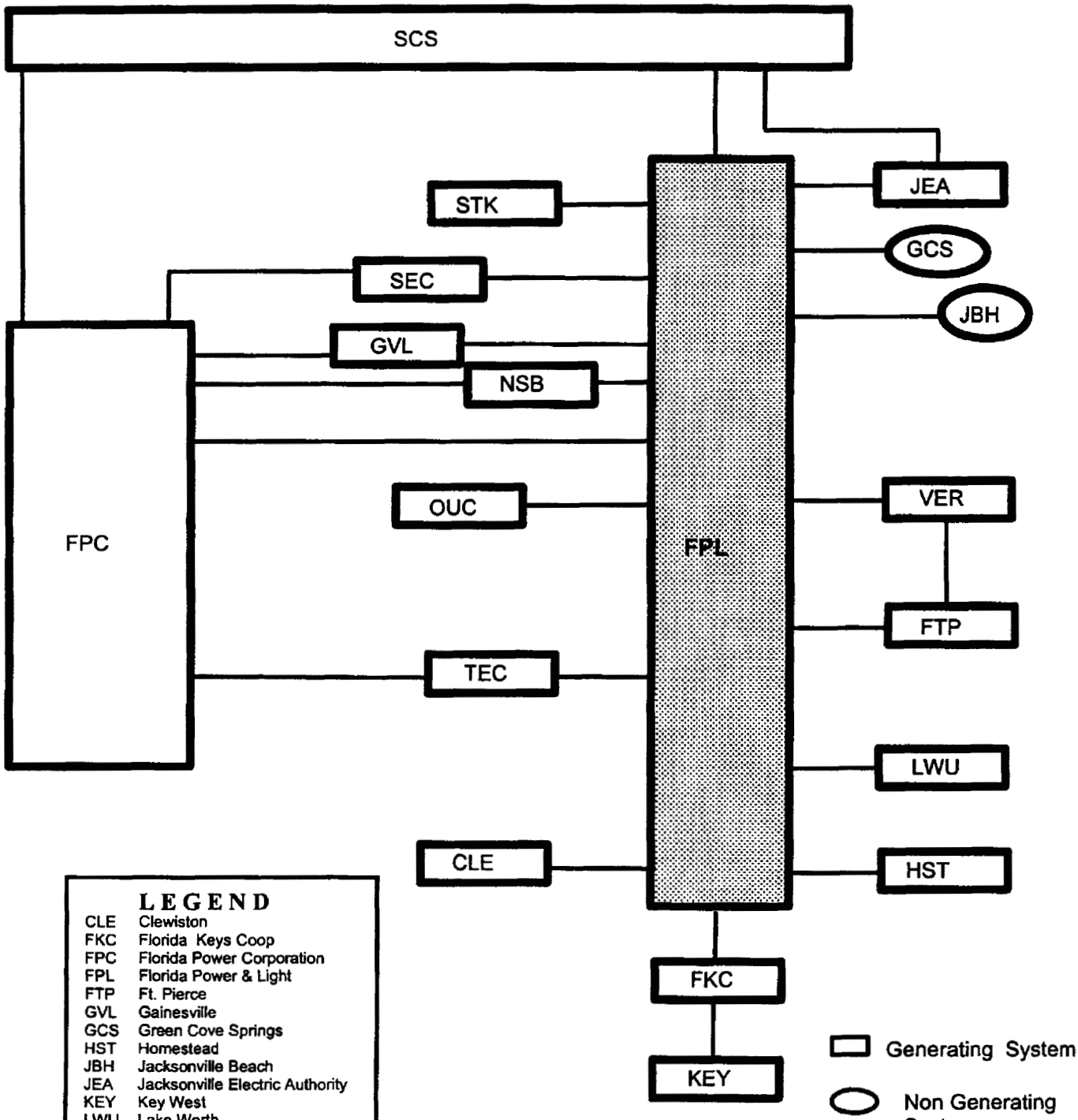
FPL Substation and Transmission System Configuration



NOTE: This map is not a complete representation of the FPL's Transmission System

Figure I.A.2

FPL Interconnection Diagram



LEGEND

CLE	Clewiston
FKC	Florida Keys Coop
FPC	Florida Power Corporation
FPL	Florida Power & Light
FTP	Ft. Pierce
GVL	Gainesville
GCS	Green Cove Springs
HST	Homestead
JBH	Jacksonville Beach
JEA	Jacksonville Electric Authority
KEY	Key West
LWU	Lake Worth
NSB	New Smyrna Beach
OUC	Orlando Utilities Commission
SEC	Seminole Electric Cooperative
SCS	Southern Companies
STK	Starke
TEC	Tampa Electric Company
VER	Vero Beach

Figure I.A.3

I.B Non-Utility Generation

Non-utility generation is an important part of FPL's resource mix. FPL currently has contracts with seven cogeneration/small power production facilities to purchase firm capacity and energy. A listing of these facilities appears in Table I.B.1. In addition, FPL purchases as-available (non-firm) energy from several cogeneration facilities and small power production facilities as shown in Table I.B.2.

A cogeneration facility is one which simultaneously produces electrical and thermal energy, with the thermal energy (e.g., steam) being used for industrial, commercial, or cooling and heating purposes. A small power production facility is one which does not exceed 80 MW (unless it is exempted from this size limitation by the Solar, Wind, Waste, and Geothermal Power Production Incentives Act of 1990) and uses as its primary energy source (at least 50%) solar, wind, waste, geothermal, or other renewable resources.

Florida Power & Light Company Firm Capacity and Energy Contracts with Cogeneration/Small Power Production Facilities					
Project	**County**	**Fuel**	**Capacity MW**	**In-Service Date**	**End Date**
Bio-Energy	Broward	Landfill Gas	10.0	5/1/1998	1/1/2005
Florida Crushed Stone	Hernando	Coal (PC)	110.0	4/1/1992	10/31/2005
			11.0	1/1/1994	10/31/2005
			12.0	1/1/1995	10/31/2005
			3.0	2/1/2003	10/31/2005
Broward South	Broward	Solid Waste	50.6	4/1/1991	8/1/2009
Palm Beach SWA	Palm Beach	Solid Waste	43.5	4/1/1992	3/31/2010
			4.0	6/1/2005	3/31/2010
Broward North	Broward	Solid Waste	45.0	4/1/1992	12/31/2010
Cedar Bay Generating Co.	Duval	Coal (CFB)	250.0	1/25/1994	12/31/2024
Indiantown Cogen., LP	Martin	Coal (PC)	330.0	12/22/1995	12/1/2025
Broward South	Broward	Solid Waste	1.4	1/1/1993	12/31/2026
			1.5	1/1/1995	12/31/2026
			0.6	1/1/1997	12/31/2026
Broward North	Broward	Solid Waste	7.0	1/1/1993	12/31/2026
			1.5	1/1/1995	12/31/2026
			2.5	1/1/1997	12/31/2026

Table I.B.1

As Available Energy Purchases From Non-Utility Generators in 2004				
Project	**County**	**Fuel**	**In-Service Date**	**Energy (MWH) Delivered to FPL in 2004**
US Sugar-Bryant	Palm Beach	Bagassee	2/80	3,159
Tropicana	Manatee	Natural Gas	2/90	10,072
Okeelanta	Palm Beach	Bagassee/Wood	11/95	355,734
Tomoka Farms	Volusia	Landfill Gas	7/98	20,097
Georgia Pacific	Putnam	Paper By-Product	2/94	5,134

Table I.B.2

I.C. Demand Side Management (DSM)

FPL's DSM activities continue what has been FPL's practice since 1978 of encouraging cost-effective conservation and load management. FPL's DSM efforts through 2004 have resulted in a cumulative Summer peak reduction of approximately 3,418 MW at the generator and an estimated cumulative energy saving of 29,050 GWH at the generator.

FPL's new DSM Goals for the 2005-2014 time frame were approved by the Florida Public Service Commission (Commission) on August 9, 2004. FPL's 2004 resource planning work, and the schedule for new generation additions presented in this document, are based on these approved DSM levels. FPL filed its DSM Plan (with which FPL will meet the approved DSM Goals) on November 30, 2004 with the Commission. The Commission approved FPL's DSM Plan in March 2005.

I.D. Purchased Power

Purchased power remains an important part of FPL's resource mix. FPL has a Unit Power Sales (UPS) contract to purchase 931 MW, with a minimum of 381 MW, of coal-fired generation from the Southern Company (Southern) through May, 2010. In January 2005, the Commission approved a new firm purchase contract with Southern that will result in FPL receiving 930 MW from June 2010 through the end of 2015. This capacity will be supplied by Southern from a mix of gas-fired and coal-fired units.

In addition, FPL has contracts with the Jacksonville Electric Authority (JEA) through mid-2021 for the purchase of 381 MW (Summer) and 390 MW (Winter) of coal-fired generation from the St. John's River Power Park (SJRPP) Units No. 1 and No. 2 (FPL also has ownership interest in these units; that ownership amount is reflected in FPL's installed capacity shown on Figure I.A.1, in Table I.A.1, and on Schedule 1).

Finally, FPL has additional firm capacity purchase contracts through 2009. These firm capacity purchase contracts are with a variety of suppliers. Table I.D.1 presents the Summer and Winter MW resulting from all firm purchased power contracts through the year 2014.

FPL's Purchased Power MW [1]								
	UPS		SJRPP		Other Firm Capacity Purchases		Total	
Year	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer
2004 [2]	931	931	390	381	1,164	1,495	2,485	2,807
2005	931	931	390	381	1,008	935	2,329	2,247
2006	931	931	390	381	1,138	1,065	2,459	2,377
2007	931	931	390	381	1,362	354	2,683	1,666
2008	931	931	390	381	576	576	1,897	1,888
2009	931	931	390	381	250	250	1,571	1,562
2010	931	0	390	381	0	930	1,321	1,311
2011	0	0	390	381	930	930	1,320	1,311
2012	0	0	390	381	930	930	1,320	1,311
2013	0	0	390	381	930	930	1,320	1,311
2014	0	0	390	381	930	930	1,320	1,311

Note:

(1) Total reflects total resource entitlements resulting from existing agreements between FPL, Southern Companies, JEA, and from new firm purchase agreements.

(2) Values for 2004 are actual.

Table I.D.1

Schedule 1

Existing Generating Facilities
As of December 31, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
						Fuel Transport.		Alt. Fuel	Commercial	Expected	Gen.Max.	Net Capability 1/	
Plant Name	Unit No.	Location	Unit Type	Fuel Pri.	Fuel Alt.	Pri.	Alt.	Days Use	In-Service Month/Year	Retirement Month/Year	Nameplate KW	Winter MW	Summer MW
Turkey Point		Miami Dade County 27/57S/40E									2,336,475	2,259	2,196
	1		ST	FO6	NG	WA	PL	Unknown	Apr-67	Unknown	402,050	410	398
	2		ST	FO6	NG	WA	PL	Unknown	Apr-68	Unknown	402,050	403	400
	3		NP	UR	No	TK	No	Unknown	Nov-72	Unknown	760,000	717	693
	4		NP	UR	No	TK	No	Unknown	Jun-73	Unknown	760,000	717	693
	1-5		IC	FO2	No	TK	No	Unknown	Dec-67	Unknown	12,375	12	12
Cutler		Miami Dade County 27/55S/40E									236,000	212	206
	5		ST	NG	No	PL	No	Unknown	Nov-54	Unknown	74,500	70	68
	6		ST	NG	No	PL	No	Unknown	Jul-55	Unknown	161,500	142	138
Lauderdale		Broward County 30/50S/42E									1,873,968	1,947	1,699
	4		CC	NG	FO2	PL	PL	Unknown	May-93	Unknown	526,250	465	430
	5		CC	NG	FO2	PL	PL	Unknown	Jun-93	Unknown	526,250	464	429
	1-12		GT	NG	FO2	PL	PL	Unknown	Aug-70	Unknown	410,734	509	420
	13-24		GT	NG	FO2	PL	PL	Unknown	Aug-72	Unknown	410,734	509	420
Port Everglades		City of Hollywood 23/50S/42E									1,710,384	1,729	1,621
	1		ST	FO6	NG	WA	PL	Unknown	Jun-60	Unknown	247,775	220	212
	2		ST	FO6	NG	WA	PL	Unknown	Apr-61	Unknown	247,775	220	219
	3		ST	FO6	NG	WA	PL	Unknown	Jul-64	Unknown	402,050	390	385
	4		ST	FO6	NG	WA	PL	Unknown	Apr-65	Unknown	402,050	390	385
	1-12		GT	NG	FO2	PL	PL	Unknown	Aug-71	Unknown	410,734	509	420
Riviera		City of Riviera Beach 33/42S/43E									620,840	560	556
	3		ST	FO6	NG	WA	PL	Unknown	Jun-62	Unknown	310,420	274	272
	4		ST	FO6	NG	WA	PL	Unknown	Mar-63	Unknown	310,420	286	284

1/ These ratings are peak capability.

Schedule 1

Existing Generating Facilities
As of December 31, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
						Fuel Transport		Alt. Fuel	Commercial	Expected	Gen.Max.	Net Capability 1/	
	Unit		Unit	Fuel				Days	In-Service	Retirement	Nameplate	Winter	Summer
Plant Name	No.	Location	Type	Pri.	Alt.	Pri.	Alt.	Use	Month/Year	Month/Year	KW	MW	MW
Martin		Martin County 29/29S/38E									3,468,700	3,012	2,906
	1		ST	FO6	NG	PL	PL	Unknown	Dec-80	Unknown	934,500	830	828
	2		ST	FO6	NG	PL	PL	Unknown	Jun-81	Unknown	934,500	829	815
	3		CC	NG	No	PL	No	Unknown	Feb-94	Unknown	612,000	495	471
	4		CC	NG	No	PL	No	Unknown	Apr-94	Unknown	612,000	496	472
	8 A & B		CT	NG	FO2	PL	PL	Unknown	Jun-01	Unknown	375,700	362	320
St. Lucie		St. Lucie County 16/36S/41E									1,573,775	1,579	1,553
	1		NP	UR	No	TK	No	Unknown	May-76	Unknown	850,000	853	839
	2	2/	NP	UR	No	TK	No	Unknown	Jun-83	Unknown	723,775	726	714
Cape Canaveral		Brevard County 19/24S/36F									804,100	808	801
	1		ST	FO6	NG	WA	PL	Unknown	Apr-65	Unknown	402,050	398	394
	2		ST	FO6	NG	WA	PL	Unknown	May-69	Unknown	402,050	410	407
Sanford		Volusia County 16/19S/30E									2,534,050	2,232	2,027
	3		ST	FO6	NG	WA	PL	Unknown	May-59	Unknown	156,250	142	138
	4		CC	NG	No	PL	No	Unknown	Oct-03	Unknown	1,188,900	1,045	949
	5		CC	NG	No	PL	No	Unknown	Jun-02	Unknown	1,188,900	1,045	940
Putnam		Putnam County 16/10S/27E									580,008	572	498
	1		CC	NG	FO2	PL	WA	Unknown	Apr-78	Unknown	290,004	286	249
	2		CC	NG	FO2	PL	WA	Unknown	Aug-77	Unknown	290,004	286	249

1/ These ratings are peak capability.

2/ Total capability is 853/839 MW. Capabilities shown represent FPL's share of the unit and exclude the Orlando Utilities Commission (OUC) and Florida Municipal Power Agency (FMPA) combined portion of 14.89551%.

Schedule 1

Existing Generating Facilities
As of December 31, 2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
						Fuel		Alt. Fuel	Commercial	Expected	Gen.Max.	Net Capability 1/	
	Unit		Unit	Fuel		Transport		Days	In-Service	Retirement	Nameplate	Winter	Summer
Plant Name	No.	Location	Type	Pri.	Alt.	Pri.	Alt.	Use	Month/Year	Month/Year	KW	MW	MW
Fort Myers		Lee County 35/43S/25E									2,895,210	2,759	2,415
	2		CC	NG	No	PL	No	Unknown	Jun-02	Unknown	1,775,390	1,610	1,441
	3A & B		CT	NG	FO2	PL	PL	Unknown	Jun-01	Unknown	375,700	380	326
	1-12		GT	FO2	No	WA	No	Unknown	May-74	Unknown	744,120	769	648
Manatee		Manatee County 18/33S/20E									1,726,600	1,605	1,591
	1		ST	FO6	NG	WA	PL	Unknown	Oct-76	Unknown	863,300	795	788
	2		ST	FO6	NG	WA	PL	Unknown	Dec-77	Unknown	863,300	810	803
St. Johns River Power Park 2/		Duval County 12/15/28E (RPC4)									271,836	242	232
	1		BIT	et Cok	BIT	WA	RR	Unknown	Mar-87	Unknown	135,918	130	127
	2		BIT	et Cok	BIT	WA	RR	Unknown	May-88	Unknown	135,918	112	105
Scherer 3/		Monroe, GA									680,368	642	639
	4		BIT	BIT	FO2	RR	PL	Unknown	Jul-89	Unknown	680,368	642	639
									Total System as of December 31, 2004 =			20,158	18,940

1/ These ratings are peak capability.
2/ The net capability ratings represent Florida Power & Light Company's share of St. Johns River Park Unit No. 1 and No. 2, excluding Jacksonville Electric Authority (JEA) share of 80%.
3/ These ratings represent Florida Power & Light Company's share of Scherer Unit No. 4, adjusted for transmission losses.

CHAPTER II

Forecast of Electric Power Demand

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II. Forecast of Electric Power Demand

Long-term (20-year) forecasts of sales, net energy for load (NEL), and peak loads are developed on an annual basis for resource planning work at FPL. These forecasts are a key input to the models used to develop the Integrated Resource Plan. The following pages describe how forecasts are developed for each component of the long-term forecast: sales, NEL, and peak loads.

The primary drivers to develop these forecasts are demographic trends, weather, economic conditions, and prices of electricity. In addition, the resulting forecasts are an integration of economic evaluations, inputs of local economic development boards, weather assessments from the National Oceanic and Atmospheric Administration (NOAA), and inputs from FPL's own customer service planning areas. In the area of demographics, population trends by county, plus housing characteristics such as housing starts, housing size, and vintage of homes, are assessed.

Forecasts for electric usage in the residential and commercial classes include end-use information such as appliance saturation studies, efficiencies, and intensity of energy use. In addition to these inputs, residential forecasts also make use of household characteristics such as ages of members in households, number of members in households, and income distributions.

The projections for the national and Florida economy are obtained from Global Insight, an international economic consulting firm. Population projections for the counties served by FPL are obtained from the Bureau of Economic and Business Research (BEBR) of the University of Florida. In addition, FPL actively participates with local development councils and universities to obtain their assessments of the local economy, specifically in the area of expansion of new businesses and retention of the current business base. These inputs are quantified and qualified using statistical models in terms of their impact on the future demand for electricity.

Weather is always a key factor that affects the company's sales and peak demand. Weather variables are used in the forecasting models for energy sales and peak demand. There are two sets of weather variables developed and used in forecasting models:

1. Cooling and Heating Degree-Days are used to forecast energy sales.
2. Temperature data is used to forecast Summer and Winter peaks.

The Cooling and Heating Degree-Days are used to capture the changes in the electric usage of weather-sensitive appliances such as air conditioners and electric space heaters. A composite temperature hourly profile is derived using hourly temperatures across FPL's service territory (Miami, Ft. Myers, Daytona Beach, and West Palm Beach are the locations from which temperatures are obtained) weighted by regional energy sales. This composite temperature is used to derive Cooling and Heating Degree-Days which are based on starting point temperatures of 72°F and 66°F, respectively. Similarly, the maximums and minimums of the composite temperature hourly profile are used for the Summer and Winter peak models.

1. Impact of 2004 Hurricanes

FPL has estimated the impact of the 2004 hurricanes on its projected customer growth and resulting demand forecasts. These estimates were based, in part, on FPL's experience following Hurricane Andrew. After Hurricane Andrew, population growth declined to a level of approximately 65,000 customers per year and remained at that level for approximately six years before returning to a more robust growth rate. FPL's customer growth reached a peak in August 2004, with 120,000 customers having been added for the preceding 12 months. However, as a consequence of the three South Florida hurricanes (Charley, Frances, and Jeanne), growth significantly declined.

Before the hurricanes hit Florida in 2004, FPL was projecting an annual increase of 80,000 new customers in 2005, 82,000 new customers in 2006, and 81,000 new customers in 2007. When the impact of the 2004 hurricanes is taken into account, the resulting projections are 72,000 new customers in 2005, 75,000 in 2006, and a return to trend of 80,000 in 2007. FPL is assuming that the impact of the 2004 hurricanes will be short-lived and customer growth will return to a more normal level in a couple of years, versus the six year impact of Hurricane Andrew. This difference is primarily due to the assumption that the population growth in Florida will be fueled by larger numbers of baby-boomers retiring and moving to Florida, as well as an increasing availability of jobs.

II.A. Long-Term Sales Forecasts

Long-term forecasts of electricity sales are developed for each revenue class for the forecasting period of 2004-2023 and are adjusted to match the Net Energy for Load (NEL) forecast. The results of these sales forecasts for the years 2005-2014 are presented in

Schedules 2.1-2.3 which appear at the end of this chapter. Econometric models are developed for each revenue class using the statistical tool MetrixND. The methodologies used to develop sales forecasts for each jurisdictional revenue class are outlined below. The first five years of the forecasts are developed using monthly models for Net Energy for Load and energy sales by class.

1. Residential Sales

Residential electric usage per customer is estimated by using a regression model which contains the real residential price of electricity, real Florida personal income, and Cooling and Heating Degree-Days as explanatory variables as well as a dummy variable for shoulder months. The price of electricity plays a role in explaining electric usage since electricity, like all other goods and services, will be used in greater or lesser quantities depending upon its price. To capture economic conditions, the model includes Florida's real personal income. The degree of economic prosperity can, and does, affect residential electricity sales. The impact of weather is captured by the Cooling and Heating Degree-Days; in addition, a one month lagged Cooling Degree-Day is also included as an explanatory variable. Residential energy sales are forecast by multiplying the residential use per customer forecast by the number of residential customers forecasted

2. Commercial Sales

The commercial sales forecast is also developed using a regression model. Commercial sales are a function of the following variables: Florida's non-agricultural employment, commercial real price of electricity, Cooling Degree-Days, and an autoregressive term. Florida's non-agricultural employment is used to capture the economic activity in FPL's service territory. The price of electricity is also included as an explanatory variable in the model because it has an impact on customer usage. Cooling Degree-Days are used to capture weather-sensitive load in the commercial sector.

3. Industrial Sales

The industrial sales forecast is also developed using a regression model. Industrial sales are a function of industrial customers, the price of electricity, Cooling Degree-Days, a dummy variable for outliers, and an autoregressive term. The price of electricity is also included as an explanatory variable in the model because it has an impact on customer

usage. The Cooling Degree-Day term is included to capture the weather-sensitive load in the industrial class.

4. Other Public Authority Sales

At present, this class consists of sports fields and one government account. The forecast for this class is based on historical knowledge of its characteristics.

5. Street & Highway Sales and Railroad & Railways Sales

The forecast for street and highway sales is developed by first assuming a constant use per customer and then multiplying that value by the number of projected customers. The forecast of sales to railroad & railways is based on historical knowledge of its characteristics. This class consists of Miami-Dade County's Metrorail system.

6. Sales for Resale

Sales for resale (wholesale) customers are composed of municipalities and/or electric cooperatives. These customers differ from jurisdictional customers in that they are not the ultimate users of the electricity they buy. Instead, they resell this electricity to their own customers.

Currently, there are four customers in this class: the Florida Keys Electric Cooperative (Florida Keys), City Electric System of the Utility Board of Key West, Florida (City of Key West), Miami-Dade County, and the Florida Municipal Power Agency (FMPA). Sales to the Florida Keys are forecasted using a regression model. Forecasted sales to the City of Key West are based on assumptions regarding their contract demand and expected load factor. Miami-Dade County sells 60 MW to Progress Energy. Line losses are billed to Miami-Dade under a wholesale contract. FMPA has contracted for delivery of 75 MW from FPL through October, 2007.

7. Total Sales

Sales forecasts by revenue class are summed to produce a total sales forecast. After an estimate of annual total sales is obtained, an expansion factor is applied to generate a forecast of annual Net Energy for Load (NEL).

II.B. Net Energy for Load

An annual econometric model is developed to produce a net energy for load (NEL) forecast. The key inputs to the model are: the price of electricity, Heating and Cooling Degree-Days, Florida Non-Agricultural Employment, and an autoregressive term. The monthly model is similar, except the economic variables utilized are Florida's real personal income and a dummy variable for February. The first five years are obtained from the short-term model. Forecasts for subsequent years are generated using the growth rates from the annual model.

Once an annual NEL forecast is obtained using the above-mentioned methodology, the results are then compared for reasonableness to the NEL forecast generated using the total sales forecast. The sales by class forecasts previously discussed are then adjusted to match the annual NEL Forecast.

The forecasted NEL values for 2005–2014 are presented in Schedule 3.3 that appears at the end of this chapter.

II.C. System Peak Forecasts

The rate of absolute growth in FPL system load has been a function of an increase in the customer base, varying weather conditions, continued economic growth, changing patterns of customer behavior (including an increased stock of electricity-consuming appliances), and more efficient heating and cooling appliances. FPL developed the peak forecast models to capture these behavioral relationships.

The forecasting methodology of Summer, Winter, and monthly system peaks is discussed below. The forecasted values for Summer and Winter peak loads for the years 2005–2014 are presented in Schedules 3.1 and 3.2 that appear at the end of this chapter, and again in Schedules 7.1 and 7.2 that appear near the end of Chapter 3.

System Summer Peak

The Summer peak forecast is developed using an econometric model. The variables included in the model are the price of electricity, Florida real personal income, and maximum peak day temperature. The econometric model uses these variables to develop

the Summer peak load per customer. The Summer peak load per customer value is multiplied by total customers to derive FPL's system Summer peak.

System Winter Peak

Like the system Summer peak model, this model is also an econometric model. The model consists of two weather-related variables: the minimum temperature on the peak day and Heating Degree-Hours for the prior day as well as for the morning of the Winter peak day. In addition, Florida real personal income is a variable used in the model. The model generates the Winter peak load per customer. The Winter peak load per customer value is multiplied by total customers to derive FPL's system Winter peak.

Monthly Peak Forecasts

Monthly peaks for the 2004-2023 period are forecasted to provide information for the scheduling of maintenance for power plants and fuel budgeting. The forecasting process is basically the same as for the monthly NEL forecast and consists of the following actions:

a. Develop the historical seasonal factor for each month by using ratios of historical monthly peaks to seasonal peaks (Summer = April-October, Winter = November-March.)

b. Apply the monthly ratios to their respective seasonal peak forecast to derive the peak forecast by month. This process assumes that the seasonal factors remain unchanged over the forecasting period.

II.D. The Hourly Load Forecast

Forecasted values for system hourly load for the period 2004-2023 are produced using a System Load Forecasting "shaper" program. This model uses sixteen years of historical FPL hourly system load data to develop load shapes for weekdays, weekend days, and holidays. These daily load shapes are ranked and used with forecasted monthly peaks, NEL, and calendars in developing an hourly forecast. The model allows calibration of hourly values where the peak is maintained or where both the peak and minimum load–to-peak ratio is maintained.

Schedule 2.1
History and Forecast of Energy Consumption
And Number of Customers by Customer Class

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Rural & Residential			Commercial		
Year	Population*	Members per Household	GWH**	Average*** No. of Customers	Average KWH Consumption Per Customer	GWH**	Average*** No. of Customers	Average KWH Consumption Per Customer
1995	6,806,351	2.20	40,556	3,097,192	13,094	30,719	374,005	82,135
1996	6,948,951	2.20	41,302	3,152,625	13,101	31,211	380,860	81,949
1997	7,105,592	2.21	41,849	3,209,298	13,040	32,942	388,906	84,703
1998	7,249,627	2.22	45,482	3,266,011	13,926	34,618	396,749	87,255
1999	7,412,744	2.22	44,187	3,332,422	13,260	35,524	404,942	87,725
2000	7,603,964	2.23	46,320	3,414,002	13,568	37,001	415,295	89,096
2001	7,754,846	2.22	47,588	3,490,541	13,633	37,960	426,573	88,989
2002	7,898,628	2.21	50,865	3,566,167	14,263	40,029	435,313	91,955
2003	8,079,316	2.21	53,485	3,652,663	14,643	41,425	444,650	93,163
2004	8,247,442	2.20	52,502	3,744,915	14,020	42,064	458,053	91,832
2005	8,406,324	2.21	55,713	3,809,120	14,626	42,151	468,211	90,025
2006	8,565,263	2.21	57,848	3,875,162	14,928	43,668	477,484	91,455
2007	8,721,735	2.21	59,969	3,945,994	15,197	45,326	486,673	93,134
2008	8,876,279	2.21	62,602	4,016,456	15,586	46,854	495,521	94,556
2009	9,029,214	2.21	65,131	4,086,068	15,940	48,092	504,304	95,363
2010	9,181,121	2.21	67,221	4,155,016	16,178	49,227	513,104	95,939
2011	9,333,931	2.21	68,899	4,223,741	16,312	50,092	521,935	95,974
2012	9,486,208	2.21	70,624	4,292,229	16,454	50,937	530,740	95,973
2013	9,638,031	2.21	72,491	4,360,482	16,625	51,935	539,608	96,246
2014	9,789,447	2.21	74,460	4,429,329	16,811	53,032	548,242	96,731

* Population represents only the area served by FPL.

** Actual energy sales include the impacts of existing conservation. Forecasted energy sales do not include the impact of incremental conservation.

*** Average No. of Customers is the annual average of the twelve month values.

Schedule 2.2
History and Forecast of Energy Consumption
And Number of Customers by Customer Class

(1)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Industrial			Railroads	Street &	Other Sales to	Total**** Sales to
		Average*** No. of	Average KWH Consumption	& Railways	Highway Lighting	Public Authorities	Ultimate Consumers
Year	GWH **	Customers	Per Customer	GWH	GWH **	GWH	GWH **
1995	3,883	15,140	256,473	84	358	648	76,248
1996	3,792	14,783	256,511	83	368	577	77,334
1997	3,894	14,761	263,803	85	383	702	79,855
1998	3,951	15,126	261,206	81	373	625	85,130
1999	3,948	16,040	246,135	79	473	465	84,676
2000	3,768	16,410	229,616	81	408	381	87,960
2001	4,091	15,445	264,875	86	419	67	90,212
2002	4,057	15,533	261,186	89	420	63	95,523
2003	4,004	17,029	235,128	93	425	64	99,496
2004	3,964	18,512	214,139	93	413	58	99,095
2005	3,982	16,590	240,050	100	418	63	102,427
2006	3,958	16,239	243,733	103	423	63	106,064
2007	3,957	16,169	244,698	106	431	63	109,852
2008	3,969	15,831	250,713	110	438	63	114,036
2009	3,968	15,442	256,973	113	446	63	117,813
2010	3,961	15,317	258,564	113	453	63	121,038
2011	3,923	15,187	258,295	113	461	63	123,550
2012	3,875	14,959	259,027	113	469	63	126,080
2013	3,838	14,826	258,880	113	476	63	128,917
2014	3,808	14,678	259,417	113	484	63	131,959

** Actual energy sales include existing conservation. Forecasted energy sales do not include the impact of incremental conservation.

*** Average No.of Customers is the annual average of the twelve month values.

**** GWH Col. (16) = Col. (4) + Col. (7) + Col. (10) + Col. (13) + Col. (14) + Col. (15).

Schedule 2.3
History and Forecast of Energy Consumption
And Number of Customers by Customer Class

(1)	(17)	(18)	(19)	(20)	(21)
Year	Sales for Resale GWH	Utility Use & Losses GWH	Net* Energy For Load GWH **	Average *** No. of Other Customers	Total Average***,****** Number of Customers
1995	1,437	6,276	83,961	2,459	3,488,796
1996	1,353	6,306	84,993	2,480	3,550,748
1997	1,228	5,771	86,853	2,520	3,615,485
1998	1,326	6,206	92,662	2,584	3,680,470
1999	953	5,829	91,458	2,605	3,756,009
2000	970	7,059	95,989	2,694	3,848,401
2001	970	7,222	98,404	2,722	3,935,281
2002	1,233	7,443	104,199	2,792	4,019,805
2003	1,511	7,386	108,393	2,879	4,117,221
2004	1,531	7,464	108,091	3,029	4,224,509
2005	1,568	7,700	111,695	3,036	4,296,957
2006	1,586	7,813	115,463	3,072	4,371,957
2007	1,558	8,068	119,477	3,121	4,451,957
2008	1,092	8,331	123,459	3,170	4,530,979
2009	1,092	8,616	127,521	3,221	4,609,035
2010	1,092	8,849	130,980	3,271	4,686,707
2011	1,092	9,031	133,674	3,321	4,764,184
2012	1,092	9,215	136,387	3,371	4,841,299
2013	1,092	9,420	139,429	3,421	4,918,337
2014	1,092	9,641	142,692	3,471	4,995,720

** Actual energy sales include existing conservation. Forecasted energy sales do not include the impact of incremental conservation and agrees to Col. (2) on Schedule 3.3.

*** Average No.of Customers is the annual average of the twelve month values.

***** GWH Col. (19) = Col. (16) + Col. (17) + Col. (18). Actual NEL include the impacts of existing conservation and agrees to Col. (8) on schedule 3.3.

****** Total Col. (21) = Col. (5) + Col. (8) + Col. (11) + Col. (20)

Schedule 3.1
History and Forecast of Summer Peak Demand: Base Case

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Year	Total	Wholesale	Retail	Interruptible	Res. Load Management	Residential Conservation	C/I Load Management	C/I Conservation	Net Firm Demand
1995	16,172	435	15,737	0	465	260	406	195	15,301
1996	16,064	364	15,700	0	525	339	422	297	15,117
1997	16,613	380	16,233	0	582	440	435	343	15,596
1998	17,897	426	17,471	0	628	526	458	385	16,811
1999	17,615	169	17,446	0	673	592	452	420	16,490
2000	17,808	161	17,647	0	719	645	467	451	16,622
2001	18,754	169	18,585	0	737	697	488	481	17,529
2002	19,219	261	18,958	0	770	755	489	517	17,960
2003	19,668	253	19,415	0	781	799	577	554	18,310
2004	20,545	258	20,287	0	782	828	580	569	19,183
2005	20,614	264	20,351	0	788	87	592	40	19,108
2006	21,178	266	20,912	0	796	128	603	55	19,596
2007	21,769	269	21,500	0	807	170	615	67	20,111
2008	22,306	197	22,109	0	820	214	627	79	20,566
2009	22,884	197	22,687	0	836	261	639	90	21,058
2010	23,424	197	23,227	0	853	310	650	102	21,510
2011	23,964	197	23,767	0	871	361	662	112	21,958
2012	24,516	197	24,319	0	891	413	674	123	22,416
2013	25,059	197	24,862	0	912	467	686	133	22,861
2014	25,633	197	25,436	0	936	523	698	143	23,333

Historical Values (1995 - 2004):

Col. (2) - Col. (4) are actual values for historical summer peaks. As such, they incorporate the effects of conservation (Col. 7 & Col. 9), and may incorporate the effects of load control if load control was operated on these peak days. Therefore, Col. (2) represents the actual Net Firm Demand.

Col. (5) - Col. (9) for 1995 through 2003 represent actual DSM capabilities starting from January 1988 and are annual (12-month) values. Note that the values for FPL's former Interruptible Rate are incorporated into Col. (8), which also includes Business On Call (BOC) and Commercial /Industrial Demand Reduction (CDR). Col.(5) - Col.(9) for year 2004 are "estimated actuals" and are August values.

Col. (10) represents a HYPOTHETICAL "Net Firm Demand" if the load control values had definitely been exercised on the peak. Col. (10) is derived by the formula:Col. (10) = Col.(2) - Col.(6) - Col.(8).

Projected Values (2005 - 2014):

Col. (2) - Col.(4) represent FPL's forecasted peak w/o incremental conservation or cumulative load control. The effects of conservation implemented prior to 2004 are incorporated into the load forecast.

Col. (5) - Col. (9) represent all incremental conservation and cumulative load control. These values are projected August values and the conservation values are based on projections with a 1/2004 starting point for use with the 2004 load forecast.

Col. (10) represents a "Net Firm Demand" which accounts for all of the incremental conservation and assumes all of the load control is implemented on the peak. Col. (10) is derived by using the formula: Col. (10) = Col. (2) - Col. (5) - Col. (6) - Col. (7) - Col. (8) - Col. (9).

Schedule 3.2
History and Forecast of Winter Peak Demand:Base Case

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Year	Total	Firm Wholesale	Retail	Interruptible	Res. Load Management	Residential Conservation	C/I Load Management	C/I Conservation	Net Firm Demand
1995/96	18,096	698	17,398	0	512	266	406	89	17,178
1996/97	16,490	626	15,864	0	578	311	417	139	15,495
1997/98	13,060	239	12,821	0	641	369	426	151	11,993
1998/99	16,802	149	16,653	0	692	404	446	164	15,664
1999/00	17,057	142	16,915	0	741	434	438	176	15,878
2000/01	18,199	150	18,049	0	791	459	448	183	16,960
2001/02	17,597	145	17,452	0	811	500	457	196	16,329
2002/03	20,190	246	19,944	0	847	546	453	206	18,890
2003/04	14,752	211	14,541	0	857	570	532	230	13,363
2004/05	18,108	225	17,884	0	864	38	539	28	16,705
2005/06	21,336	252	21,083	0	871	60	545	35	19,825
2006/07	21,898	255	21,644	0	881	82	552	40	20,344
2007/08	22,369	182	22,187	0	894	105	559	44	20,768
2008/09	22,916	182	22,734	0	910	130	566	48	21,262
2009/10	23,466	182	23,284	0	928	156	573	52	21,758
2010/11	24,035	182	23,853	0	947	183	579	57	22,270
2011/12	24,608	182	24,426	0	968	210	586	61	22,783
2012/13	25,197	182	25,015	0	990	238	593	66	23,309
2013/14	25,798	182	25,616	0	1,014	266	600	72	23,846

Historical Values (1995/96 - 2004/05):

Col. (2) - Col. (4) are actual values for historical winter peaks. As such, they incorporate the effects of conservation (Col. 7 & Col. 9), and may incorporate the effects of load control if load control was operated on these peak days. Therefore, Col. (2) represents the actual Net Firm Demand.

Col. (5) - Col.(9) for 1995/96 through 2003/04 represent actual DSM capabilities starting from January 1988 and are annual (12-month) values. Note that the values for FPL's former Interruptible Rate are incorporated into Col. (8), which also includes Business On Call (BOC) and Commercial/Industrial Demand Reduction (CDR).Col.(5) - Col.(9) for year 2004/05 are "estimated actuals" and are January values.

Col. (10) represents a HYPOTHETICAL "Net Firm Demand" if the load control values had definitely been exercised on the peak. Col. (10) is derived by the formula: Col. (10) = Col. (2) - Col. (6) - Col. (8).

Projected Values (2005/06- 2013/14):

Col. (2) - Col.(4) represent FPL's forecasted peak w/o incremental conservation or cumulative load control. The effects of conservation implemented prior to 2004 are incorporated into the load forecast.

Col. (5) - Col.(9) represent all incremental conservation and cumulative load control. These values are projected January values and the conservation values are based on projections with a 1/2004 starting point for use with the 2004 load forecast.

Col. (10) represents a "Net Firm Demand" which accounts for all of the incremental conservation and assumes all of the load control is implemented on the peak. Col. (10) is derived by using the formula: Col. (10) = Col. (2) - Col. (5) - Col. (6) - Col. (7) - Col. (8) - Col. (9).

Schedule 3.3
History and Forecast of Annual Net Energy for Load - GWH: Base Case

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Year	Total	Residential Conservation	C/I Conservation	Retail	Sales for Resale GWH	Utility Use & Losses	Net Energy For Load	Load Factor(%)
1995	85,418	777	680	83,981	1,437	6,276	83,961	59.3%
1996	87,007	971	1,043	85,654	1,353	6,306	84,993	60.2%
1997	89,243	1,213	1,177	88,015	1,228	5,771	86,853	59.7%
1998	95,318	1,374	1,282	93,992	1,326	6,206	92,662	59.1%
1999	94,365	1,542	1,365	93,412	953	5,829	91,458	59.3%
2000	99,097	1,674	1,434	98,127	970	7,059	95,989	61.4%
2001	101,739	1,789	1,545	100,768	970	7,222	98,404	59.9%
2002	107,755	1,917	1,639	106,522	1,233	7,443	104,199	61.9%
2003	112,160	2,008	1,759	110,648	1,511	7,386	108,393	62.9%
2004	112,036	2,109	1,836	110,504	1,531	7,464	108,091	59.9%
2005	111,695	59	17	110,127	1,568	7,700	111,619	61.9%
2006	115,463	148	45	113,876	1,586	7,813	115,270	62.2%
2007	119,477	235	61	117,919	1,558	8,068	119,181	62.7%
2008	123,459	327	70	122,366	1,092	8,331	123,062	63.0%
2009	127,521	425	80	126,429	1,092	8,616	127,016	63.6%
2010	130,980	528	90	129,887	1,092	8,849	130,362	63.8%
2011	133,674	635	101	132,582	1,092	9,031	132,938	63.7%
2012	136,387	745	111	135,295	1,092	9,215	135,531	63.3%
2013	139,429	858	123	138,337	1,092	9,420	138,448	63.5%
2014	142,692	974	134	141,600	1,092	9,641	141,584	63.5%

Historical Values (1995 - 2004):

Col. (2) represents derived "Total Net Energy For Load w/o DSM". The values are calculated using the formula: Col. (2) = Col. (3) + Col. (4) + Col. (8).

Col.(3) & Col.(4) for 1995 through 2003 are DSM values starting in January 1988 and are annual (12-month) values.Col. (3) and Col. (4) for 2004 are "estimated actuals" and are also annual (12-month) values. The values represent the total GWH reductions actually experienced each year .

Col. (5) & Col. (6) are a breakdown of Net Energy For Load in Col (2) into Retail and Wholesale .

Col. (9) is calculated using Col. (8) from this page and Col. (2), "Total", from Schedule 3.1 using the formula: Col. (9) = ((Col. (8)*1000) / ((Col.(2) * 8760)

Projected Values (2005 - 2014):

Col. (2) represents Net Energy for Load w/o DSM values. The values are extracted from Schedule 2.3, Col. (19).

Col. (3) & Col. (4) are forecasted values of the reduction on sales from incremental conservation and are mid-year (6-month) values. The effects of conservation implemented prior to 2004 are incorporated into the load forecast.

Col. (5) & Col. (6) are a breakdown of Net Energy For Load in Col (2) , into Retail and Wholesale.

Col. (8) NEL projected values shown here do include the impact of conservation in Col. (3) and Col. (4). Therefore, these NEL values do not match those shown on schedule 2.3 because those values do not account for incremental conservation.

Col. (9) is calculated using Col. (2) from this page and Col. (2), "Total", from Schedule 3.1. Col. (9) = ((Col. (2)*1000) / ((Col. (2) * 8760)
Adjustments are made for leap years.

Schedule 4
Previous Year Actual and Two-Year Forecast of
Retail Peak Demand and Net Energy for Load (NEL) by Month

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2004 ACTUAL		2005* FORECAST		2006* FORECAST	
Month	Total Peak Demand MW	NEL GWH	Total Peak Demand MW	NEL GWH	Total Peak Demand MW	NEL GWH
JAN	13,857	7,646	20,791	8,221	21,336	8,483
FEB	14,752	7,365	17,138	7,591	17,588	7,835
MAR	14,618	7,855	16,170	8,230	16,594	8,530
APR	16,529	8,063	17,161	8,572	17,631	8,878
MAY	18,936	9,138	19,039	9,454	19,560	9,771
JUN	20,250	10,991	19,814	10,401	20,356	10,736
JUL	20,545	10,634	20,193	10,833	20,746	11,183
AUG	19,836	10,594	20,614	11,010	21,178	11,364
SEP	20,531	10,049	20,010	10,717	20,557	11,065
OCT	18,635	9,369	18,618	9,601	19,127	9,931
NOV	17,358	8,495	17,678	8,617	18,144	8,928
DEC	15,871	7,893	18,047	8,447	18,522	8,760
TOTALS		108,091		111,695		115,463

* Forecasted Peaks & NEL do not include the impacts of cumulative load management and incremental conservation and are consistent with values shown in Col. (19) of Schedule 2.3 and Col (2) of Schedule 3.3.

CHAPTER III

Projection of Incremental Resource Additions

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III. Projection of Incremental Resource Additions

III.A FPL's Resource Planning:

FPL developed an integrated resource planning (IRP) process in the early 1990's and has since utilized the process to determine when new resources are needed, what the magnitude of the needed resources are, and what type of resources should be added. The timing and type of potential new power plants, the primary subjects of this document, are determined as part of the IRP process work. This section discusses how FPL applied this process in its 2004 and early 2005 resource planning work.

Four Fundamental Steps of FPL's Resource Planning:

There are 4 fundamental "steps" to FPL's resource planning. These steps can be described as follows:

Step 1: Determine the magnitude and timing of FPL's new resource needs;

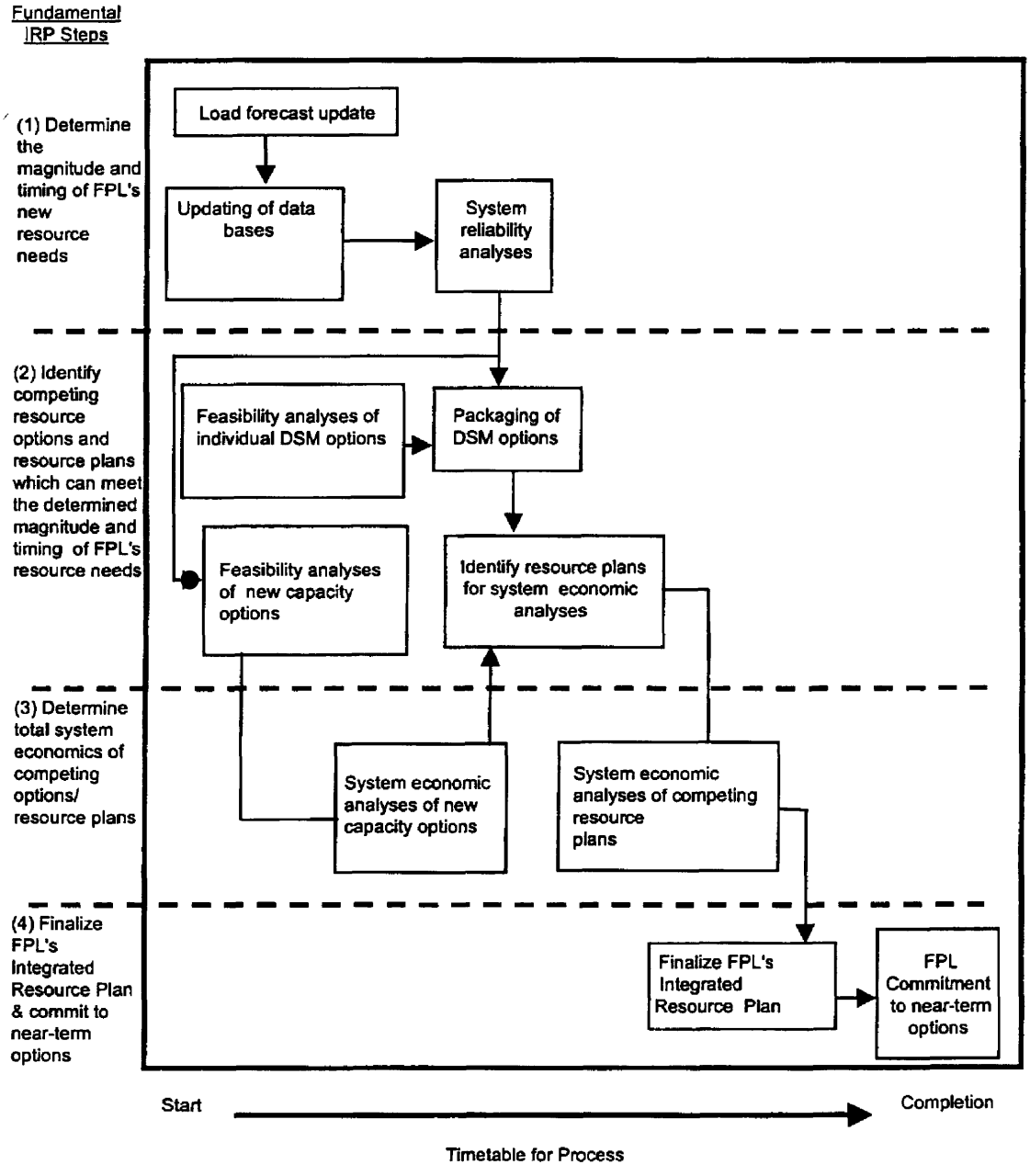
Step 2: Identify which resource options and resource plans can meet the determined magnitude and timing of FPL's resource needs (i.e., identify competing options and resource plans);

Step 3: Determine the economics for the total utility system with each of the competing options and resource plans; and,

Step 4: Select a resource plan and commit, as needed, to near-term options.

Figure III.A.1 graphically outlines the 4 steps.

Overview of FPL's IRP Process



(Normal time period: approx. 6-7 months)

Figure III.A.1

Step 1: Determine the Magnitude and Timing of FPL's New Resource Needs:

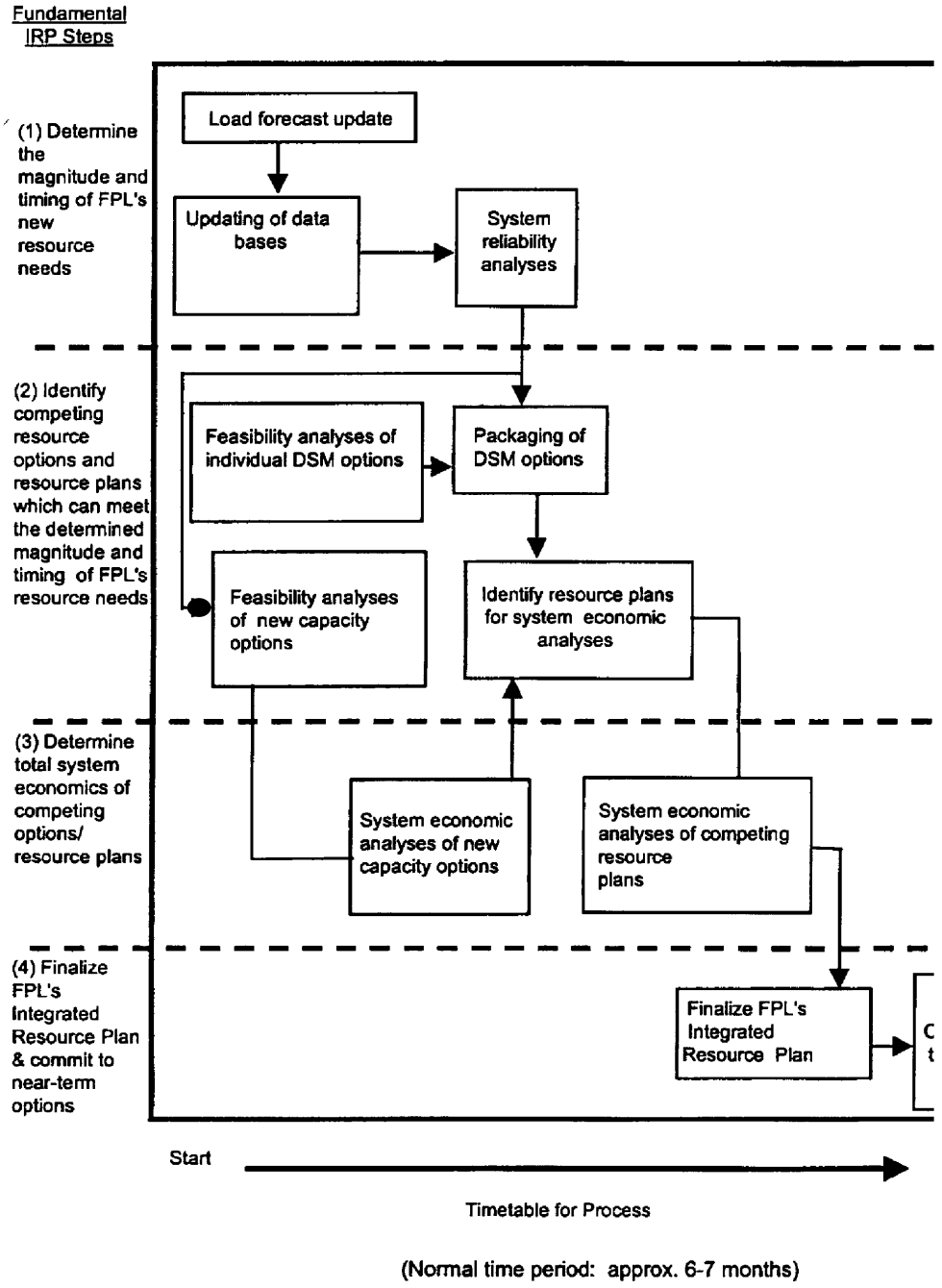
The first of these four resource planning steps–determining the magnitude and timing of FPL's resource needs–is essentially a determination of the amount of capacity or megawatts (MW) of load reduction, new capacity additions, or a combination of both load reduction and new capacity additions that are needed. Also determined in this step is when the MW are needed to meet FPL's planning criteria. This step is often referred to as a resource adequacy or reliability assessment for the utility system.

Step 1 starts with an updated load forecast. Several databases are also updated in this first fundamental step, not only with the new information regarding forecasted loads, but also with other information which is used in many of the fundamental steps in resource planning. Examples of this new information include: delivered fuel price projections, current financial and economic assumptions, and power plant capability and reliability assumptions. FPL also includes key assumptions regarding three specific resource areas: (1) near-term construction capacity additions, (2) short-term, firm capacity purchase additions, and (3) long-term DSM implementation.

The first of these assumptions is based on FPL's ongoing engineering and construction activities to add near-term capacity through various projects. These construction projects include the addition of a new combined cycle (CC) unit at Manatee and the conversion of two existing CT's at Martin into a new CC unit. Both additions are scheduled to come in-service in mid-2005. The additions were approved by the Florida Public Service Commission (FPSC) in November 2002 after comparing them to 134 competing bids that were received in response to two Requests for Proposals (RFP's) that solicited bids for meeting FPL's 2005/2006 capacity needs. In addition, a new CC unit at FPL's Turkey Point site is planned to come in-service in mid-2007. FPL selected this capacity option after conducting an RFP during the last part of 2003. The addition was approved by the FPSC in June of 2004 and the Governor and Siting Board approved certification of the plant location, construction, and operation of the new CC unit in February, 2005.

The second of these assumptions involves short-term, firm capacity purchase additions. These firm capacity purchases are from a combination of utility and independent power producers. The total capacity and duration of these purchases have changed somewhat from what was presented in last year's Site Plan. These changes include a new firm purchase from Reliant's Indian River facility of up to 576 MW from 2006 through 2009, with an option to extend the purchase through 2010. In addition, in January 2005 the

Overview of FPL's IRP Proce



(Normal time period: approx. 6-7 months)

Figure III.A.1

stated, LOLP is an index of how well a generating system may be able to meet its demand (i.e., a measure of how often load may exceed available resources). In contrast to reserve margin, the calculation of LOLP looks at the daily peak demands for each year, while taking into consideration such probabilistic events as the unavailability of individual generators due to scheduled maintenance or forced outages.

LOLP is expressed in units of the "number of times per year" that the system demand could not be served. The standard for LOLP accepted throughout the industry is a maximum of 0.1 day per year. This analysis requires a more complicated calculation methodology than does the reserve margin analysis. LOLP analyses are typically carried out using computer software models such as the Tie Line Assistance and Generation Reliability (TIGER) program currently used by FPL.

The result of the first fundamental step of resource planning is a projection of how many new MW of resources are needed to meet both reserve margin and LOLP criteria, and thus maintain system reliability, and of when the MW are needed. This information is used in the second fundamental step: identifying resource options and resource plans that can meet the determined magnitude and timing of FPL's resource needs.

Step 2: Identify Resource Options and Plans That Can Meet the Determined Magnitude and Timing of FPL's Resource Needs:

The initial activities associated with this second fundamental step of resource planning generally proceed concurrently with the activities associated with Step 1. During Step 2, feasibility analysis of new capacity options are carried out to determine which new capacity options appear to be the most competitive on FPL's system. These analyses also establish capacity size (MW) values, projected construction/permitting schedules, and operating parameters and costs.

The individual new capacity options are then "packaged" into different resource plans which are designed to meet the system reliability criteria. In other words, resource plans are created by combining individual resource options so that the timing and magnitude of FPL's new resource needs are met. The creation of these competing resource plans is typically carried out using dynamic programming techniques. For planning purposes, only FPL construction options are typically included in these analyses.

At the conclusion of the second fundamental resource planning step, a number of different combinations of new resource options (i.e., resource plans) of a magnitude and timing necessary to meet FPL's resource needs were identified. These resource plans were then compared on an economic basis.

Step 3: Determining the Total System Economics:

At the completion of fundamental steps 1 & 2, the most viable new resource options have been identified, and these resource options have been combined into a number of resource plans which meet the magnitude and timing of FPL's resource needs. The stage is set for comparing the system economics of these resource plans. In its 2004 resource planning work, FPL performed much of this work of combining resource options into resource plans using the EGEAS (Electric Generation Expansion Analysis System) computer model from the Electric Power Research Institute (EPRI). The EGEAS model was also used to perform much of the basic economic analyses of the resource plans. For various analyses, FPL applied the P-MArea (P-Month) production cost model to develop an additional perspective of the production costs for the various resource plans developed in the EGEAS model. The P-MArea model is the model used by FPL to develop the Fuel Cost Budget and to conduct other production cost-related analyses.

In 2004, FPL also utilized several other models in its resource planning work. For the work carried out for the DSM Goals and DSM Plan dockets, FPL used its CPF model–an FPL spreadsheet model utilizing the FPSC's approved cost-effectiveness methodology-for analyzing the cost-effectiveness of individual DSM measures/programs and its linear programming model for creating and analyzing combinations of DSM options that constitute multi-year DSM implementation plans.

The basic economic analyses of the competing resource plans focus on total system economics. The standard basis for comparing the economics of competing resource plans is their relative impact on FPL's electricity rate levels, with the intent of minimizing FPL's leveled system average rate (i.e., a Rate Impact Measure or RIM methodology). However, in cases such as existed for FPL's most recent planning work in which the DSM contribution was assumed as planned and the only competing options were new generating units, and purchase options, comparisons of competing resource plans' impacts on electricity rates and on system revenue requirements are equivalent. Consequently, the competing options and plans were evaluated on a present value

system revenue requirement basis that includes the system capital and operating costs of the new capacity options.

Step 4: Finalizing FPL's Current Resource Plan

The results of the previous three fundamental steps were used to develop the future generation plan. This plan is presented in the following section.

III.B Incremental Resource Additions

FPL's projected incremental generation capacity additions/changes for 2005 through 2014 are depicted in Table III.B.1 (the planned DSM additions are shown separately in Table III.C.1). These capacity additions/changes result from a variety of actions including: changes to existing units (which are frequently achieved as a result of plant component replacements during major overhauls or by unit conversion from one type of unit to another), changes in the amounts of purchased power being delivered under existing contracts as per the contract schedules or by entering into new purchase contracts, and by projected construction of new generating units.

As shown in Table III.B.1, the capacity additions are largely made up of new construction, new purchases, and proposed self-build alternatives. The new construction contribution is made up of three projects: the conversion of two CT's into a larger CC unit in 2005 at FPL's Martin site; the addition of a new CC unit in 2005 at FPL's Manatee site, and the addition of a new CC unit in 2007 at FPL's Turkey Point site. FPL has negotiated the addition of firm capacity of varying amounts through a purchase power contract with Reliant's Indian River facility during the years 2006 through 2009 and with the Southern Company during the time period from mid-2010 through 2015. FPL projects the construction of two new CC units at the proposed West County Energy Center site in Palm Beach County, one in 2009 and one in 2010, and the proposed addition of two new clean coal technology units, one each in 2012 and 2013. The issues surrounding clean coal units are discussed in more detail in FPL's recent *Report on Clean Coal Generation*, provided to the Commission in March of 2005.

The above capacity additions address the projected resource needs from FPL's reliability analyses. For 2008, FPL's projected resource need is relatively small, approximately 470 MW. For each year from 2009 through 2013, the projected annual resource need is significantly larger; in the range of approximately 550 MW to 850 MW each year.

Projected Capacity Changes and Reserve Margins for FPL [1]			
		Net Capacity Changes (MW)	
		Winter [2]	Summer [3]
2005	Changes to Existing Purchases [4]	(166)	(566)
	Manatee Unit #3 Combined Cycle [6]	—	1,107
	Conversion of Martin #8 CT's to CC [6]	0	787
	Changes to existing Units	—	12
2006	Changes to Existing Purchases [4]	(132)	(136)
	New Purchases [5]	130	130
	Manatee Unit #3 Combined Cycle [6]	1,197	—
	Conversion of Martin #8 CT's to CC [6]	835	—
	Changes to existing Units	240	167
2007	Changes to Existing Purchases [4]	—	(935)
	Changes to New Purchases [5]	224	224
	Turkey Point Combined Cycle #5 [6]	—	1,144
	Changes to existing Units	(1)	(1)
2008	Changes to Existing Purchases [4]	(1,008)	—
	Changes to New Purchases [5]	222	222
	Turkey Point Combined Cycle #5 [6]	1,181	—
2009	Changes to Existing Purchases [4]	—	(51)
	Changes to New Purchases [5]	(326)	(326)
	West County Energy Center #1 Combined Cycle [6]	—	1,107
2010	Changes to Existing Purchases [4]	(51)	(979)
	Changes to New Purchases [5]	(250)	680
	West County Energy Center #1 Combined Cycle [6]	1,181	—
	West County Energy Center #2 Combined Cycle [6]	—	1,107
2011	Changes to Existing Purchases [4]	(94)	(45)
	Changes to New Purchases [5]	930	—
	West County Energy Center #2 Combined Cycle [6]	1,181	—
2012	Unsited Clean Coal Unit # 1 [6]	—	850
2013	Unsited Clean Coal Unit # 1 [6]	855	—
	Unsited Clean Coal Unit # 2 [6]	—	850
2014	Unsited Clean Coal Unit # 2 [6]	855	—
	TOTALS =	**7,003**	**5,348**

(1) Additional information about these resulting reserve margins and capacity changes are found on Schedules 7 & 8 respectively.

(2) Winter values are values for January of year shown.

(3) Summer values are values for August of year shown.

(4) These are firm capacity purchases with contract that existed on 12/31/03. See Section I.B, I.D and III.A. for more details.

(5) These are firm capacity purchases with contracts executed on/after 1/01/04.

(6) All new units are scheduled to be in-service in June of the year shown. Consequently, they are included in the Summer reserve margin calculation for the in-service year and in both the Summer and Winter reserve margin calculations for subsequent years.

Table III.B.1

III.C Other Results of FPL's Recent Planning Work

FPL's 2004 and early 2005 planning efforts have continued to address two issues that were identified in FPL's 2003 Site Plan. Those two issues are: (1) the need to address the imbalance between regional load and generating capacity located in southeast Florida, and (2) the desire to maintain and enhance fuel diversity in the FPL system.

1. Southeast Imbalance

There continues to be an imbalance between regionally installed generation and peak load in southeast Florida. A significant amount of energy required in the southeast region during peak periods is provided through the transmission system from plants located outside the region. Based on the forecast for continued load growth in this region, the imbalance between generation and load will increase unless additional generation capacity is periodically located within this region or additional transmission delivery capability is constructed.

FPL's prior planning work had concluded that either additional installed capacity in this region or transmission capacity capable of delivering additional electricity from outside the region would be required to address this imbalance. Delivering additional electricity from outside the region increases transmission-related costs and incurs the cost of the additional capacity.

The evaluation conducted as part of FPL's 2003 Request for Proposal (RFP) process met FPL's 2007 need by considering all cost components of FPL's next planned generating unit (NPGU) and alternative options, including transmission-related costs. The location of the NPGU and the locations of proposed units included in the alternative option combinations contributed to the transmission-related costs determined in the evaluation. The results of the RFP evaluation confirmed that because of the existing imbalance, generating units located in the southeast region contribute significantly lower transmission-related costs than do those located outside the region.

Partly because of the lower transmission-related costs resulting from its location, Turkey Point Unit # 5, was evaluated as the most cost-effective option to meet FPL's 2007 capacity need. Adding Turkey Point Unit # 5 will significantly reduce the imbalance between generation and load in southeast Florida. However, assuming no other resources are added, the imbalance will re-develop to the pre-Turkey Point Unit # 5

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Projected Capacity Changes and Reserve Margins		
		Net C Winter
2005	Changes to Existing Purchases [4]	(166)
	Manatee Unit #3 Combined Cycle [6]	—
	Conversion of Martin #8 CT's to CC [6]	0
	Changes to existing Units	—
2006	Changes to Existing Purchases [4]	(132)
	New Purchases [5]	130
	Manatee Unit #3 Combined Cycle [6]	1,197
	Conversion of Martin #8 CT's to CC [6]	835
	Changes to existing Units	240
2007	Changes to Existing Purchases [4]	—
	Changes to New Purchases [5]	224
	Turkey Point Combined Cycle #5 [6]	—
	Changes to existing Units	(1)
2008	Changes to Existing Purchases [4]	(1,008)
	Changes to New Purchases [5]	222
	Turkey Point Combined Cycle #5 [6]	1,181
2009	Changes to Existing Purchases [4]	—
	Changes to New Purchases [5]	(326)
	West County Energy Center #1 Combined Cycle [6]	—
2010	Changes to Existing Purchases [4]	(51)
	Changes to New Purchases [5]	(250)
	West County Energy Center #1 Combined Cycle [6]	1,181
	West County Energy Center #2 Combined Cycle [6]	—
2011	Changes to Existing Purchases [4]	(94)
	Changes to New Purchases [5]	930
	West County Energy Center #2 Combined Cycle [6]	1,181
2012	Unsited Clean Coal Unit # 1 [6]	—
2013	Unsited Clean Coal Unit # 1 [6]	855
	Unsited Clean Coal Unit # 2 [6]	—
2014	Unsited Clean Coal Unit # 2 [6]	855
	TOTALS =	7,003

(1) Additional information about these resulting reserve margins and capacity change found on Schedules 7 & 8 respectively.

(2) Winter values are values for January of year shown.

(3) Summer values are values for August of year shown.

(4) These are firm capacity purchases with contract that existed on 12/31/03. See Section I.B, I.D and III.A. for more details.

(5) These are firm capacity purchases with contracts executed on/after 1/01/04.

(6) All new units are scheduled to be in-service in June of the year shown. Consequen they are included in the Summer reserve margin calculation for the in-service yea in both the Summer and Winter reserve margin calculations for subsequent yea

Table III.B.1

natural gas-fired units. FPL has initiated the process necessary to pursue the addition of these units.

Finally, FPL is evaluating proposals submitted in response to FPL's RFP requesting proposals to bring LNG to the Florida natural gas system under a long-term agreement. If cost-effective, LNG supply would add an additional source of natural gas to further support FPL's recent combined cycle unit additions.

In the future FPL will continue to identify and evaluate alternatives that may maintain or enhance fuel diversity in its capacity resource mix, including purchasing power from coal-fired facilities when such power becomes available. FPL also plans to maintain the ability to utilize fuel oil at those existing units that have that capability. FPL will continue to conduct reviews of technologies that may provide substantial fuel diversity in the future, such as nuclear power. Feasible opportunities to develop projects utilizing these technologies are currently beyond the planning horizon of this Site Plan.

III.D Demand Side Management (DSM)

1. FPL's currently approved DSM programs are summarized as follows:

Residential Conservation Service: This is an energy audit program designed to assist residential customers in understanding how to make their homes more energy-efficient through the installation of conservation measures/practices.

Residential Building Envelope: This program encourages the installation of energy-efficient ceiling insulation and reflective roofs in residential dwellings that utilize whole-house electric air conditioning.

Duct System Testing and Repair: This program encourages demand and energy conservation through the identification of air leaks in whole-house air conditioning duct systems and by the repair of these leaks by qualified contractors.

Residential Air Conditioning: This is a program to encourage customers to purchase higher efficiency central cooling and heating equipment.

Residential Load Management (On-Call): This program offers load control of major appliances/household equipment to residential customers, in exchange for monthly electric bill credits.

New Construction (BuildSmart): This program encourages the design and construction of energy-efficient homes that cost-effectively reduce coincident peak demand and energy consumption.

Residential Low Income Weatherization: This program addresses the needs of low-income housing retrofits by providing monetary incentives to various housing authorities, including weatherization agency providers (WAPS), and non-weatherization agency providers (non-WAPS). These incentives are used by the housing authorities to leverage their funds to increase the overall energy efficiency of the homes they are retrofitting.

Business Energy Evaluation: This program encourages energy efficiency in both new and existing commercial/industrial facilities by identifying DSM opportunities and providing recommendations to the customer.

Commercial/Industrial Heating, Ventilating, and Air Conditioning: This program encourages the use of high-efficiency heating, ventilation, and air conditioning (HVAC) systems in commercial/industrial facilities.

Commercial/Industrial Efficient Lighting: This program encourages the installation of energy-efficient lighting measures in commercial/industrial facilities.

Business Custom Incentive: This program encourages commercial/industrial customers to implement unique energy conservation measures or projects not covered by other FPL programs.

Commercial/Industrial Load Control: This program reduces peak demand by controlling customer loads of 200 kW or greater during periods of extreme demand or capacity shortages, in exchange for monthly electric bill credits. (This program was closed to new participants in 2000).

Commercial/Industrial Demand Reduction: This program, which started in 2002, is similar to the Commercial/Industrial Load Control program mentioned above in continuing the objective to reduce peak demand by controlling customer loads of 200 kW or greater

during periods of extreme demand or capacity shortages in exchange for monthly electric bill credits.

Commercial/Industrial Building Envelope: This program encourages the installation of energy-efficient building envelope measures, such as roof/ceiling insulation and reflective roof coatings for commercial/industrial facilities.

Business On Call: This program offers load control of central air conditioning units to both small non-demand-billed and medium demand-billed commercial/industrial customers in exchange for monthly electric bill credits.

2. Research and Development

FPL continues to support research and development activities. Historically, FPL has performed extensive DSM research and development. FPL will continue such activities, not only through its Conservation Research and Development program, but also through individual research projects. These efforts will examine a wide variety of technologies that build on prior FPL research where applicable and will expand the research to new and promising technologies as they emerge.

Conservation Research and Development Program

FPL's Conservation Research and Development Program is designed to evaluate emerging conservation technologies to determine which are worthy of pursuing for program development and approval. FPL has researched a wide variety of technologies such as condenser coil cleaner and coating, ultraviolet lights for evaporator coils, Energy Recovery Ventilators (ERV), fuel cell demonstrations, CO_2 ventilation control, two-speed air handlers, and duct plenum repair. Many of the technologies examined have resulted in enhancements to existing programs or the development of new programs such as Residential New Construction, Commercial/Industrial Building Envelope, and Business On Call.

Green Power Pricing Research Project

Under this project, FPL is examining the feasibility of purchasing tradable renewable energy credits generated from new renewable resources including solar-powered technologies, biomass energy, landfill methane, wind energy, low impact hydroelectric energy, and/or other renewable sources. Residential customers who participate are

charged higher premiums for purchasing the tradable renewable energy credits associated with electric energy generated by these sources.

Development of the Green Pricing program was completed and filed with the FPSC in August 2003. As part of this process, a supply contract was put into place that allows FPL to match supply with demand for green energy. Tradable renewable energy credits are used to supply the renewable benefits required of this project. The FPSC approved the program on December 2, 2003 with program implementation the first quarter of 2004. As of year-end 2004, FPL had over 10,000 project participants.

On Call Incentive Reduction Pilot

In March 2003, FPL received FPSC approval to perform a pilot for its On Call Program. Under the pilot FPL is offering to new participants a residential load control service similar to the On Call Program at a reduced incentive level. The offering of this pilot is allowing FPL to test its market research data and gauge whether FPL can repackage its current residential load control service, minimize customer attrition, achieve current goals for residential load control, and, ultimately, change On Call incentive levels without damaging FPL system reliability.

Business Green Energy Research Project

As mentioned above, FPL currently has a R&D project addressing residential customer acceptance of green energy. In an attempt to determine business customer acceptance of green pricing rates, FPL is investigating if it is feasible to design and implement a Green Energy Program that addresses these customer segments.

FPL's Summer MW Reduction Goals for DSM *

(At the Meter)

Year	Goal Cumulative Summer MW
2005	74.0
2006	141.7
2007	211.9
2008	287.2
2009	365.9
2010	447.9
2011	532.1
2012	618.8
2013	707.9
2014	801.7

Table III.D.1

* Table III.D.1 reflects FPL's new DSM Goals for 2005–2014 as approved by the Florida Public Service Commission in June, 2004. These annual cumulative values assume a 1/1/05 starting point.

III.E Generation Additions From Independent Power Producers

As previously mentioned in Section III.A, FPL has a number of new short-term, firm capacity purchases that extend through 2009. The capacity additions supplied by these purchases are summarized in Table I.D.1. Many of these purchases are from independent power producers.

Tables I.B.1 and Table I.B.2 present the capacity contributions from cogeneration/small power production facilities which are also included in FPL's resource planning work.

III.F Transmission Plan

The transmission plan will allow for the reliable delivery of the required capacity and energy for FPL's retail and wholesale customers. The following table presents FPL's proposed future additions to proposed transmission facilities and those that must be certified under the Transmission Line Siting Act.

List of Proposed Power Lines

(1) Line Ownership	(2) Terminals (To)	(3) Terminals (From)	(4) Line Length CKT. Miles	(5) Commercial In-Service Date (Mo/Yr)	(6) Nominal Voltage (kV)	(7) Capacity (MVA)
FPL	Collier	Orange River #3	54	12/05	230	759
FPL	St. Johns	Pringle	23	12/08	230	759

Table III.F.1

In addition, there will be transmission facilities needed to connect several of FPL's committed and projected capacity additions to the system transmission grid. These transmission facilities for the capacity additions at FPL's existing Manatee, Martin, Turkey Point, and West County Energy Center sites are described below.

Since the projected capacity additions for 2011 through 2013 are as-yet unsited, no transmission facilities information is provided. This information will be provided in future Site Plan documents once sites are selected.

III.F.1 Transmission Facilities at Manatee Unit # 3

The work required for the new capacity addition at Manatee with the FPL grid is projected to be as follows:

I. Substation:

1. Build new collector yard containing two collector busses with 5 breakers to connect the four CT's and one steam turbine.
2. Construct two string busses to connect the collectors and main switchyard.
3. Add five main step-up transformers (4-225MVA, 1-560MVA), one for each CT and one for the steam turbine.
4. Add two breakers in Bay # 6 to connect the collector bus at the Manatee switchyard.
5. Add two breakers in Bay # 5 at the Manatee switchyard to connect the other collector bus.
6. Add relays and other protective equipment.
7. Upgrade 13-230kV circuit breakers to 2 cycle Independent Pole breakers at Manatee switchyard.
8. Upgrade the existing line terminal at Johnson to 3000 Amps.
9. Expand site and relay vault for two new line terminals at Manatee switchyard.
10. Upgrade existing breaker at Ringling Sub to 3000 amps

II. Transmission:

1. Upgrade the Calusa-Charlotte 230kV transmission line to 1875 Amps.
2. Upgrade the Johnson-Manatee 230kV transmission line to 3000 Amps.
3. Upgrade the Manatee-Ringling # 3 230kV transmission line to 3000 Amps.
4. Upgrade the Charlotte-Fort Myers # 2 230kV transmission line to 1875 Amps.

III.F.2 Transmission Facilities at Martin Unit # 8

The work required for the new capacity addition at Martin (convert the existing two CT's to a new four-on-one combined cycle unit) with the FPL grid is projected to be as follows:

I. Substation:

1. Build new collector yard containing one collector buss with 3 breakers to connect the two CT's and one steam turbine.
2. Add one station service transformer in the existing CT yard.
3. Add three main step-up transformers (2-225 MVA, 560 MVA), one for each CT and one for the steam turbine.
4. Add two breakers in Bay # 3 to connect the collector bus in the main switchyard.
5. Add relays and other protective equipment.
6. Install phase reactors and string buss in main switchyard to limit fault current.
7. Add breaker in Bay # 7 for new Indiantown # 2 transmission line. Tap existing 69kV auto-transformer off east 230kV operating bus.
8. Add breaker in Bay # 3 at Indiantown Substation for Bridge line.
9. Create new Bay 4. Add 2 breakers for Indiantown-Martin #2 line at Indiantown Substation.
10. Create new Bay # 1 at Bridge Substation with 2 breakers. Add 2 breakers to convert station configuration from ring buss to a breaker and a half scheme.
11. Construct one string bus to connect the collector and main switchyard.

II. Transmission:

1. Construct 230kV Martin-Indiantown # 2 transmission line (Completed).
2. Construct 230kV Indiantown–Bridge # 2 transmission line (Completed).
3. Various OHGW replacements due to increased fault current.
4. Upgrade the Ranch-Homeland 230kV transmission line to 1600 Amps.

III.F.3 Transmission Facilities at Turkey Point Unit # 5

The work required for the new capacity addition at Turkey Point with the FPL grid is projected to be as follows:

II. Substation:

1. Build new collector yard containing two collector busses with 5 breakers to connect the four CT's and one steam turbine.
2. Construct two string busses to connect the collector busses and main switchyard.
3. Add five main step-up transformers (4-225MVA, 1-560 MVA), one for each CT and one for the steam turbine.
4. Add a new two breaker bay to connect the collector bus at the Turkey Point switchyard.
5. Add a second two breaker bay at the Turkey Point switchyard to connect the other collector bus.
6. Add relays and other protective equipment.
7. Expand site and relay vault for two new line terminals at Turkey Point switchyard.

II. Transmission:

1. Upgrade the Turkey Point-Galloway Tap 230kV transmission line section to 1418 Amps.
2. Upgrade the Turkey Point–McGregor-Florida City 230kV transmission line section to 1403 Amps.
3. Upgrade the Turkey Point-Miller 230kV transmission line section to 1356 Amps.
4. Upgrade the Miller-Killian 230kV transmission line section to 1315 Amps.

III.F.4 Transmission Facilities at West County Energy Center Unit # 1

The work required for the first new capacity addition projected to be added in 2009 at the West County Energy Center with the FPL grid is projected to be as follows:

I. Substation:

1. Build new collector yard containing two collector busses with 5 breakers to connect the four CT's and one steam turbine.
2. Construct two string busses to connect the collector busses and main switchyard.
3. Add five main step-up transformers (4-225 MVA, 1-560 MVA), one for each CT and one for the steam turbine.
4. Add a new Bay #4 with 3 breakers at the Corbett 230 kV main switchyard. Connect one string buss from the collector yard and relocate the Alva 230 kV terminal from Bay #3 to new Bay #4.
5. Connect second collector string buss to Bay #3.
6. Add relays and other protective equipment.
7. Expand substation and relay vault for two new line terminals at Corbett 230 kV switchyard.

II. Transmission:

1. No upgrades expected to be necessary at this time.

III.F.5 Transmission Facilities at West County Energy Center Unit # 2

The work required for the second new capacity addition projected to be added in 2010 at West County Energy Center with the FPL grid is projected to be as follows:

I. Substation:

1. Build new collector yard containing two collector busses with 5 breakers to connect the four CT's and one steam turbine.
2. Construct two string busses to connect the collector busses and main switchyard.
3. Add five main step-up transformers (4-225 MVA, 1-560 MVA), one for each CT and one for the steam turbine.
4. Add a new bay with 3 breakers at the Corbett 500 kV main switchyard. Connect both string busses from the collector yard.
5. Add relays and other protective equipment.
6. Expand substation and relay vault for two new line terminals at Corbett 500 kV switchyard.

II. Transmission:

1. No upgrades expected to be necessary at this time.

III.G. Renewable Resources

FPL has been the leading Florida utility in examining ways to utilize renewable energy technologies to meet its customers' current and future needs. FPL has been involved since 1976 in renewable energy research and development and in facilitating the implementation of various technologies.

FPL assisted the Florida Solar Energy Center (FSEC) in the late 1970's in demonstrating the first residential solar photovoltaic (PV) system east of the Mississippi. This PV installation at FESC's Brevard County location was in operation for over 15 years and provided valuable information about PV performance capabilities on both a daily and annual basis in Florida. FPL later installed a second PV system at the FPL Flagami substation in Miami. This 10-Kilowatt (KW) system was placed into operation in 1984. (The system was removed in 1990 to make room for substation expansion after the testing of this PV installation was completed.)

For a number of years, FPL maintained a thin-film PV test facility located at the FPL Martin Plant Site. The FPL PV test facility was used to test new thin-film PV technologies and to identify design, equipment, or procedure changes necessary to accommodate direct current electricity from PV facilities into the FPL system. Although this testing has ended, the site is now the home for PV capacity which was installed as a result of FPL's recent Green Pricing effort (which is discussed on the following page).

In terms of utilizing renewable energy sources to meet its customers' needs, FPL initiated the first and only utility-sponsored conservation program in Florida designed to facilitate the implementation of solar technologies by its customers. FPL's Conservation Water Heating Program, first implemented in 1982, offered incentive payments to customers choosing solar water heaters. Before the program was ended (due to the fact that it was not cost-effective), FPL paid incentives to approximately 48,000 customers who installed solar water heaters.

In the mid-1980's, FPL introduced another renewable energy program. FPL's Passive Home Program was created in order to broadly disseminate information about passive solar building design techniques which are most applicable in Florida's climate. As part of this program, three Florida architectural firms created complete construction blueprints

for 6 passive homes with the assistance of the FSEC and FPL. These designs and blueprints were available to customers at a low cost. During its existence, this program was popular and received a U.S. Department of Energy award for innovation. The program was eventually phased out due to a revision of the Florida Model Energy Building Code (Code). This revision was brought about in part by FPL's Passive Home Program. The revision incorporated into the Code one of the most significant passive design techniques highlighted in the program: radiant barrier insulation.

In early 1991, FPL received approval from the Florida Public Service Commission to conduct a research project to evaluate the feasibility of using small PV systems to directly power residential swimming pool pumps. This research project was completed with mixed results. Some of the performance problems identified in the test may be solvable, particularly when new pools are constructed. However, the high cost of PV, the significant percentage of sites with unacceptable shading, and various customer satisfaction issues remain as significant barriers to wide acceptance and use of this particular solar application.

More recently, FPL has analyzed the feasibility of encouraging utilization of PV in another, potentially much larger way. FPL's basic approach does not require all of its customers to bear PV's high cost, but allows customers who are interested in facilitating the use of renewable energy the means to do so. FPL's initial effort to implement this approach allowed customers to make voluntary contributions into a separate fund that FPL used to make PV purchases in bulk quantities. PV modules were then installed and delivered PV-generated electricity directly into the FPL grid. Thus, when sunlight is available, the PV-generated electricity displaces an equivalent amount of fossil fuel-generated electricity.

FPL's basic approach, which has been termed Green Pricing, was initially discussed with the FPSC in 1994. FPL's efforts to implement this approach were then formally presented to the FPSC as part of FPL's DSM Plan in 1995 and FPL received approval from the FPSC in 1997 to proceed. FPL began the effort in 1998 and received approximately $89,000 in contributions (that significantly exceeded the goal of $70,000). FPL purchased the PV modules and installed them at FPL's Martin Plant site.

FPL initiated two new renewable efforts in 2000. FPL's first new initiative in 2000 was the Green Energy Project. The objectives of this Project were to: determine customer interest in an on–going renewable energy program, determine their price responsiveness and views on the different renewable technologies, and identify potential renewable energy supply sources that would meet the forecasted customer demand for this type of product. FPL both conducted customer research and issued a Request for Proposals (RFP) in 2001 to solicit proposals to potentially supply energy only (MWH) from new renewable sources. This Project formed the basis for FPL's existing Green Power Pricing Research Project , and then led to FPL's Business Green Energy Research Project, that are discussed in Section III.D.2.

The second effort initiated in 2000 was FPL's Photovoltaic Research, Development, and Education Project. This demonstration project's objectives were to: increase the public awareness of roof tile PV technologies, provide data to determine the durability of this technology and its impact on FPL's electric system, collect demand and energy data to better understand the coincidence between PV roof tile system output and FPL's system peaks (as well as the total annual energy capabilities of roof tile PV systems), and assess the homeowner's financial benefits and costs of PV roof tile systems. This project was completed in 2003.

Finally, FPL has also facilitated renewable energy projects (facilities which burn bagasse, waste wood, municipal waste, etc.). Firm capacity and energy and as-available energy have been purchased by FPL from these developers. (Please refer to Tables I.B.1 and I.B.2).

III.H FPL's Fuel Mix and Fuel Price Forecasts

1. FPL's Fuel Mix

Until the mid-1980's, FPL relied primarily on a combination of oil, natural gas, and nuclear energy to generate electricity with significant reliance on oil–fired generation. In the early 1980's FPL began to purchase "coal-by-wire." In 1987, coal was first added to the fuel mix through FPL's partial ownership and additional purchases from the St. Johns River Power Park (SJRPP). This allowed FPL to meet its customers' energy needs with a more diversified mix of energy sources. Additional coal resources were added with the

partial acquisition (76%) of Scherer Unit # 4 in 1989. Starting in 1997, petroleum coke was added to the fuel mix as a blend stock with coal at SJRPP.

The trend in recent years has been a steady increase in the amount of natural gas that is used by FPL to provide electricity due, in part, to the introduction of highly efficient and cost-effective combined cycle generating units. This planning document shows a slowing of that trend as FPL recognizes that adding natural gas-fired additions exclusively would, in the long term, create an unbalanced generation portfolio. FPL does project the addition of new gas-fired units in 2009 and 2010, which is a necessity given the longer lead times associated with the addition of coal-fired generation.

FPL's future resource planning work will remain focused on identifying and evaluating alternatives that would maintain or enhance FPL's long-term fuel diversity. These fuel diversity-enhancing alternatives may include: the purchase of power from new coal-based facilities, obtaining access to diversified sources of natural gas such as LNG, and preserving FPL's ability to utilize fuel oil at its existing units. The evaluation of the feasibility and cost-effectiveness of these, and other possible alternatives, will be an ongoing part of future planning cycles.

FPL's current use of various fuels to supply energy to customers, plus a projection of this "fuel mix" through 2014 based on the resource plan presented in this document, is presented in Schedules 5, 6.1, and 6.2 later in this chapter.

2. Fuel Price Forecasts

FPL's long-term oil price forecast assumes that worldwide demand for petroleum products will grow moderately throughout the planning horizon. Non-OPEC crude oil supply is projected to increase as new and improved drilling technology and seismic information will reduce the cost of producing crude oil and increase both recoveries from existing fields and new discoveries. However, the rate of increase in non-OPEC supply is projected to be slower than that of petroleum demand, resulting in an increase in OPEC's market share throughout the planning horizon. As OPEC gains market share, prices for crude oil and petroleum products are projected to increase.

FPL's natural gas price forecast assumes that domestic demand for natural gas will grow throughout the planning horizon, primarily due to increased requirements for electric generation. Domestic natural gas production will slowly decline as new and improved drilling technology and seismic information and resulting new finds will only reduce the projected rate of decline in the overall domestic resource base. The rate of decline in domestic natural gas production is projected to be more than offset by the anticipated increase in U.S. imports from Canada during the next decade, with the development of the MacKenzie Delta region, and the continued increase in re-gasified Liquefied Natural Gas (LNG) imports over the planning horizon. Further enhancement in domestic supply is assumed with the development and delivery of the proven natural gas reserves on the North Slope of Alaska sometime in the next decade.

As demand for natural gas in Florida grows, it is anticipated that the Gulfstream pipeline will fill existing capacity, and along with the Florida Gas Transmission (FGT) pipeline system, expand beyond current capacity to meet the growing requirements of the State of Florida. When coupled with the potential for re-gasified LNG (natural gas) imports directly into Florida, there should be sufficient natural gas deliverability for FPL's customers and the State of Florida's continued needs.

FPL issued an RFP in August 2004 for between 400,000 and 600,000 MMBTU/day of re-gasified LNG supplies, for a minimum term of fifteen (15) years and a maximum term of twenty-five (25) years, with a start date between January 1, 2007 through December 31, 2010. FPL is in the process of evaluating the proposals received in the RFP process and has set a target date of June 1, 2005 for completion of Definitive Agreements subject to a few external approvals. Although this RFP is not in response to a specific need for natural gas supplies, the potential completion of the transaction contemplated by the RFP would diversify and supplement FPL's natural gas supplies from the Gulf of Mexico region.

FPL's coal price forecast assumes an ample supply of domestic coal, and the availability of imported coal, to meet a gradual but steady increase in U.S. demand in the electric generation sector over the planning horizon. The coal price forecast for FPL's existing coal plants at SJRPP and Plant Scherer assume the continuation of the existing mine-mouth and transportation contracts until expiration, along with the purchase of spot coal, to meet generation requirements. FPL's petroleum coke price forecast assumes that the

petroleum industry will continue to add cokers in the U.S., as well as in the Caribbean Basin, in order to maximize refinery production of light products. This trend will continue to result in sufficient availability of petroleum coke, at delivered prices significantly below delivered coal prices, to support a gradual, but steady growth in the demand for petroleum coke in the U.S. electric utility industry.

In order to support the proposed coal requirements in the 2012 and 2013 time period, FPL is currently exploring the opportunities for a competitive coal and petroleum coke delivery system. This effort includes the opportunity for competing rail service from Central Appalachia to Florida, a waterborne receiving facility on both the east and west coast of Florida, and competing rail service from these potential ports to the solid fuel site. A highly competitive coal and petroleum coke delivery network is essential to ensure both the lowest cost fuel supply to FPL's customers.

Schedule 5
Fuel Requirements 1/

	Fuel Requirements	Units	Actual 2/ 2003	2004	Forecasted 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(1)	Nuclear	Trillion BTU	257	252	245	254	246	260	255	254	259	256	254	259
(2)	Coal	1,000 TON	3,402	3,319	3,397	3,455	3,597	3,523	3,670	3,430	3,670	4,852	7,503	8,404
(3)	Residual (FO6)- Total	1,000 BBL	32,103	31,250	29,627	33,005	22,926	22,702	22,373	20,586	22,087	21,289	19,735	21,941
(4)	Steam	1,000 BBL	32,103	31,250	29,627	33,005	22,926	22,702	22,373	20,586	22,087	21,289	19,735	21,941
(5)	Distillate (FO2)- Total	1,000 BBL	565	408	118	310	282	247	322	519	519	826	894	890
(6)	CC	1,000 BBL	36	86	95	183	211	195	260	235	248	226	183	193
(7)	CT	1,000 BBL	529	321	23	127	71	52	61	284	271	601	711	698
(8)	Steam	1,000 BBL	0	0	0	0	0	0	0	0	0	0	0	0
(9)	Natural Gas -Total	1,000 MCF	292,993	311,057	309,932	353,657	411,984	426,120	459,117	507,204	532,877	528,845	511,485	503,230
(10)	Steam	1,000 MCF	50,862	51,792	16,506	23,594	22,918	23,063	22,956	19,926	21,728	20,911	20,478	21,838
(11)	CC	1,000 MCF	229,681	252,692	286,056	323,989	385,511	402,359	434,867	486,602	510,224	506,404	489,241	479,163
(12)	CT	1,000 MCF	12,450	6,573	7,370	6,075	3,554	698	1,294	675	926	1,530	1,766	2,230

1/ Reflects fuel requirements for FPL only.
2/ Source: A Schedules.

Schedule 6.1
Energy Sources

	Energy Sources	Units	Actual 1/ 2003	2004	Forecasted 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(1)	Annual Energy Interchange 2/	GWH	10,387	10,258	10,855	11,403	10,902	11,437	10,946	10,065	8,633	8,932	8,544	8,635
(2)	Nuclear	GWH	23,524	23,013	21,935	22,804	22,008	23,279	22,884	22,809	23,212	22,950	22,810	23,212
(3)	Coal	GWH	6,625	6,315	6,676	6,569	6,700	6,688	6,892	6,536	6,891	10,469	17,486	20,117
(4)	Residual(FO6) -Total	GWH	20,305	19,709	20,445	18,922	15,220	14,939	14,895	13,782	14,816	14,263	13,228	14,699
(5)	Steam	GWH	20,305	19,709	20,445	18,922	15,220	14,939	14,895	13,782	14,816	14,263	13,228	14,699
(6)	Distillate(FO2) -Total	GWH	248	200	75	170	168	161	202	274	275	392	402	402
(7)	Steam	GWH	0	0	0	0	0	0	0	0	0	0	0	0
(8)	CC	GWH	21	57	67	124	144	133	178	160	169	154	125	132
(9)	CT	GWH	226	143	8	46	25	28	24	114	107	238	277	271
(10)	Natural Gas -Total	GWH	37,707	40,970	43,097	48,145	56,914	59,024	63,847	71,258	74,836	74,342	71,980	70,627
(11)	Steam	GWH	4,905	4,918	1,408	2,103	2,034	2,054	2,043	1,774	1,935	1,864	1,836	1,954
(12)	CC	GWH	31,718	35,490	41,251	45,711	54,686	56,915	61,725	69,441	72,845	72,385	70,036	68,539
(13)	CT	GWH	1,084	562	438	331	194	56	80	42	57	93	108	134
(14)	Other 3/	GWH	9,597	7,625	8,478	7,211	7,229	7,490	7,304	5,590	4,226	4,131	3,945	3,837
	Net Energy For Load 4/	GWH	108,393	108,091	111,561	115,224	119,141	123,018	126,970	130,313	132,889	135,479	138,396	141,529

1/ Source: A Schedules

2/ The projected figures are based on estimated energy purchases from SJRPP and the Southern Companies.

3/ Represents a forecst of energy expected to be purchased from Qualifying Facilities, Independent Power Producers, net of Economy and other Power Sales.

4/ Net Energy For Load is also shown in Column 8 on Schedule 3.3.

Schedule 6.2
Energy Sources % by Fuel Type

	Energy Source	Units	Actual 2003	Actual 2004	Forecasted 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
(1)	Annual Energy Interchange 2/	%	9.6	9.5	9.7	9.9	9.2	9.3	8.8	7.7	6.5	6.6	6.2	6.1
(2)	Nuclear	%	21.7	21.3	19.7	19.8	18.5	18.9	18.0	17.5	17.5	16.9	16.5	16.4
(3)	Coal	%	6.1	5.8	6.0	5.7	5.6	5.4	5.4	5.0	5.2	7.7	12.6	14.2
(4)	Residual (FO6) -Total	%	18.7	18.2	18.3	16.4	12.8	12.1	11.7	10.6	11.1	10.5	9.6	10.4
(5)	Steam	%	18.7	18.2	18.3	16.4	12.8	12.1	11.7	10.6	11.1	10.5	9.6	10.4
(6)	Distillate (FO2) -Total	%	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3
(7)	Steam	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(8)	CC	%	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(9)	CT	%	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2
(10)	Natural Gas -Total	%	34.8	37.9	38.6	41.8	47.8	48.0	50.3	54.7	56.3	54.9	52.0	49.9
(11)	Steam	%	4.5	4.5	1.3	1.8	1.7	1.7	1.6	1.4	1.5	1.4	1.3	1.4
(12)	CC	%	29.3	32.8	37.0	39.7	45.9	46.3	48.6	53.3	54.8	53.4	50.6	48.4
(13)	CT	%	1.0	0.5	0.4	0.3	0.2	0.0	0.1	0.0	0.0	0.1	0.1	0.1
(14)	Other 3/	%	8.9	7.1	7.6	6.3	6.1	6.1	5.8	4.3	3.2	3.0	2.9	2.7
			100	100	100	100	100	100	100	100	100	100	100	100

1/ Source: A Schedules.

2/ The projected figures are based on estimated energy purchases from SJRPP and the Southern Companies.

3/ Represents a forecast of energy expected to be purchased from Qualifying Facilities, Independent Power Producers, etc.

Schedule 7.1
Forecast of Capacity, Demand, and Scheduled Maintenance At Time Of Summer Peak

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Year	Total Installed Capacity MW	Firm Capacity Import MW	Firm Capacity Export MW	Firm QF MW	Total Capacity Available 2/ MW	Total Peak 3/ Demand MW	DSM 4/ MW	Firm Summer Peak Demand MW	Reserve Margin Before Maintenance 5/ MW	Reserve Margin Before Maintenance 5/ % of Peak	Scheduled Maintenance MW	Reserve Margin After Maintenance 6/ MW	Reserve Margin After Maintenance 6/ % of Peak
2005	20,846	2,247	0	874	23,967	20,614	1,506	19,108	4,859	25.4	0	4,859	25.4
2006	21,012	2,377	0	738	24,127	21,178	1,583	19,595	4,532	23.1	0	4,532	23.1
2007	22,155	1,666	0	738	24,559	21,769	1,659	20,110	4,449	22.1	0	4,449	22.1
2008	22,155	1,888	0	738	24,781	22,306	1,740	20,566	4,215	20.5	0	4,215	20.5
2009	23,262	1,562	0	687	25,511	22,884	1,825	21,059	4,452	21.1	0	4,452	21.1
2010	24,369	1,311	0	640	26,320	23,424	1,914	21,510	4,810	22.4	0	4,810	22.4
2011	24,369	1,311	0	595	26,275	23,964	2,006	21,958	4,317	19.7	0	4,317	19.7
2012	25,219	1,311	0	595	27,125	24,516	2,100	22,416	4,709	21.0	0	4,709	21.0
2013	26,069	1,311	0	595	27,975	25,059	2,198	22,861	5,114	22.4	0	5,114	22.4
2014	26,069	1,311	0	595	27,975	25,633	2,299	23,334	4,641	19.9	0	4,641	19.9

1/ Capacity additions and changes projected to be in-service by June 1st are considered to be available to meet Summer peak loads which are forecasted to occur during August of the year indicated. All values are Summer net MW. The value shown for FPL's unit capability for the Summer of 2005 is an updated projection from the value used in FPL's 2004 analyses.

2/ Total Capacity Available = Col.(2) + Col.(3) - Col.(4) + Col.(5).

3/ These forecasted values reflect the Most Likely forecast without DSM.

4/ The DSM MW shown represent cumulative load management capability plus incremental conservation from 1/2004-on for use with the 2004 load forecast. They are not included in total additional resources but reduce the peak load upon which Reserve Margin calculations are based.

5/ Margin (%) Before Maintenance = Col.(10) / Col.(9)

6/ Margin (%) After Maintenance = Col.(13) / Col.(9)

Schedule 7.2
Forecast of Capacity , Demand, and Scheduled Maintenance At Time of Winter Peak

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Year	Total Installed 1/ Capability MW	Firm Capacity Import MW	Firm Capacity Export MW	Firm QF MW	Total Capacity Available 2/ MW	Total Peak 3/ Demand MW	DSM 4/ MW	Firm Winter Peak Demand MW	Reserve Margin Before Maintenance 5/ MW	Reserve Margin Before Maintenance 5/ % of Peak	Scheduled Maintenance MW	Reserve Margin After Maintenance 6/ MW	Reserve Margin After Maintenance 6/ % of Peak
2004/05	20,158	2,329	0	870	23,357	20,791	1,469	19,322	4,035	20.9	0	4,035	20.9
2005/06	22,429	2,459	0	738	25,626	21,336	1,511	19,825	5,801	29.3	0	5,801	29.3
2006/07	22,428	2,683	0	738	25,849	21,898	1,555	20,344	5,505	27.1	0	5,505	27.1
2007/08	23,609	1,897	0	738	26,244	22,369	1,602	20,768	5,476	26.4	0	5,476	26.4
2008/09	23,609	1,571	0	738	25,918	22,916	1,653	21,263	4,655	21.9	0	4,655	21.9
2009/10	24,790	1,321	0	687	26,798	23,466	1,708	21,758	5,040	23.2	0	5,040	23.2
2010/11	25,971	1,320	0	595	27,886	24,035	1,766	22,270	5,616	25.2	0	5,616	25.2
2011/12	25,971	1,320	0	595	27,886	24,608	1,825	22,783	5,103	22.4	0	5,103	22.4
2012/13	26,826	1,320	0	595	28,741	25,197	1,887	23,310	5,431	23.3	0	5,431	23.3
2013/14	27,681	1,320	0	595	29,596	25,798	1,952	23,846	5,750	24.1	0	5,750	24.1

1/ Capacity additions and changes projected to be in-service by January 1st are considered to be available to meet Winter peak loads which are forecast to occur during January of the "second" year indicated. All values are Winter net MW.

2/ Total Capacity Available = Col.(2) + Col.(3) - Col.(4) + Col.(5).

3/ These forecasted values reflect the Most Likely forecast without DSM.

4/ The DSM MW shown represent cumulative load management capability plus incremental conservation from 1/2004-on for use with the 2004 load forecast. They are not included in total additional resources but reduce the peak load upon which Reserve Margin calculations are based.

5/ Margin (%) Before Maintenance = Col.(10) / Col.(9)

6/ Margin (%) After Maintenance = Col.(13) / Col.(9)

Schedule 8
Planned And Prospective Generating Facility Additions And Changes

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
				Fuel		Fuel Transport		Const.	Comm.	Expected	Gen. Max.	Net Capability		
Plant Name	Unit No.	Location	Unit Type	Pri.	Alt.	Pri.	Alt.	Start Mo./Yr.	In-Service Mo./Yr.	Retirement Mo./Yr.	Nameplate KW	Winter MW	Summer MW	Status
ADDITIONS/ CHANGES														
2005														
Martin Combustion Turbine	8A	Martin County	CT	NG	FO2	PL	PL	Jun-99	Jun-01	12/1/2004	187,500	—	(160)	OT
Martin Combustion Turbine	8B	Martin County	CT	NG	FO2	PL	PL	Jun-99	Jun-01	12/1/2004	187,500	—	(160)	OT
Martin CC Conversion	8	Martin County	CC	NG	No	PL	No	Jun-03	Jun-05	Unknown	1,223,000	—	1,107	V
Sanford	4	Volusia County	CC	NG	No	PL	No	Unknown	Jun-05	Unknown	1,188,900	—	3	OT
Sanford	5	Volusia County	CC	NG	No	PL	No	Unknown	Jun-05	Unknown	1,188,900	—	9	OT
Manatee	3	Manatee County	CC	NG	No	PL	No	Jun-03	Jun-05	Unknown		—	1,107	V
											2005 Changes/Additions Total:	0	1,906	
2006														
Cape Canaveral	1	Brevard County	ST	FO6	NG	WA	PL	Unknown	Jun-06	Unknown	402,050	12	13	OT
Fort Myers	3	Lee County	CT	NG	FO2	PL	PL	Unknown	Jun-06	Unknown	375,700	5	8	OT
Fort Myers	2	Lee County	CC	NG	FO2	PL	PL	Unknown	Jun-06	Unknown	1,775,390	15	—	OT
Fort Myers	CT	Lee County	CT	FO2	No	WA	No	Unknown	Jun-06	Unknown	744,120	18	—	OT
Manatee	1	Manatee County	ST	FO6	No	WA	No	Unknown	Jun-06	Unknown	863,300	26	26	OT
Manatee	2	Manatee County	ST	FO6	No	WA	No	Unknown	Jun-06	Unknown	863,300	11	11	OT
Manatee	3	Manatee County	CC	NG	No	PL	No	Jun-03	Jun-05	Unknown	1,223,000	1,197	—	V
Martin CC Conversion	8	Martin County	CC	NG	No	PL	No	Jun-03	Jun-05	Unknown	1,223,000	835	—	V
Martin	2	Martin County	ST	NG	FO6	PL	PL	Unknown	Jun-06	Unknown	934,500	—	6	OT
Martin	3	Martin County	CC	NG	No	PL	No	Unknown	Jun-06	Unknown	612,000	1	6	OT
Martin	4	Martin County	CC	NG	No	PL	No	Unknown	Jun-06	Unknown	612,000	1	6	OT
Pt Everglades	1	City of Hollywood	ST	FO6	NG	WA	PL	Unknown	Jun-06	Unknown	247,775	1	8	OT
Pt Everglades	2	City of Hollywood	ST	FO6	NG	WA	PL	Unknown	Jun-06	Unknown	247,775	1	1	OT
Pt Everglades	3	City of Hollywood	ST	FO6	NG	WA	PL	Unknown	Jun-06	Unknown	402,050	2	5	OT
Pt Everglades	4	City of Hollywood	ST	FO6	NG	WA	PL	Unknown	Jun-06	Unknown	402,050	12	15	OT
Riviera	3	City of Riviera Beach	ST	FO6	NG	WA	PL	Unknown	Jun-06	Unknown	310,420	9	9	OT
Sanford	4	Volusia County	CC	NG	No	PL	No	Unknown	Jun-05	Unknown	1,188,900	43	—	OT
Sanford	5	Volusia County	CC	NG	No	PL	No	Unknown	Jun-05	Unknown	1,188,900	43	3	OT
Scherer	4	Monroe, GA	BIT	BIT	No	RR	No	Unknown	Jun-06	Unknown	680,368	24	19	OT
St. John's River Power Park	2	Duval County	BIT	BIT	Pet Coke	RR	WA	Unknown	Jun-06	Unknown	135,918	18	22	OT
Turkey Point	1	Miami Dade County	ST	FO6	NG	WA	PL	Unknown	Jul-06	Unknown	402,050	—	9	OT
											2006 Changes/Additions Total:	2,272	167	
2007														
Pt Everglades	3	City of Hollywood	ST	FO6	NG	WA	PL	Unknown	Jun-07	Unknown	402,050	(1)	(1)	OT
Turkey Point CC	5	Miami Dade County	CC	NG	FO2	PL	PL	Jan-05	Jun-07	Unknown	1,223,000	—	1,144	P
											2007 Changes/Additions Total:	(1)	1,143	
2008														
Turkey Point CC	5	Miami Dade County	CC	NG	FO2	PL	PL	Jan-05	Jun-07	Unknown	1,223,000	1,181	—	P
											2008 Changes/Additions Total:	1,181	0	

Schedule 8
Planned And Prospective Generating Facility Additions And Changes

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
				Fuel		Fuel Transport		Const.	Comm.	Expected	Gen. Max.	Net Capability		
Plant Name	Unit No.	Location	Unit Type	Pri.	Alt.	Pri.	Alt.	Start Mo./Yr.	In-Service Mo./Yr.	Retirement Mo./Yr.	Nameplate KW	Winter MW	Summer MW	Status
ADDITIONS/ CHANGES														
2009														
West County Combined Cycle	1	Palm Beach County	CC	NG	FO2	PL	PL	Jan-07	Jun-09	Unknown	Unknown	—	1,107	P
											2008 Changes/Additions Total:	0	1,107	
2010														
West County Combined Cycle	1	Palm Beach County	CC	NG	FO2	PL	PL	Jan-07	Jun-09	Unknown	Unknown	1,181	—	P
West County Combined Cycle	2	Palm Beach County	CC	NG	FO2	PL	PL	Jan-08	Jun-10	Unknown	Unknown		1,107	P
											2010 Changes/Additions Total:	1,181	1,107	
2011														
West County Combined Cycle	2	Palm Beach County	CC	NG	FO2	PL	PL	Jan-08	Jun-10	Unknown	Unknown	1,181	—	P
											2011 Changes/Additions Total:	1,181	0	
2012														
Unsited Clean Coal Unit	1	Unknown	CC	NG	FO2	PL	PL	Jan-10	Jun-12	Unknown	Unknown	—	850	P
											2012 Changes/Additions Total:	0	850	
2013														
Unsited Clean Coal Unit	1	Unknown	CC	NG	FO2	PL	PL	Jan-10	Jun-12	Unknown	Unknown	855	—	P
Unsited Clean Coal Unit	2	Unknown	CC	NG	FO2	PL	PL	Jan-11	Jun-13	Unknown	Unknown	—	850	P
											2013 Changes/Additions Total:	855	850	
2014														
Unsited Clean Coal Unit	2	Unknown	CC	NG	FO2	PL	PL	Jan-11	Jun-13	Unknown	Unknown	855	—	P
											2013 Changes/Additions Total:	855	0	

Note 1: The Winter Total MW value consists of all generation additions and changes achieved by January. The Summer Total MW value consists of all generation additions and changes achieved by June. All other MW will be picked up in the following year.

Note 2: Capacity additions/changes shown for 2004 reflect changes/additions from values shown in Schedule 1.

Schedule 9

Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** Martin Combustion Turbine Conversion to Combined Cycle Unit # 8

(2) **Capacity**
- a. Summer: 787 MW Incremental (1107 MW Total)
- b. Winter: 835 MW Incremental (1197 MW Total)

(3) **Technology Type:** Combined Cycle

(4) **Anticipated Construction Timing**
- a. Field construction start-date: 2003
- b. Commercial In-service date: 2005

(5) **Fuel**
- a. Primary Fuel: Natural Gas
- b. Alternate Fuel: Distillate

(6) **Air Pollution and Control Strategy:** Natural Gas, Dry Low NO_x Combustors, SCR, 0.05% S. Distillate, & Water Injection on Distillate

(7) **Cooling Method:** Cooling Tower

(8) **Total Site Area:** 11,300 Acres

(9) **Construction Status:** V (Under Construction >= 50% Complete)

(10) **Certification Status:** Certified

(11) **Status with Federal Agencies:** Permitted

(12) **Projected Unit Performance Data** *
- Planned Outage Factor (POF): 2%
- Forced Outage Factor (FOF): 1%
- Equivalent Availability Factor (EAF): 97% (Base & Duct Firing Operation)
- Resulting Capacity Factor (%): Approx. 84% (First Year Base Operation)
- Average Net Operating Heat Rate (ANOHR): 6,850 Btu/kWh (Base Operation)
- Base Operation 75F,100%

(13) **Projected Unit Financial Data** **,***
- Book Life (Years): 25 years
- Total Installed Cost (In-Service Year $/kW): 584
- Direct Construction Cost ($/kW):
- AFUDC Amount ($/kW):
- Escalation ($/kW):
- Fixed O&M ($/kW -Yr.): (2001 $kW-Yr) 9.09
- Variable O&M ($/MWH): (2001 $/MWH) 0.037
- K Factor: 1.5397

* Values represent an operational combined cycle unit after the conversion is completed.

** $/kW values are based on Summer incremental capacity.

** Fixed O&M cost includes capital replacement, but not firm gas transportation costs.

NOTE: Total installed cost includes gas expansion, transmission interconnection and integration, escalation, and AFUDC.

Schedule 9
Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** Manatee Combined Cycle Unit # 3

(2) **Capacity**
a. Summer 1,107 MW
b. Winter 1,197 MW

(3) **Technology Type:** Combined Cycle

(4) **Anticipated Construction Timing**
a. Field construction start-date: 2003
b. Commercial In-service date: 2005

(5) **Fuel**
a. Primary Fuel Natural Gas
b. Alternate Fuel None

(6) **Air Pollution and Control Strategy:** Natural Gas, Dry Low NO_x Combustors, SCR

(7) **Cooling Method:** Cooling Pond

(8) **Total Site Area:** 9,500 Acres

(9) **Construction Status:** V (Under Construction >= 50% Complete)

(10) **Certification Status:** Certified

(11) **Status with Federal Agencies:** Permitted

(12) **Projected Unit Performance Data:**

Planned Outage Factor (POF):	2%		
Forced Outage Factor (FOF):	1%		
Equivalent Availability Factor (EAF):	97%	(Base & Duct Firing Operation)	
Resulting Capacity Factor (%):	Approx. 77%	(First Year Base Operation)	
Average Net Operating Heat Rate (ANOHR):	6,850	Btu/kWh	(Base Operation)

Base Operation 75F,100%

(13) **Projected Unit Financial Data *,****

Book Life (Years):	25	years
Total Installed Cost (In-Service Year $/kW):	499	
Direct Construction Cost ($/kW):		
AFUDC Amount ($/kW):		
Escalation ($/kW):		
Fixed O&M ($/kW -Yr.): (2001 $kW-Yr)	12.96	
Variable O&M ($/MWH): (2001 $/MWH)	0.037	
K Factor:	1.5397	

* $/kW values are based on Summer capacity.
** Fixed O&M cost includes capital replacement, but not firm gas transportation costs.

NOTE: Total installed cost includes gas expansion, transmission interconnection and integration, escalation, and AFUDC.

Schedule 9

Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** Turkey Point Combined Cycle Unit # 5

(2) **Capacity**
- a. Summer 1,144 MW
- b. Winter 1,181 MW

(3) **Technology Type:** Combined Cycle

(4) **Anticipated Construction Timing**
- a. Field construction start-date: 2005
- b. Commercial In-service date: 2007

(5) **Fuel**
- a. Primary Fuel: Natural Gas
- b. Alternate Fuel: Distillate

(6) **Air Pollution and Control Strategy:** Natural Gas, Dry Low No_x Combustors, SCR 0.0015% S. Distillate, & Water Injection on Distillate

(7) **Cooling Method:** Cooling Tower

(8) **Total Site Area:** 11,000 Acres

(9) **Construction Status:** U Under Construction, less than or equal to 50% complete

(10) **Certification Status:** Certified

(11) **Status with Federal Agencies:** Certified

(12) **Projected Unit Performance Data:**

Planned Outage Factor (POF):	2%	
Forced Outage Factor (FOF):	1%	
Equivalent Availability Factor (EAF):	97%	(Base & Duct Firing Operation)
Resulting Capacity Factor (%):	Approx. 97%	(First Base OperationYear)
Average Net Operating Heat Rate (ANOHR):	6,835 Btu/kWh	(Base Operation)
Base Operation 75F,100%		

(13) **Projected Unit Financial Data *,****

Book Life (Years):	25 years
Total Installed Cost (In-Service Year $/kW):	507
Direct Construction Cost ($/kW):	
AFUDC Amount ($/kW):	
Escalation ($/kW):	
Fixed O&M ($/kW -Yr.): (2007 $kW-Yr)	10.06
Variable O&M ($/MWH): (2007 $/MWH)	0.13
K Factor:	1.5699

* $/kW values are based on Summer capacity.

** Fixed O&M cost includes capital replacement, but not firm gas transportation costs.

NOTE: Total installed cost includes gas expansion, transmission interconnection and integration, escalation, and AFUDC.

Schedule 9

Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** West County Energy Center Combined Cycle Unit # 1

(2) **Capacity** *
- a. Summer 1,107 MW
- b. Winter 1,181 MW

(3) **Technology Type:** Combined Cycle

(4) **Anticipated Construction Timing**
- a. Field construction start-date: 2007
- b. Commercial In-service date: 2009

(5) **Fuel**
- a. Primary Fuel: Natural Gas
- b. Alternate Fuel: Distillate

(6) **Air Pollution and Control Strategy:** Natural Gas, Dry Low No_x Combustors, SCR 0.0015% S. Distillate, & Water Injection on Distillate

(7) **Cooling Method:** Cooling Tower

(8) **Total Site Area:** 220 Acres

(9) **Construction Status:** P (Planned)

(10) **Certification Status:** P (Planned)

(11) **Status with Federal Agencies:** P (Planned)

(12) **Projected Unit Performance Data:**

Planned Outage Factor (POF):	2%	
Forced Outage Factor (FOF):	1%	
Equivalent Availability Factor (EAF):	97%	(Base & Duct Firing Operation)
Resulting Capacity Factor (%):	Approx. 97%	(First Year Base Operation)
Average Net Operating Heat Rate (ANOHR):	6,835 Btu/kWh	(Base Operation)
Base Operation 75F,100%		

(13) **Projected Unit Financial Data** **,***

Book Life (Years):	25 years
Total Installed Cost (In-Service Year $/kW):	571
Direct Construction Cost ($/kW):	
AFUDC Amount ($/kW):	
Escalation ($/kW):	
Fixed O&M ($/kW -Yr.): (2009 $kW-Yr)	12.25
Variable O&M ($/MWH): (2009 $/MWH)	0.08
K Factor:	1.6010

* Output based on typical 4x1 plant similar to Martin/Manatee/Turkey Point 4x1 plants.
** $/kW values are based on Summer capacity.
*** Fixed O&M cost includes capital replacement, but not firm gas transportation costs.

NOTE: Total installed cost includes escalation and AFUDC only.
Transmission interconnection, transmission integration, and gas expansion costs are not included.

Schedule 9

Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** West County Energy Center Combined Cycle Unit # 2

(2) **Capacity** *
- a. Summer 1,107 MW
- b. Winter 1,181 MW

(3) **Technology Type:** Combined Cycle

(4) **Anticipated Construction Timing**
- a. Field construction start-date: 2008
- b. Commercial In-service date: 2010

(5) **Fuel**
- a. Primary Fuel: Natural Gas
- b. Alternate Fuel: Distillate

(6) **Air Pollution and Control Strategy:** Natural Gas, Dry Low No_x Combustors, SCR 0.0015% S. Distillate, & Water Injection on Distillate

(7) **Cooling Method:** Cooling Tower

(8) **Total Site Area:** 220 Acres

(9) **Construction Status:** P (Planned)

(10) **Certification Status:** P (Planned)

(11) **Status with Federal Agencies:** P (Planned)

(12) **Projected Unit Performance Data:**

Planned Outage Factor (POF):	2%	
Forced Outage Factor (FOF):	1%	
Equivalent Availability Factor (EAF):	97%	(Base & Duct Firing Operation)
Resulting Capacity Factor (%):	Approx. 94%	(First Year Base Operation)
Average Net Operating Heat Rate (ANOHR):	6,835 Btu/kWh	(Base Operation)

Base Operation 75F,100%

(13) **Projected Unit Financial Data** **,***

Book Life (Years):	25 years
Total Installed Cost (In-Service Year $/kW):	561
Direct Construction Cost ($/kW):	
AFUDC Amount ($/kW):	
Escalation ($/kW):	
Fixed O&M ($/kW -Yr.): (2010 $kW-Yr)	12.63
Variable O&M ($/MWH): (2010 $/MWH)	0.08
K Factor:	1.6013

* Output based on a typical 4x1 plant similar to Martin/Manatee/Turkey Point 4 x 1 plants.
** $/kW values are based on Summer capacity.
*** Fixed O&M cost includes capital replacement, but not firm gas transportation costs.

NOTE: Total installed cost includes escalation and AFUDC only.
Transmission interconnection, transmission integration, and gas expansion costs are not included.
(Note: Costs shown are based on stand-alone construction; i.e. no synergies with Unit # 1.)

Schedule 9
Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** Unsited Clean Coal Unit # 1

(2) **Capacity**
a. Summer 850 MW
b. Winter 855 MW

(3) **Technology Type:** Super Critical Steam Generator

(4) **Anticipated Construction Timing**
a. Field construction start-date: 2008
b. Commercial In-service date: 2012

(5) **Fuel**
a. Primary Fuel: Coal
b. Alternate Fuel: N/A

(6) **Air Pollution and Control Strategy:** Low No_x Burners, Over-fired Air, SCR, Baghouse
Wet Flue Gas Desulfurization, Wet Electric Static Precipatator

(7) **Cooling Method:** Cooling Tower

(8) **Total Site Area:** 3,000 Acres

(9) **Construction Status:** P (Planned)

(10) **Certification Status:** P (Planned)

(11) **Status with Federal Agencies:** P (Planned)

(12) **Projected Unit Performance Data:**

Planned Outage Factor (POF):	6.0%
Forced Outage Factor (FOF):	4.25%
Equivalent Availability Factor (EAF):	90%
Resulting Capacity Factor (%):	Approx. 90% (First Year Operation)
Average Net Operating Heat Rate (ANOHR):	8,600 Btu/kWh
Base Operation 75F,100%	

(13) **Projected Unit Financial Data *,****

Book Life (Years):	40 years
Total Installed Cost (In-Service Year $/kW):	2,355
Direct Construction Cost ($/kW):	
AFUDC Amount ($/kW):	
Escalation ($/kW):	
Fixed O&M ($/kW -Yr.): (2012 $kW-Yr)	38.50
Variable O&M ($/MWH): (2012$/MWH)	1.37
K Factor:	1.6727

* $/kW values are based on Summer capacity.
** Fixed O&M cost includes capital replacement.

NOTE: Total installed cost includes escalation and AFUDC only.
Transmission interconnection and transmission integration costs are not included.

Schedule 9

Status Report and Specifications of Proposed Generating Facilities

(1) **Plant Name and Unit Number:** Unsited Clean Coal Unit # 2

(2) **Capacity**
- a. Summer 850 MW
- b. Winter 855 MW

(3) **Technology Type:** Super Critical Steam Generator

(4) **Anticipated Construction Timing**
- a. Field construction start-date: 2008
- b. Commercial In-service date: 2013

(5) **Fuel**
- a. Primary Fuel: Coal
- b. Alternate Fuel: N/A

(6) **Air Pollution and Control Strategy:** Low No_x Burners, Over-fired Air, SCR, Baghouse
Wet Flue Gas Desulfurization, Wet Electric Static Precipatator

(7) **Cooling Method:** Cooling Tower

(8) **Total Site Area:** 3,000 Acres

(9) **Construction Status:** P (Planned)

(10) **Certification Status:** P (Planned)

(11) **Status with Federal Agencies:** P (Planned)

(12) **Projected Unit Performance Data:**

Planned Outage Factor (POF):	6.0%
Forced Outage Factor (FOF):	4.25%
Equivalent Availability Factor (EAF):	90%
Resulting Capacity Factor (%):	Approx. 90% (First Year Operation)
Average Net Operating Heat Rate (ANOHR):	8,600 Btu/kWh
Base Operation 75F,100%	

(13) **Projected Unit Financial Data *,****

Book Life (Years):	40 years
Total Installed Cost (In-Service Year $/kW):	1,732
Direct Construction Cost ($/kW):	
AFUDC Amount ($/kW):	
Escalation ($/kW):	
Fixed O&M ($/kW -Yr.): (2013 $kW-Yr)	28.86
Variable O&M ($/MWH): (2013 $/MWH)	1.39
K Factor:	1.6731

* $/kW values are based on Summer capacity.
** Fixed O&M cost includes capital replacement.

NOTE: Total installed cost includes escalation and AFUDC only.
Transmission interconnection and transmission integration costs are not included.

Schedule 10
Status Report and Specifications of Proposed Transmission Lines

Martin Combustion Turbine Conversion to Combined Cycle Unit # 8

(1)	Point of Origin and Termination:	Indiantown – Martin #2
(2)	Number of Lines:	1
(3)	Right-of-way	FPL Owned & New acquisitions
(4)	Line Length:	12.9 miles
(5)	Voltage:	230 kV
(6)	Anticipated Construction Timing:	Start date: 1/5/04 End date: Complete
(7)	Anticipated Capital Investment: (Trans. and Sub.)	$11,700,000
(8)	Substations:	Martin 230kV and Indiantown
(9)	Participation with Other Utilities:	None

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(1)	Point of Origin and Termination:	Bridge – Indiantown #2
(2)	Number of Lines:	1
(3)	Right-of-way	FPL Owned
(4)	Line Length:	10.0 miles
(5)	Voltage:	230 kV
(6)	Anticipated Construction Timing:	Start date: 3/15/04 End date: Complete
(7)	Anticipated Capital Investment: (Trans. and Sub.)	$8,900,000
(8)	Substations:	Indiantown and Bridge
(9)	Participation with Other Utilities:	None

Schedule 10
Status Report and Specifications of Proposed Transmission Lines

Manatee Combined Cycle Unit # 3

The new Manatee CC unit does not require any "new" transmission lines.

Schedule 10
Status Report and Specifications of Proposed Transmission Lines

Turkey Point Combined Cycle Unit # 5

The new Turkey Point CC unit does not require any "new" transmission lines.

Schedule 10
Status Report and Specifications of Proposed Transmission Lines

West County Energy Center Combined Cycle Unit # 1

The proposed new West County Energy Center CC Unit # 1 does not require any "new" transmission lines.

Schedule 10
Status Report and Specifications of Proposed Transmission Lines

West County Energy Center 2 Combined Cycle Unit # 2

The proposed new West County Energy Center CC Unit # 2 does not require any "new" transmission lines.

CHAPTER IV

Environmental and Land Use Information

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IV. Environmental and Land Use Information

IV.A Protection of the Environment

FPL operates in a sensitive, temperate/sub-tropical environment containing a number of distinct ecosystems with many endangered plant and animal species. Population growth in its service area is continuing, which heightens competition for air, land, and water resources that are necessary to meet the increased demand for generation, transmission, and distribution of electricity. At the same time, residents and tourists want unspoiled natural amenities, and the general public has an expectation that large corporations such as FPL will conduct their business in an environmentally responsible manner.

FPL has been recognized for many years as one of the leaders among utilities for its commitment to the environment. Many outside organizations have heralded its environmental leadership. In 2004 FPL Group earned a first place ranking among U.S. power companies, and second globally, in a report from the World Wildlife Fund for voluntary commitments to limit CO_2 emissions. This commitment was made to support initiatives to better manage utility impacts on global warming through use of greenhouse gas emission reductions and improvements in energy efficiency. The report stated that this was "primarily due to the company's leadership in developing wind energy and their commitment to dramatically improve their efficiency". FPL was also recently ranked first out of 28 major electric utilities surveyed in an environmental assessment conducted by Innovest, an independent advisory group. In recognition of its success in executing a strategy to become a clean energy provider harnessing primarily clean and renewable fuels while also boosting shareholder value, FPL Group, Inc. was named in June 2003 as the winner of the Edison Award, the electric power industry's highest honor by the Edison Electric Institute.

FPL was awarded Edison Electric Institute's National Land Management Award for its stewardship of 25,000 acres surrounding its Turkey Point Plant. FPL won the Council for Sustainable Florida's award for its sea turtle conservation and education programs at its St. Lucie Plant. In 2001, FPL was awarded the 2001 Waste Reduction and Pollution Prevention Award from the Solid Waste Association of North America. FPL received the 2001 Program Champion Award from the Environmental Protection Agency's Wastewise Program. The Florida

Department of Environmental Protection named FPL a "Partner for Ecosystem Protection" for its emission-reducing "repowering" projects at its Fort Myers and Sanford Plants. Finally, FPL has been recognized by numerous federal and state agencies for its innovative endangered species programs which include such species as manatees, crocodiles, and sea turtles.

IV.B FPL's Environmental Statement

To reaffirm its commitment to conduct business in an environmentally responsible manner, FPL developed an Environmental Statement in 1992 to clearly define the Company's position. This statement reflects how FPL incorporates environmental values into all aspects of the Company's activities and serves as a framework for new environmental initiatives throughout the Company. The FPL environmental statement further establishes a long-term direction of environmental initiatives throughout the Company. FPL's Environmental Statement is:

> It is the Company's intent to continue to conduct its business in an environmentally responsible manner. Accordingly, Florida Power & Light Company will:
>
> - Comply with the spirit and intent, as well as the letter of, environmental laws, regulations, and standards.
> - Incorporate environmental protection and stewardship as an integral part of the design, construction, operation, and maintenance of our facilities.
> - Encourage the wise use of energy to minimize the impact on the environment.
> - Communicate effectively on environmental issues.
> - Conduct periodic self-evaluations, report performance, and take appropriate actions.

IV.C Environmental Management

In order to implement the Environmental Statement, FPL established an environmental management system to direct and control the fulfillment of the organization's environmental responsibilities. A key component of the system is an Environmental Assurance Program that is discussed below. Other components

include: executive management support and commitment, written environmental policies and procedures, delineation of organizational responsibilities and individual accountabilities, allocation of appropriate resources for environmental compliance management (which includes reporting and corrective action when non-compliance occurs), environmental incident/emergency response, environmental risk assessment/management, environmental regulatory development and tracking, and environmental management information systems.

IV.D Environmental Assurance Program

FPL's Environmental Assurance Program consists of activities which are designed to evaluate environmental performance, verify compliance with Company policy as well as with legal and regulatory requirements, and communicate results to corporate management. The principal mechanism for pursuing environmental assurance is the environmental audit. An environmental audit may be defined as a management tool comprising a systematic, documented, periodic, and objective evaluation of the performance of the organization and of the specific management systems and equipment designed to protect the environment. The environmental audit's primary objectives are to: facilitate management control of environmental practices and assess compliance with existing environmental regulatory requirements and Company policies.

IV.E Environmental Communication and Facilitation

FPL is involved in many efforts to enhance environmental protection through the facilitation of environmental awareness and in public education. Some of FPL's 2004 environmental outreach activities are noted in Table IV.E.1.

Activity	*# of Participants*
Visitors to Energy Encounter	20,000
Visitors to Manatee Park	150,000
Number of "visits" to FPL' s Environmental Website	195,000
Number of pieces of environmental literature distributed	>110,000

Table IV.E.1

(All numbers are approximations.)

IV.F Preferred and Potential Sites

Based upon its projection of future resource needs, FPL has identified preferred and potential sites for future generation additions. These preferred and potential sites are discussed in separate sections below.

IV.F.1 Preferred Sites

FPL identifies four preferred sites in this Site Plan: the existing Martin plant site, the existing Manatee plant site, the existing Turkey Point plant site, and the West County Energy Center which is adjacent to the existing FPL Corbett substation in Palm Beach County. Three of these four sites are the locations for capacity additions that FPL is committed to make during the 2005-2007 period. The fourth site is the projected location for capacity additions FPL is proposing to make in 2009 and 2010.

The capacity additions at the Martin, Manatee, and Turkey Point sites have been approved by the FPSC. The Martin and Manatee capacity additions will come in-service in mid-2005 and the Turkey Point capacity addition will come in-service in mid-2007. The discussion of capacity additions at the West County Energy Center represent FPL's current projection of how it will meet its capacity needs for 2009 and 2010.

The four preferred sites are discussed below.

Preferred Site # 1: Manatee Plant, Manatee County

The site is located in unincorporated north central Manatee County approximately 2.5 miles south of the Hillsborough-Manatee County line. It is 5 miles east of Parrish, Florida and is approximately 5 miles east of U.S. Highway 301 and 9.5 miles east of Interstate 75 (I-75). State Road (SR) 62 is about 0.5 miles south of the site. Saffold Road marks the eastern boundary of the site.

FPL's Manatee Plant occupies a portion of the approximately 9,500 acre Manatee Site which is wholly owned by FPL. The site includes a 4,000 acre cooling pond including the dike area. The existing approximately 1,590 MW (Summer) of generating capacity is made up of two steam units (Units # 1 and # 2) which have

been in-service since 1976 and 1977 respectively. These units burn both fuel oil (residual) with a maximum sulfur content of 1 percent and natural gas. Natural gas may be fired singly or in combination with fuel oil. A recent agreement between FPL and Gulfstream Natural Gas Systems (Gulfstream), and the nearby Florida Gas Transmission (FGT) system, provides two natural gas sources for these units.

Additional generating capacity is being added to the site for operation beginning in 2005 to meet projected FPL system capacity needs. One unit consisting of four new combustion turbines (CT's), four new heat recovery steam generators (HRSG's), and a new steam turbine generator are scheduled for in-service operation beginning in June 2005. The four new CT's, HRSG's, and steam turbine will ultimately be operating in combined cycle (CC) configuration. This new CC unit will add 1,107 MW (Summer) and 1,197 MW (Winter) capability to the site. This new CC Unit will be designated as Manatee Unit # 3.

Unit # 3 is located west of the existing generating Units # 1 and # 2. The location of the new combined cycle Unit # 3 at the Manatee Plant site and the selection of the highly efficient combined cycle technology (firing natural gas) will maximize the beneficial use of the site while minimizing environmental and land use impacts otherwise associated with the development of a new generating plant of this capacity. The Manatee site has been previously listed as a preferred or potential site in FPL Site Plans and continues to be a potential site for future capacity additions, if needed in the future.

a. and b. <u>U.S. Geological Survey (USGS) Map and Proposed Facilities Layout</u>

A map indicating the Manatee plant site showing the general layout of the facilities and a map indicating the land use of the site are found at the end of this chapter.

c. <u>Map of Site and Adjacent Areas</u>

An overview map of the site and adjacent areas is also found at the end of this chapter.

d. Existing Land Uses of Site and Adjacent Areas

A major portion of the site consists of a 4,000 acre cooling pond. Manatee Units # 1 and # 2 will not be affected by the addition of Unit # 3. The area for Unit # 3 is expected to comprise approximately 73 acres. The site and surrounding land uses are almost exclusively agriculture with the exception of the Willow Shores residential area located northwest of the Manatee Plant site. Individual homes are located in the larger of two out parcels within the Manatee Plant site along SR 62 at the northeast corner of the site. The vast majority of the Manatee Plant site was re-designated from Agricultural/Rural to Major Public/Semi Public (1) (P/SP) land use category by the Manatee County Commission on November 19, 2002 with the approval of Ordinance 02-13. Electric generating plants are specifically allowed in the P/SP category in accordance with the Manatee County Local Government Comprehensive Plan and Land Development Regulation Act, Chapter 163, Part II, Florida Statutes (FS).

e. General Environmental Features On and In the Site Vicinity

1. Natural Environment

There are no incorporated areas within 5 miles of the Manatee Plant site. Unincorporated communities in the area include Willow, located about 2 miles north of the Manatee Plant; Parrish, located about 5 miles southwest of the plant; and, in Hillsborough County, Sundance, located 3 miles northwest of the plant; Sun City Center, located 7 miles north of the plant; and Wimauma, located 8 miles northeast of the plant.

The Manatee Plant site includes areas of improved pasture with forested land southeast of the project area. This forested area is comprised of flat woods and oak habitat. The western side of the Manatee Plant site is currently used for agriculture. There are also wetlands to the southeast containing wet pine flat woods mixed with dry pine flat woods. There will not be any disturbance of existing wetlands associated with this project.

2. **Listed Species**

Construction and operation of the new Unit # 3 at the site is not expected to affect any rare, endangered, or threatened species. The majority of the site is cleared, grassed, and periodically mowed. The project area has been significantly altered by the construction and operation of the existing plant facilities, and, as a result, wildlife utilization of this area is minimal. Common wading birds utilizing the plant site outside of the project area include the great blue heron, little blue heron, great egret, snowy egret, and the white ibis. Typical mammals found in the habitats surrounding the project area are common bobcat, raccoon, deer, feral hog, opossum, armadillo, skunk, and gray squirrel. Avian species observed in the vicinity of the project include bald eagles, a variety of songbirds, red-shouldered hawks, and marsh hawks.

3. **Natural Resources of Regional Significance Status**

There are no county, State or Federal designated areas located within one mile of the plant site. The construction and operation of Manatee Unit # 3 is not expected to have any adverse impacts on parks, recreation areas, or environmentally sensitive lands that are associated with the Little Manatee River within a 5-mile radius of the project site. These lands include: Little Manatee River State Recreation Area, Little Manatee River State Canoe Trail, Florida Gulf Coast Railroad Museum, Cockroach Bay Aquatic Preserve, Critical Manatee Habitat, South Hillsborough Wildlife Corridor, Hillsborough County Environmental Lands Acquisition and Protection Program Parcels, and Save Our River-Little Manatee River.

4. **Other Significant Features**

FPL is not aware of any other significant features of the site.

f. Design Features and Mitigation Options

Manatee Unit # 3 consists of the addition of four new combustion turbines, four HRSG's, and one new steam turbine generator in combined cycle mode in a 4x1 configuration. Manatee Unit # 3 is scheduled to begin operation in mid-2005. Natural gas, delivered via pipeline, will be the sole fuel for this unit.

Mitigation aspects of Manatee Unit # 3 include: the capture and reuse of plant process water and rainwater, the use of combustion technology that is very efficient and low in air pollutant emissions, plus pollution control technology (dry-low NO_x burners and selected catalytic reduction equipment).

g. Local Government Future Land Use Designations

As mentioned above, the Local Government Future Land Use Plan is consistent with the existing Designated uses of the Manatee Plant Site as major portions of the site are designated as Major Public/Semi Public (1) – P/PS/. Electric generating plants are specifically allowed in this land use category.

h. Site Selection Criteria and Process

The Manatee plant site was selected due to consideration of various factors including system load and economics. The availability of a natural gas pipeline was also a major factor in the selection of the Manatee site for the new 4x1 CC unit. Environmental issues were not a deciding factor since this site does not exhibit significant environmental sensitivity or other environmental issues.

i. Water Resources

The available surface water source is the Little Manatee River which supplies makeup water for the 4,000-acre cooling pond. Plant process and service water requirements are currently supplied by the cooling pond. There are three wells in the Floridan Aquifer that are reserved for standby purposes.

j. Geological Features of Site and Adjacent Areas

Manatee County has three physiographic provinces: the Gulf Coast Lowlands, the DeSoto Plains, and the Polk Upland. The Manatee Plant is situated on the boundary of the DeSoto Plains and the Gulf Coast Lowland provinces. The geology underlying the Manatee Plant consists of unconsolidated sediments comprised of sand, clay silt, marl shell, limestone, and phosphorite (terrace deposits) from the Pleistocene age to recent. Undifferentiated deposits comprised of sand and clay are generally described to be less than 25 feet thick. Underlying the differentiated materials are the Miocene Hawthorn Formation, the Tampa Member, the Suwanee Limestone of the Oligocene age, the Ocala Limestone of the Eocene Age, the Avon Park Formation, the Oldsmar Formation of the Eocene age, and the Cedar Key Formation of the Paleocene age.

The major hydro-geologic units that exist in the vicinity of the site include, in descending order: the surficial aquifer system, the intermediate aquifer system, and the Upper Floridan aquifer. The surficial aquifer system is generally unconfined in Manatee County and consists of Quaternary deposits of predominately marine and non-marine quartz sand, clayey sand, shell, shelly marl, phosphorite, and occasional stringersmarl and limestone. In the vicinity of the site the surficial sediments are approximately 25 feet thick.

k. Projected Water Quantities for Various Uses

The estimated additional quantity of water for industrial processing is estimated to be 150 gallons per minute (gpm) and provides plant process and service water. FPL operates on-site water treatment systems for each of these uses. Water quantities for other uses such as irrigation and potable water are estimated to be approximately 5 gpm.

l. Water Supply Sources by Type

Manatee Unit # 3 will utilize the existing on-site cooling pond as its source of cooling water. The cooling pond operates as a "closed cycle" system; any makeup water is provided from the Little Manatee River to replace net evaporation and seepage losses from the pond. These makeup needs are

within the existing agreement between FPL and the Southwest Florida Water Management District (SWFWMD). There are three wells currently on reserve (stand-by) that are in the Floridan Aquifer.

m. Water Conservation Strategies Under Consideration

Available water including non-contact storm water, treated industrial wastewater, treated sanitary wastewater, and recovered service water are captured and returned to the cooling pond. Storm water from the equipment areas is also treated and returned to the cooling pond.

n. Water Discharges and Pollution Control

The Manatee Plant utilizes a Best Management Practices (BMP) plan and a Spill Prevention, Control, and Countermeasure (SPCC) plan to assist in the control of inadvertent release of pollutants. Storm water runoff is collected and routed to detention ponds. Construction activities are managed so that equipment maintenance and fueling are performed in designated areas so that, in the event of a spill or release of any contaminant, impacts to any surface water or the cooling pond are minimized.

o. Fuel Delivery, Storage, Waste Disposal, and Pollution Control

The site is already serviced by fuel delivery services and facilities for residual, low sulfur (1 percent) fuel oil and, most recently, natural gas as an alternate fuel for existing Units # 1 and # 2. The Unit # 3 addition will be fueled solely by natural gas that could be supplied by either Gulfstream or FGT as previously discussed.

p. Air Emissions and Control Systems

The addition of natural gas as a permitted fuel for existing Units # 1 and # 2 is expected to lower overall emissions during periods when natural gas, instead of fuel oil, is used. In addition, a NO_x reduction technology, re-burn, has been approved for installation on Units # 1 and # 2 and are being installed.

The use of natural gas and combustion controls will minimize air emissions from Unit # 3 and ensure compliance with applicable emission limiting standards. Using natural gas minimizes emissions of sulfur dioxide (SO_2), particulate matter, and other fuel-bound contaminates. Combustion controls similarly minimize the formation of carbon monoxide and volatile organic compounds. NO_x emissions will be controlled using dry-low NO_x combustion technology and selective catalytic reduction (SCR). These design alternatives constitute the Best Available Control Technology for air emissions, and minimize such emissions while balancing economic, environmental, and energy impacts. The design of Manatee Unit # 3 incorporates features that will make it one of the most efficient and cleanest power plants in the State of Florida.

q. Noise Emissions and Control Systems

Noise emissions from the project are not anticipated to be significantly different from the current levels at the existing plant. Similar natural gas-fired facilities in Broward and Martin Counties have been constructed and operated without exceeding allowable noise levels.

r. Status of Applications

FPL filed the Site Certification Application (SCA) for Manatee Unit # 3 with the Florida Department of Environmental Protection (FDEP) on February 20, 2002 and received approval and Site Certification by the Governor and Cabinet in April 2003. FPL acquired all permits needed and commenced construction in May 2003. Modifications to operating permits will be pursued as necessary.

Preferred Site # 2: Martin Plant, Martin County

The Martin site is located approximately 40 miles northwest of West Palm Beach, 5 miles east of Lake Okeechobee, and 7 miles northwest of Indiantown in Martin County, Florida. The site is bounded on the west by the Florida East Coast Railway (FEC) and the adjacent South Florida Water Management District

(SFWMD) L-65 Canal, on the south by the St. Lucie Canal (C-44 or Okeechobee Waterway), and on the northeast by SR 710 and the adjacent CSX Railroad. The Martin site was identified in 1987 as a preferred location for development of coal gasification/combined cycle electric generation facilities and subsequent FPL Site Plans have continued to identify this site as a preferred site.

The existing 2,900 (approximate) MW (Summer) of generating capacity at FPL's Martin site occupies a portion of the approximately 11,300 acres that are wholly owned by FPL. The generating capacity is made up of two steam units (Units # 1 and # 2), plus two combined cycle units (Units # 3 and # 4), and two combustion turbine units (Units # 8a and # 8b) that are being converted to combined cycle through the construction of two additional combustion turbines (Units # 8c and # 8d), four Heat Recovery Steam Generators (HRSG's), and a steam turbine. The new combined cycle unit will be named Martin Unit # 8. The site includes a 6,800 acre cooling pond (6,500 acres of water surface and 300 acres of dike area) and approximately 300 acres for the existing power plant units and related facilities.

Martin Unit # 8 is scheduled to be in-service in mid-2005 and will add approximately 790 MW of capacity. The Martin site has been previously approved for the development of solid fuel generating units and has also been listed as a preferred or potential site in previous FPL Site Plans for combined cycle and simple cycle generation options. The Martin site continues to be a potential option for additional generating units when needed in the future.

a. and b. U.S. Geological Survey (USGS) Map and Proposed Facilities Layout

A USGS map of the Martin plant site, plus a map of the general layout of the proposed generating facilities at the site, are found at the end of this chapter.

c. Map of Site and Adjacent Areas

An overview map of the site and adjacent areas is also found at the end of this chapter.

d. Existing Land Uses of Site and Adjacent Areas

A major portion of the site consists of a 6,800-acre cooling pond. The existing power plant facilities are located on approximately 300 acres. To the east of the power plant there is an area of mixed pine flat wood with a scattering of small wetlands. To the north of the cooling pond there is a 1,200-acre area which has been set aside as a mitigation area. There is a peninsula of wetland forest on the West Side of the reservoir that is named the Barley Barber Swamp. The Barley Barber Swap encompasses 400 acres and is preserved as a natural area. There is also a 10-kilowatt (kW) photovoltaic energy facility at the south end of this site.

e. General Environmental Features On and In the Site Vicinity

1. Natural Environment

As noted above, the Barley Barber Swamp is located on the site. There is also a 1,200-acre mitigation area in the northern area of the site where wetlands and uplands have been preserved. Along the south and west sides of the cooling pond is an area where the vegetation has been maintained in its natural state in order to serve as a wildlife corridor. There are pine flat woods and small-scattered wetlands to the east of the plant.

2. Listed Species

Construction and operation of a new unit at the site is not expected to affect any rare, endangered, or threatened species. There are two active Bald Eagle (*Haliaeetus leucocephalus*: Federal- and State-listed as Threatened) nests that have been on the site for many years. The Florida Natural Areas Inventory (FNAI) database notes a record of Eastern Indigo Snakes (*Drymachon coralis coupert*, which are Federal- and State-listed as threatened) in the Barley Barber Swamp. A number of other Bald Eagle nests and sightings of Eastern Indigo Snakes are reported by the FNAI database within a two-mile radius of the site. Infrequent sightings of Florida Panther have been made in the vicinity of the site area.

3. Natural Resources of Regional Significance Status

The Treasure Coast Regional Planning Council lists the "FPL Preserve", including the Barley Barber Swamp, as a Significant Regional Facility. Natural communities such as uplands and wetlands are also generically listed as Resources of Regional Significance.

4. Other Significant Features

FPL is not aware of any other significant features of the site.

f. Design Features and Mitigation Options

Martin Unit # 8 consists of the addition of two new CT's, four new HRSG's, and a new steam turbine to the two existing CT's, resulting in a 4x1 configuration combined cycle unit. This unit is scheduled to be in-service in mid-2005. Natural gas delivered via pipeline is the primary fuel type for this unit (with light oil serving as a backup fuel). Natural gas-fired facilities are among the cleanest, most efficient technologies currently available.

Mitigation aspects of Martin Unit # 8 include the capture and reuse of plant process water and rainwater, plus the use of cooling towers.

g. Local Government Future Land Use Designations

Local government future land use designation for the site is "Public Utilities". Designations for the surrounding area are primarily "Agricultural". There are also limited areas of "Agricultural Ranchette", "Industrial", and a small "Commercial" area designation. To the southeast of the property, fronting on the St. Lucie Canal, is an area designated for "Public Conservation".

h. Site Selection Criteria and Process

The Martin plant site has been selected due to consideration of various factors including system load and economics. Environmental issues were not a deciding factor since this site does not exhibit significant environmental sensitivity or other environmental issues.

i. Water Resources

Surface water resources currently used at the Martin facility include the cooling pond which takes its water from the St. Lucie canal. The available ground water resource is the surficial aquifer system which is used as a source of potable and service water. Both of these sources will be used.

j. Geological Features of Site and Adjacent Areas

FPL's Martin site is underlain by approximately 13,000 feet of sedimentary rock strata. The basement complex in this area consists of Paleozoic igneous and metamorphic rocks about which little is known due to their great depth.

Overlying the basement complex to the ground surface are sedimentary rocks and deposits that are primarily marine bin origin. Below a depth of about 400 feet these rocks are predominantly limestone and dolomite. Above 400 feet the deposits are largely composed of sand, silt, or clay. The deepest formation in Martin County on which significant published data are available is the Eocene Age Avon Park. Limited information is available from wells penetrating the underlying Lake City formation. The published information on the sediments comprising the formations below the Avon Park Limestone in western Martin County is based on projections from deep wells in Okeechobee, St. Lucie, and Palm Beach Counties.

k. Projected Water Quantities for Various Uses

The estimated additional quantity of water required for industrial processing is 130 gallons per minute (gpm) for uses such as process water and service water. FPL operates on-site water treatment systems for each of these uses. Cooling water for Unit # 8 will be cycled through the addition of cooling towers. Makeup water for the pond is taken from the St. Lucie canal. The current makeup water quantity to the cooling pond (approximately 4,800 gpm) is expected to be adequate for the operation of Unit # 8. Water quantities needed for other uses such as irrigation and potable water are estimated to be approximately 5 gpm.

l. Water Supply Sources by Type

Martin Unit # 8 will utilize the existing on-site cooling pond as the source of cooling water for the cooling towers and as a heat sink for the dissipation of cooling water heat. The cooling towers will also act as a heat sink for the Unit # 8 process water. The cooling pond operates as a "closed cycle" system in which heated water from the generating units loses its heat as it is circulated within the pond and back around to the plant intake. Water is also collected in a seepage ditch surrounding the cooling pond and is then pumped back into the cooling pond. Makeup water to the pond is withdrawn from the St. Lucie canal as needed to replace net evaporation and seepage losses from the pond. Such needs will comply with the existing agreement between FPL and the South Florida Water Management District (SFWMD) regarding allocation of cooling water to the pond and with SFWMD's regulations for consumptive water use.

The existing water treatment system at the plant, which provides treated water for use in the Unit # 1 and # 2 boilers, as well as for the HRSG's associated with Units # 3 and # 4, will be used to provide treated water for Unit # 8.

m. Water Conservation Strategies Under Consideration

The entire plant site captures and reuses process water whenever feasible and manages storm water in such a manner so as to recharge the surficial aquifer.

n. Water Discharges and Pollution Control

Heated water discharges will be dissipated in the cooling tower and cooling pond. Non-point source discharges are not an issue since there are none at this facility. Industrial discharges will be minimized by treating and recycling equipment wash water, boiler blowdown water, and equipment area runoff. Storm water runoff is collected and used to recharge the surficial aquifer via a storm water management system. Design elements have been included to capture suspended sediments. Facility permits mandate various sampling and testing activities that provide indications of any pollutant discharges. The facility employs a Best Management Practices (BMP) plan and Spill

Prevention, Control, and Countermeasure (SPCC) plan to control the inadvertent release of pollutants.

o. Fuel Delivery, Storage, Waste Disposal, and Pollution Control

The site is already serviced by multiple fuel delivery facilities including the installation of a new pipeline. Gulfstream has constructed the new pipeline which provides an alternative fuel supply to the existing Florida Gas Transmission natural gas pipeline. The site is also served by an oil pipeline that serves the existing steam boilers. Distillate is received by truck and stored in above-ground storage tanks. An additional above-ground storage tank was constructed to serve the backup distillate fuel needs of Unit # 8.

p. Air Emissions and Control Systems

FPL's Unit # 8 is subject to "New Source Review" under Federal and State Prevention of Significant Deterioration (PSD) regulations. This review requires these units to meet New Source Performance Standards (NSPS) and that Best Available Control Technology (BACT) be selected to control emissions of those pollutants emitted in excess of applicable PSD significant emission rates. The primary purpose of BACT analysis is to minimize the allowable increases in air pollutants taking into account energy, environmental, and economic impacts. This process provides for the potential for future economic growth without significantly degrading air quality.

The use of natural gas as the primary fuel, plus combustion controls, will minimize air emissions from Unit # 8 and ensure compliance with applicable emission limiting standards. Using natural gas minimizes emissions of sulfur dioxide (SO_2), particulate matter, and other fuel-bound contaminates. Combustion controls similarly minimize the formation of carbon monoxide and volatile organic compounds. NO_x emissions will be controlled using dry-low NO_x combustion technology and selective catalytic reduction (SCR). These design alternatives constitute the Best Available Control Technology for air emissions, and minimize such emissions while balancing economic, environmental, and energy impacts. The design of Unit # 8 incorporates features that will make it one of the most efficient and cleanest power plants in the State of Florida.

q. Noise Emissions and Control Systems

Noise emissions from the project are not anticipated to be significantly different from the current levels at the existing plant. Similar natural gas-fired facilities in Broward and Martin Counties have been constructed and operated without exceeding allowable noise levels

r. Status of Applications

An SCA was filed in December 1989 for the construction and operation of the Martin Coal Gasification/Combined Cycle project under the Florida Electrical Power Plant Siting Act. In order to convert the two CT's from simple cycle to (4X1) CC configuration (Unit # 8), a modification to the Site Certification was required. FPL filed the SCA modification on February 1, 2002 with the FDEP. Approval and Site Certification was issued by the Governor and Cabinet in April 2003. FPL acquired all construction permits and commenced construction in May 2003. Modifications to operating permits will be pursued as necessary.

Preferred Site # 3: Turkey Point Plant, Miami-Dade County

The Turkey Point Plant site is located on the west side of Biscayne Bay, 25 miles south of Miami. The site is directly on the shoreline of Biscayne Bay and is geographically located approximately 9 miles east of Florida City on Palm Drive. Public access to the plant site is limited due to the nuclear units located there. The land surrounding the site is owned by FPL and acts as a buffer zone. The site is comprised of two nuclear units and two conventional boiler, fossil units, the cooling canals, an FPL-maintained natural wildlife area, and wetlands that have been set aside as the Everglades Mitigation Bank (EMB).

Units # 1 and # 2 are fossil fuel generating plants with approximate generating capacity of 400 MW each. Unit # 1 was completed in 1967 and Unit # 2 in 1968. Turkey Point also has five diesel peaking units that in total produce approximately 12 MW. These units are primarily used to provide emergency power, but occasionally run during the Summer to provide power during peak load demands.

The location of the new Turkey Point Unit # 5, a "4x1" combined cycle electrical generating unit, is within the existing FPL Turkey Point facility property. The location for Unit # 5 is adjacent to the existing fossil Units # 1 and # 2, and includes the existing parking lot and storage areas immediately northwest of Units # 1 and # 2 as well as mangrove wetlands north of the facility.

a. and b. U.S. Geological Survey (USGS) Map and Proposed Facilities Layout

A USGS map of the Turkey Point plant site, plus a map of the general layout of the proposed generating facilities at the site, are found at the end of this chapter.

c. Map of Site and Adjacent Areas

An overview map of the site and adjacent areas is also found at the end of this chapter.

d. Existing Land Uses of Site and Adjacent Areas

A major portion of the site consists of a self-contained cooling canal system that supplies water to condense steam used by the existing units' turbine generators. The canal system consists of 36 interconnected canals each five miles long, 200 feet wide, and four feet deep. The remaining developed area of the site is where the two fossil steam generating units and 5 diesel generators are located. South of, and adjacent to, the fossil plant are the two nuclear generating units. Further to the south, wetlands have been set aside as part of the Everglades Mitigation Bank in an effort to restore these areas to historical plant communities and hydrological function.

e. General Environmental Features On and In the Site Vicinity

1. Natural Environment

The majority of the site is undeveloped dwarf red mangrove swamp, tidally inundated with waters from Biscayne Bay. Along with the dominant red mangroves, buttonwood is a common canopy component, along with occasional white mangrove. Only a few individual black mangroves were observed within the Site. Biscayne Bay is a shallow, subtropical bay supporting sea grasses, sponges, coral reefs, and a variety of marine life.

2. Listed Species

The construction and operation of Unit # 5 is not expected to adversely affect any rare, endangered, or threatened species. Listed species known to occur in the nearby Biscayne National Park that could potentially utilize the site include the peregrine falcon (Falco peregrinus), wood stork (Mycteria americana), American crocodile (Crocodylus acutus), mangrove rivulus (Rivulus marmoratus), roseate spoonbill (Ajaja ajaja), limpkin (Aramus guarauna), little blue heron (Egretta caerulea), snowy egret (Egretta thula), American oystercatcher (Haematopus palliates), least tern (Sterna antillarum), brown pelican (Pelicanus occidentalis), the white ibis (Eudocimus albus), and bald eagle (Haliaeetus leucocephalus). No bald eagle nests are known to exist in the vicinity of the site. The federally listed, endangered American Crocodile thrives at the Turkey Point site, primarily in and around the southern end of the cooling canals which lie south of the project area. The entire site is considered crocodile habitat due to the mobility of the species and use of the site for foraging, traversing, and basking. FPL manages a program for the conservation and enhancement of the American crocodile. A project-specific crocodile management plan has been developed for construction of Unit # 5.

3. **Natural Resources of Regional Significance Status**

Significant features in the vicinity of the site include Biscayne National Park, the Miami-Dade County Homestead Bayfront Park, and the Everglades National Park. The portion of Biscayne Bay adjacent to the site is included within the Biscayne National Park, comprised of several miles of shoreline north of the Turkey Point facility extending offshore approximately 12 nautical miles. Biscayne National Park contains 180,000 acres, approximately 95% of which is open water interspersed with over 40 keys. The Biscayne National Park headquarters is located approximately 2 miles north of the Turkey Point plant, adjacent to the Miami-Dade County Homestead Bayfront Park, which contains a marina and day use recreational facilities.

4. **Other Significant Features**

FPL is not aware of any other significant features of the site.

f. Design Features and Mitigation Options

Turkey Point Unit # 5 will consist of four new CT's, four new HRSG's, and a new steam turbine, resulting in a 4x1 configuration CC unit. This unit is scheduled to be in-service in mid-2007. Natural gas delivered via the existing pipeline is the primary fuel type for this unit (with ultra low sulfur light oil serving as a backup fuel). Natural gas-fired facilities are among the cleanest, most efficient technologies currently available.

Mitigation aspects of Turkey Point Unit # 5 related to unavoidable wetland impacts of construction include; on-site hydrologic improvements to enhance existing wetlands, restoration and preservation of areas overgrown with exotic plant species, creation of an on-site lagoon, transfer of some mangrove dominated lands to South Florida Water Management District and Biscayne National Park, and also the purchase of mitigation credits from the EMB which is in the same drainage basin. The capture and reuse of plant process water and rainwater, plus the use of cooling towers will minimize thermal discharges to the cooling canals.

g. Local Government Future Land Use Designations

Local government future land use plan designates most of the site as IU-3 "Industrial, Unlimited Manufacturing District." There are also areas designated GU – "Interim District." Designations for the surrounding area are primarily GU – "Interim District."

h. Site Selection Criteria and Process

For the past several years, a number of FPL's existing power plant sites have been considered as potentially suitable sites for new or repowered generation. The Turkey Point plant site has been selected as a preferred site due to consideration of various factors including system load, an imbalance in the south Florida region between load and generating capacity, and economics. Environmental issues are an important factor at this site. However, the other deciding factors outweigh them. FPL will minimize environmental impacts and mitigate where impacts are unavoidable.

i. Water Resources

Unique to Turkey Point Plant is the self-contained cooling canal system that supplies water to condense steam used by the existing plant's turbine generators. Although the canal system provides sufficient cooling water for the existing units, there is insufficient cooling capacity for the new unit. Sufficient cooling water for the new unit can be obtained from the Floridan Aquifer that lies beneath the plant site and lies deep beneath the surficial Biscayne Aquifer. The Floridan Aquifer contains an ample supple of water which will be acceptable quality and quantity for plant cooling water needs.

j. Geological Features of Site and Adjacent Areas

FPL's Turkey Point site is underlain by approximately 13,000 feet of sedimentary rock strata. The strata that extends to approximately 500 feet forms the Biscayne Aquifer. The basement complex in this area consists of Paleozoic igneous and metamorphic rocks about which little is known due to their great depth.

Overlying the basement complex to the ground surface are sedimentary rocks and deposits that are primarily of marine origin. Below a depth of about 400 feet these rocks are predominantly limestone and dolomite. Above 400 feet the deposits are largely composed of sand, silt, or clay. The Tamiami formation is named for deposits composed principally of white cream-colored calcareous sandstone, sandy limestone, and beds and pockets of quartz sand. In the Turkey Point area, the Key Largo limestone is present.

The Floridan Aquifer, located approximately 1,100 feet below the land surface, is a confined aquifer. The Floridan Aquifer system is composed entirely of carbonate rocks, except for minor evaporates. The water in the carbonate rock aquifer is more highly mineralized.

k. Projected Water Quantities for Various Uses

The additional quantity of water for industrial processing is estimated to be 150 gallons per minute (gpm) for plant process and service water. Water for this type of use would be supplied by an existing county water system. FPL will construct a dedicated water treatment facility specifically for Unit # 5. Cooling water for new Unit # 5 will be processed through cooling towers. FPL proposes to use water from the Floridan Aquifer as the source of make-up water used by the cooling towers. The estimated makeup water quantity to the cooling towers is approximately 9,600 gpm.

l. Water Supply Sources by Type

Unit # 5 will utilize cooling towers for the dissipation of heat from the cooling water. The Floridan Aquifer will supply the makeup water for the cooling towers. A dedicated new water treatment system will be constructed at the site to serve Unit # 5.

m. Water Conservation Strategies Under Consideration

A plan to treat and recycle equipment wash water, boiler blowdown, and equipment area runoff for use as service water would reduce ground water consumption. FPL anticipates this site will be designed and classified as a wastewater zero discharge site following the completion of Unit # 5.

n. Water Discharges and Pollution Control

Heated water discharges for the existing Turkey Point units are dissipated using the existing once-through cooling water system and the cooling canal system. Unit # 5 cooling water will be processed through a cooling tower which will dissipate the heat prior to discharge to the cooling canal system. Non-point source discharges are collected and reused. Treating and recycling equipment wash water, boiler blow-down, and equipment area runoff helps to minimize industrial discharges. Storm water runoff is collected and used to recharge the surficial aquifer via a storm water management system. Design elements have been included to capture suspended sediments. Various facility permits mandate various sampling and testing activities which provide indication of any pollutant discharges.

The facility employs a Best Management Practices (BMP) plan and Spill Prevention, Control and Countermeasure (SPCC) plan to control the inadvertent release of pollutants.

o. Fuel Delivery, Storage, Waste Disposal, and Pollution Control

The site is already serviced by multiple fuel delivery facilities. There is currently a pipeline that supplies natural gas to the facility. The facility also has oil capabilities through on-site storage tanks and accessibility to barge deliveries. Unit # 5 will utilize the existing natural gas pipeline with the addition of compression system(s). A dedicated above-ground storage tank for the ultra-low sulfur distillate backup fuel will also be added. Supply of ultra low sulfur distillate fuel for the new tanks will be made by use of truck deliveries.

p. Air Emissions and Control Systems

The use of natural gas and ultra low sulfur distillate as fuels, plus combustion controls, will minimize air emissions from these units and ensure compliance with applicable emission limiting standards. Using natural gas and ultra low sulfur distillate as fuels minimizes emissions of sulfur dioxide (SO_2), particulate matter and other fuel-bound contaminates. Combustion controls similarly minimize the formation of nitrogen oxides (NO_x), and the combustor design will limit the formation of carbon monoxide and volatile organic compounds. When

firing natural gas, NO_x emissions will be controlled using dry-low NOx combustion technology and selective catalytic reduction (SCR). Water injection and SCR will be used to reduce NOx emissions during operations when using the ultra low sulfur distillate as backup fuel. These design alternatives constitute the Best Available Control Technology for air emissions, and minimize such emissions while balancing economic, environmental, and energy impacts. Taken together, the design of Turkey Point Unit # 5 will incorporate features that will make it one of the most efficient and cleanest power plants in the State of Florida.

q. Noise Emissions and Control Systems

A field survey and impact assessment of noise expected to be caused by unit construction at the site indicated that construction noise would be below current noise levels for the residents nearest the site. Noise from the operation of the new unit will also be within allowable levels. Similar natural gas-fired facilities in Broward and Martin counties have been constructed and operated without exceeding allowable noise levels.

r. Status of Applications

The Governor and Cabinet approved certification of the plant on February 7, 2005. Following this certification, the Prevention of Significant Deterioration (PSD) air permit and the Dredge and Fill permits were granted by the respective reviewing agencies. Construction will commence in the Spring 2005 with an anticipated in–service date of mid-2007.

Preferred Site # 4: West County Energy Center, Palm Beach County

FPL has identified the property adjacent to the existing FPL Corbett Substation property in unincorporated western Palm Beach County as a preferred site for the addition of new generating capacity. The preferred site was evaluated for the addition of a new combined cycle natural gas power plant project with ultra low sulfur distillate as a backup fuel. The existing site is an area accessible to both natural gas and electrical transmission through existing structures or through additional lateral connections. The proposed facility would use natural gas as the primary fuel and state-of-the-art combustion controls.

a. and b. U.S. Geological Survey (USGS) Map and Proposed Facilities Layout

A USGS map of the West County Energy Center site, plus a map of the general layout of the proposed generating facilities at the site, are found at the end of this chapter.

c. Map of Site and Adjacent Areas

An overview map of the site and adjacent areas is also found at the end of this chapter.

d. Existing Land Uses of Site and Adjacent Areas

The land on the site is currently inactive but was previously dedicated to industrial and agricultural use. The site has been excavated, back-filled, and totally re-graded to an elevation approximately 10 ft. above surrounding land surface. No structures are present on the site and vegetation is virtually non-existent.

e. General Environmental Features On and In the Site Vicinity

1. Natural Environment

The majority of the plant site has been significantly altered by the construction and operation of a limestone mine where vegetation had been cleared and removed. Most of the remaining site property has been previously altered through development for agricultural use and rock mining. The surrounding land use is predominantly sugar cane agriculture and limestone mining. The FPL Corbett substation is located north of the site. The Arthur R. Marshall Loxahatchee National Wildlife Refuge is located to the south of the site.

2. **Listed Species**

Construction and operation of new units at the site is not expected to affect any rare, endangered, or threatened species. Wildlife utilization of the property is minimal as a result of the mining activities. Common wading birds can be observed on areas adjacent to and occasionally within the property. The property is adjacent to areas that have been identified as potential habitat for wood stork.

3. **Natural Resources of Regional Significance Status**

The construction and operation of a gas-fired combined cycle generating facility at the site is not expected to have any adverse impacts on parks, recreation areas, or environmentally sensitive lands including the Arthur R. Marshall Loxahatchee National Wildlife Refuge which lies south of the proposed location. It is not anticipated that construction will result in wetland impacts under federal, state or local agency permitting criteria.

4. **Other Significant Features**

FPL is not aware of any other significant features of the site.

f. Design Features and Mitigation Options

The current design option is to construct two new 1,100 MW (approximate) units each consisting of four new CT's, four new HRSG's, and a new steam turbine. The site has sufficient capacity to construct an additional 1,100 MW unit in the future if needed. The first and second units are planned to be placed into service in mid-2009 and mid-2010, respectively. Natural gas delivered via pipeline is the primary fuel type for this unit with ultra low sulfur distillate serving as a backup fuel.

g. Local Government Future Land Use Designations

Local government future land use designation for the project site is "Rural Residential" according to the Palm Beach County Future Land Use Map. Designations for the area under the Palm Beach County Unified Land Development Code classified the project site and surrounding area as Special Agricultural District. The site has been granted conditional use for electrical power facilities under a General Industrial zoning district.

h. Site Selection Criteria and Process

The site has been selected as a preferred site due to consideration of various factors including system load and economics. Environmental issues were not a deciding factor since this site does not exhibit significant environmental sensitivity or other environmental issues. This site is considered permittable.

i. Water Resources

The existing adjacent surface water canal, reservoir, and available ground water resources are potential sources for potable and service water for the proposed units. Use of water from the upper and/or lower Floridan Aquifer is also considered a feasible alternative as potential backup sources of water for operation of the proposed units.

j. Geological Features of Site and Adjacent Areas

The site is underlain by approximately 13,000 feet of sedimentary rock strata. The basement complex in this area consists of Paleozoic igneous and metamorphic rocks about which little is known due to their great depth.

Overlying the basement complex to the ground surface are sedimentary rocks and deposits that are primarily marine in origin. Below a depth of about 400 feet these rocks are predominantly limestone and dolomite. Above 400 feet the deposits are largely composed of sand, silt, clay, and phosphate grains. The deepest formation in Palm Beach County on which significant published data are available is the Eocene Age Avon Park. Limited information is

available from wells penetrating the underlying Oldsmar formation. The published information on the sediments comprising the formations below the Avon Park Limestone is based on projections from deep wells in Okeechobee, St. Lucie, and Palm Beach Counties.

k. Projected Water Quantities for Various Uses

The estimated quantity of water required for industrial processing is 300 gallons per day (gpd) for uses such as process water and service water. Approximately 25 million gallons per day (mgd) in total of cooling water for the two proposed units would be cycled through the addition of cooling towers. Water quantities needed for other uses such as irrigation and potable water are estimated to be approximately 5 gpm.

l. Water Supply Sources by Type

The proposed units will use available surface or ground water as the source of service water and makeup water for the cooling towers. Potable water needs will be met through the use of the surficial aquifer.

m. Water Conservation Strategies Under Consideration

Impacts on the surficial aquifer would be minimized and used only for potable water. The plant site will capture and reuse process water whenever feasible and manage stormwater in such a manner so as to recharge the surficial aquifer.

n. Water Discharges and Pollution Control

Heated water discharges will be dissipated in the cooling towers. Blow down from the cooling towers will be injected into the boulder zone of the Floridan Aquifer. Non-point source discharges are not an issue since there will be none at this facility. Industrial discharges will be minimized by treating and recycling equipment wash water, boiler blowdown water, and equipment area runoff. Storm water runoff will be collected and used to recharge the surficial aquifer via a storm water management system. Design elements will be included to capture suspended sediments. The facility will employ a Best Management

Practices (BMP) plan and Spill Prevention, Control, and Countermeasure (SPCC) plan to control the inadvertent release of pollutants.

o. Fuel Delivery, Storage, Waste Disposal, and Pollution Control

The site is not located near an existing natural gas transmission pipeline that is capable of providing a sufficient quantity of gas. Upgrades of existing pipelines and/or lateral connections to other pipelines will be necessary for supply of natural gas. Ultra low sulfur distillate would be received by truck and stored in above-ground storage tanks to serve as backup fuel for the new units.

p. Air Emissions and Control Systems

The use of natural gas and ultra low sulfur distillate as fuels, plus combustion controls, will minimize air emissions from these units and ensure compliance with applicable emission limiting standards. Using natural gas and ultra low sulfur distillate as fuels minimizes emissions of sulfur dioxide (SO_2), particulate matter and other fuel-bound contaminates. Combustion controls similarly minimize the formation of nitrogen oxides (NO_x), and the combustor design will limit the formation of carbon monoxide and volatile organic compounds. When firing natural gas, NO_x emissions will be controlled using dry-low NO_x combustion technology and selective catalytic reduction (SCR). Water injection and SCR will be used to reduce NO_x emissions during operations when using ultra low sulfur distillate as backup fuel. These design alternatives constitute the Best Available Control Technology for air emissions, and minimize such emissions while balancing economic, environmental, and energy impacts. Taken together, the design of the West County Energy Center units will incorporate features that will make them among the most efficient and cleanest power plants in the State of Florida.

q. Noise Emissions and Control Systems

Noise expected to be caused by construction of the units at the site is expected to be below current noise levels for the residents nearest the site. Noise from the operation of the new units will be within allowable levels.

r. Status of Applications

An SCA will be filed in 2005 for the construction and operation of the West County Energy Center project under the Florida Electrical Power Plant Siting Act. A PSD permit application and an underground injection control permit application will also be submitted to the FDEP at the same time.

IV.F.2 Potential Sites for Generating Options

Seven (7) sites are identified as "Potential Sites" for near-term future generation additions to meet FPL's capacity needs.[1]

These sites have been identified as Potential Sites due to considerations of location to FPL load centers, space, infrastructure, and/or accessibility to fuel and transmission facilities. These sites are suitable for different capacity levels and technologies.

Each of these potential sites offer advantages and disadvantages relative to engineering considerations and/or costs associated with the construction and operation of feasible technologies. In addition, each potential site has different characteristics that could require further definition and attention. For discussion purposes, it was assumed that natural gas-fired technologies would be the likely capacity additions at the Potential Sites unless otherwise indicated.

Permits are presently considered to be obtainable for all of these sites, assuming measures can be taken to mitigate any particular site-specific environmental

[1] As has been described in previous FPL Site Plans, FPL also considers a number of other sites as possible sites for future generation additions. These include the remainder of FPL's existing generation sites.

concerns that may arise. No significant environmental constraints are currently known for any of these 7 sites. The Potential Sites briefly discussed below are presented in alphabetical order. At this time FPL considers each site to be equally viable.

Potential Site # 1: Andytown Substation , Broward County

FPL has identified the FPL Andytown Substation property in western unincorporated Broward County as a potential site for the addition of new generating capacity. Current facilities on-site include an electric substation. The existing site is an area accessible to both natural gas and electrical transmission through existing structures or through additional lateral connections.

a. U.S. Geological Survey (USGS) Map

A USGS map of the potential site has been included at the end of this chapter.

b. and c. Land Uses and Environmental Features

The land uses for the site are designated as industrial or agricultural use. The site identification process included screening of potential sites to determine potential wetland impacts and impacts to endangered or threatened species. Extensive low-quality wetlands are adjacent to the site. FPL would expect to mitigate any impacts from construction of a power plant at this site. Construction and operation of a new facility on this site is not expected to adversely affect any rare, endangered, or threatened species.

d. and e. Water Quantities and Supply Sources

Surface water sources are not available at the site. Groundwater from the shallow aquifer or a local source of gray water have been identified as potential water sources. The Floridan Aquifer has been identified as a potential cooling water source. It has been estimated that sufficient water is available for generation technologies that might be considered for the site.

Potential Site # 2: Cape Canaveral Plant, Brevard County

This potential site is located on the FPL Cape Canaveral Plant property in unincorporated Brevard County. The city of Port St. Johns is located less than a mile away. The site has direct access to a four-lane highway (US 1). A rail line is located near the plant. The existing facility consists of two 400 MW (approximate) steam boiler type generating units.

a. U.S. Geological Survey (USGS) Map

A USGS map of the Cape Canaveral property site is found at the end of this chapter.

b. and c. Land Uses and Environmental Features

This site is located on the Indian River. The land is primarily dedicated to industrial use with surrounding grassy areas and a few acres of remnant pine forest. The land adjacent to the site is dedicated to light commercial and residential use. There are no significant environmental features on the site.

d. and e. Water Quantities and Supply Sources

It is expected that industrial cooling water needs could be met using the current 550,000 gpm once-through cooling water quantity. For industrial process water, FPL would use existing on-site wells or local gray water. It has been estimated that sufficient water is available for generation technologies that might be considered at the site.

Potential Site # 3: Desoto County Site

This site is an undeveloped site located on a 13,500 acre property in unincorporated Desoto County. The site is adjacent to portions of the Peace River. There are no current facilities on the site. The City of Arcadia is located southwest of the Desoto site.

a. U.S. Geological Survey (USGS) Map

A USGS map of the potnetial site is found at the end of this chapter.

b. and c. Land Uses and Environmental Features

The land on the site is currently dedicated to agricultural use (sod farming, cattle grazing, and truck crops). Developed portions of the adjacent properties are primarily agricultural (sod farms, citrus groves, and cattle grazing). Undeveloped portions include mixed scrub with some hardwoods and a few isolated wetlands.

d. and e. Water Quantities and Supply Sources

The primary water source would either be groundwater from the upper and lower Floridan Aquifer or if available and practicable, a local source of gray water. Other facility water uses may include irrigation, potable use, etc., which could be supplied from shallower wells using the surficial aquifer. It has been estimated that sufficient water is available for generation technologies that might be considered for the site.

Potential Site # 4: Fort Myers Plant Site, Lee County

This potential site is located on FPL's existing 460-acre Fort Myers property. Located on the site is one 1,400 MW (approximate) combined cycle unit, Unit # 2, and 12 gas turbines each with a capacity of approximately 54 MW. Two additional simple cycle peaking units have been recently completed at the site in 2003.

a. U.S. Geological Survey (USGS) Map

A USGS map of the Fort Myers plant site is found at the end of this chapter.

b. and c. Land Uses and Environmental Features

The land on the site is currently dedicated to industrial use with surrounding grassy and landscaped areas. Much of the site has recently been used for direct construction activities. The adjacent land uses include light commercial and retail to the east of the property, and some residential areas located toward the west. Mixed scrub with some hardwoods can be found to the east and further south.

d. and e. Water Quantities and Supply Sources

The available water source is the Caloosahatchee River and the available groundwater source is the Sandstone Aquifer. It has been estimated that sufficient water is available for generation technologies that might be considered for the site.

Potential Site # 5: Port Everglades Plant, Broward County

This site is located on the 94-acre FPL Port Everglades plant site in Port Everglades, Broward County. The site has convenient access to State Road (SR) 84 and Interstate 595. A rail line is located near the plant. The existing plant consists of four steam boiler generating units: two 200 MW (approximate) and two 400 MW (approximate) sized units. The four steam boilers are capable of firing residual fuel oil, natural gas, or a combination of both. The site also is home to twelve simple cycle gas turbine (GT) peaking units of 30 MW (approximate) each. The GT's are part of the Gas Turbine Power Park that is made up of 24 GT's at the Lauderdale Plant site and the twelve GTs at the Port Everglades site. The GT's are capable of firing either natural gas or liquid fuel.

a. U.S. Geological Survey (USGS) Map

A map of the Port Everglades plant site is found at the end of this chapter.

b. and c. Land Uses and Environmental Features

The land on this site is primarily industrial. The adjacent land uses are port facilities and associated industrial activities, oil storage, cruise ships, and light commercial.

d. and e. Water Quantities and Supply Sources

FPL expects to use the existing municipal water supply for industrial process and makeup water. Cooling water would be drawn from the Intra-Coastal Waterway and cooling towers would be constructed. It has been estimated that sufficient water is available for generation technologies that might be considered for the site.

Potential Site # 6: Riviera Plant, Palm Beach County

This site is located on the FPL Riviera Plant property in Riviera Beach, Palm Beach County. The site has direct access to a four-lane highway, US 1, and barge access is available. A rail line is located near the plant. The facility currently houses two operational 300 MW (approximate) steam boiler generating units and one retired 50 MW generating unit.

a. U.S. Geological Survey (USGS) Map

A USGS map of the Riviera plant site is found at the end of this chapter.

b. and c. Land Uses and Environmental Features

The land on the site is primarily covered by the existing generation facilities with some open, maintained grass areas. There is a small manatee viewing area on the site, which is operated seasonally by FPL. Adjacent land uses include port facilities and associated industrial activities, as well as light commercial and residential development. The site is located on the Intra-Coastal Waterway near the Lake Worth Inlet.

d. and e. Water Quantities and Supply Sources

The existing municipal water supply would be used for industrial processing water and FPL would continue to use Lake Worth as a source of water for once-through cooling water. It has been estimated that sufficient water is available for generation technologies that might be considered for the site.

Potential Site # 7: Southwest St. Lucie County Site

This site is an undeveloped site located in the southwest corner of St. Lucie County. A rail line, a natural gas pipeline, and electrical transmission lines are located near the site. The site is considered as suitable for the construction and operation of electrical generating facilities using a variety of technologies utilizing solid, liquid, or natural gas fuels.

a. U.S. Geological Survey (USGS) Map

A USGS map of the Southwest St. Lucie County site is found at the end of this chapter.

b. and c. Land Uses and Environmental Features

The land on the site is currently dedicated to agricultural use. Most of the site is currently in use for agricultural purposes. Developed portions of the adjacent properties are primarily agricultural (cattle grazing). Undeveloped portions include mixed scrub with some hardwoods and some wetlands.

d. and e. Water Quantities and Supply Sources

Nearby surface water are available for use at this site. Additional water sources include groundwater from the shallow aquifer, the deeper Floridan Aquifer, or if available and practicable, a local source of gray water. It has been estimated that sufficient water is available for generation technologies that might be considered for the site.

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Environmental and Land Use Information:

Supplemental Information

Preferred Site: Manatee

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MANATEE PLANT SITE
SHOWING LANDUSE
Figure
0 2000 Feet
FPL
Page

LEGEND FOR LANDUSE MAPS

Plant Site Boundary

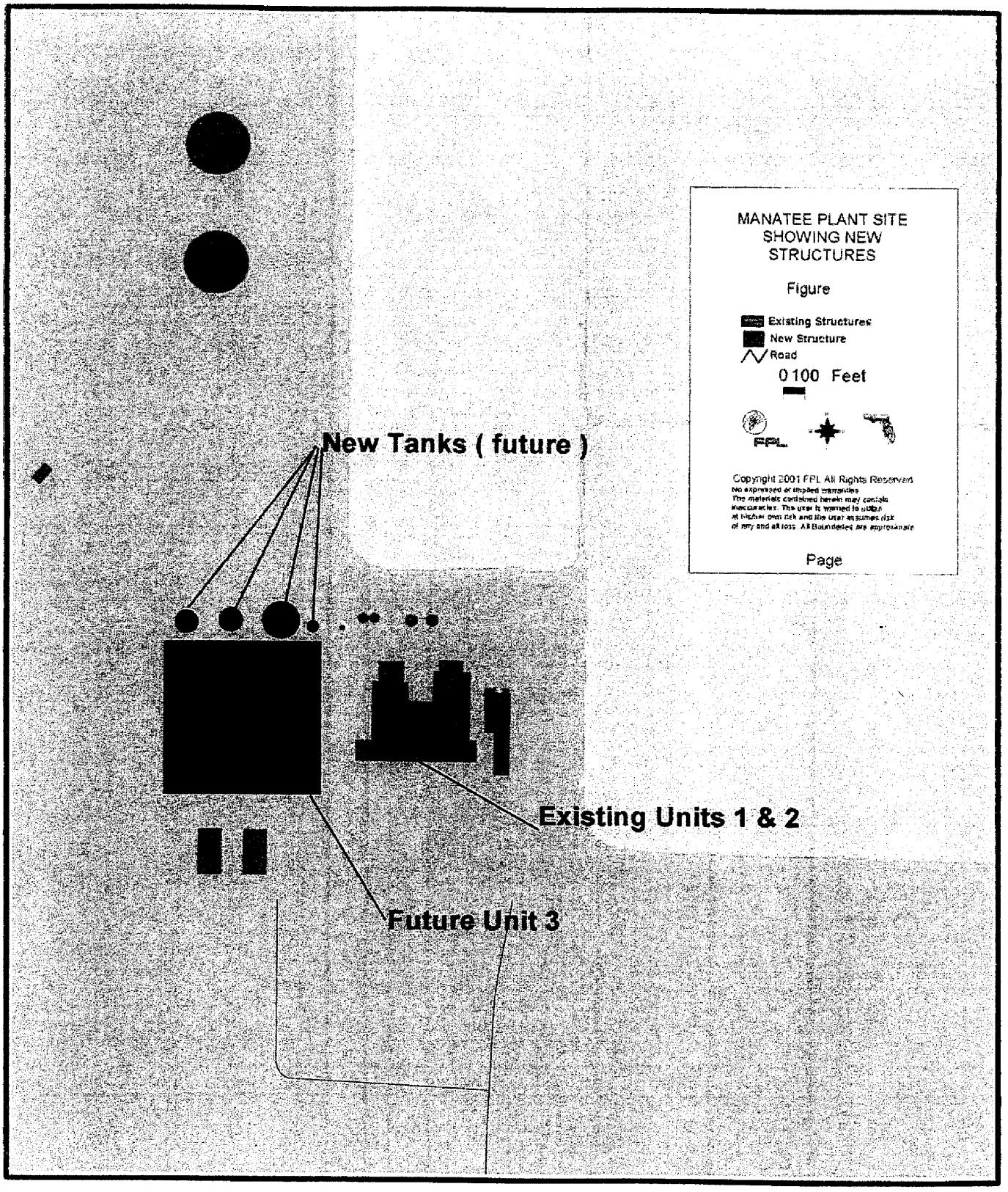
Level 3 Landuse Categories 1995

- Residential Low Density
- Residential Medium Density
- Residential High Density
- Commercial and Services
- Industrial
- Extractive
- Institutional
- Recreational
- Open Land
- Cropland and Pastureland
- Tree Crops
- Feeding Operations
- Nurseries and Vineyards
- Specialty Farms
- Other Open Lands <Rural>
- Herbaceous
- Shrub and Brushland
- Mixed Rangeland
- Upland Coniferous Forests
- Upland Hardwood Forests
- Tree Plantations
- Streams and Waterways
- Lakes
- Reservoirs
- Bays and Estuaries
- Major Springs
- Slough Waters
- Oceans Seas and Gulfs
- Wetland Hardwood Forests
- Wetland Coniferous Forests
- Wetland Forested Mixed
- Vegetated Non-Forested Wetlands
- Non-Vegetated
- Wetland Shrub
- Beaches OtherThan Swimming Beaches
- Sand Other Than Beaches
- Exposed Rock
- Disturbed Lands
- Riverine Sandbars
- Transportation
- Communications
- Utilities
- Vegetation-Sea Grass

Figure

Page

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MANATEE PLANT SITE
SHOWING NEW
STRUCTURES
Figure
Existing Structures
New Structure
Road
0 100 Feet
FPL
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Page
New Tanks (future)
Existing Units 1 & 2
Future Unit 3

County Hwy 579
HILLSBOROUGH COUNTY
MANATEE COUNTY
US 301
STATE RD 62
Manatee Limits
MANATEE PLANT
SITE AREA
Figure
Buildings/Structures
Plant Site Boundary
Road
0900 Feet
FPL
Page

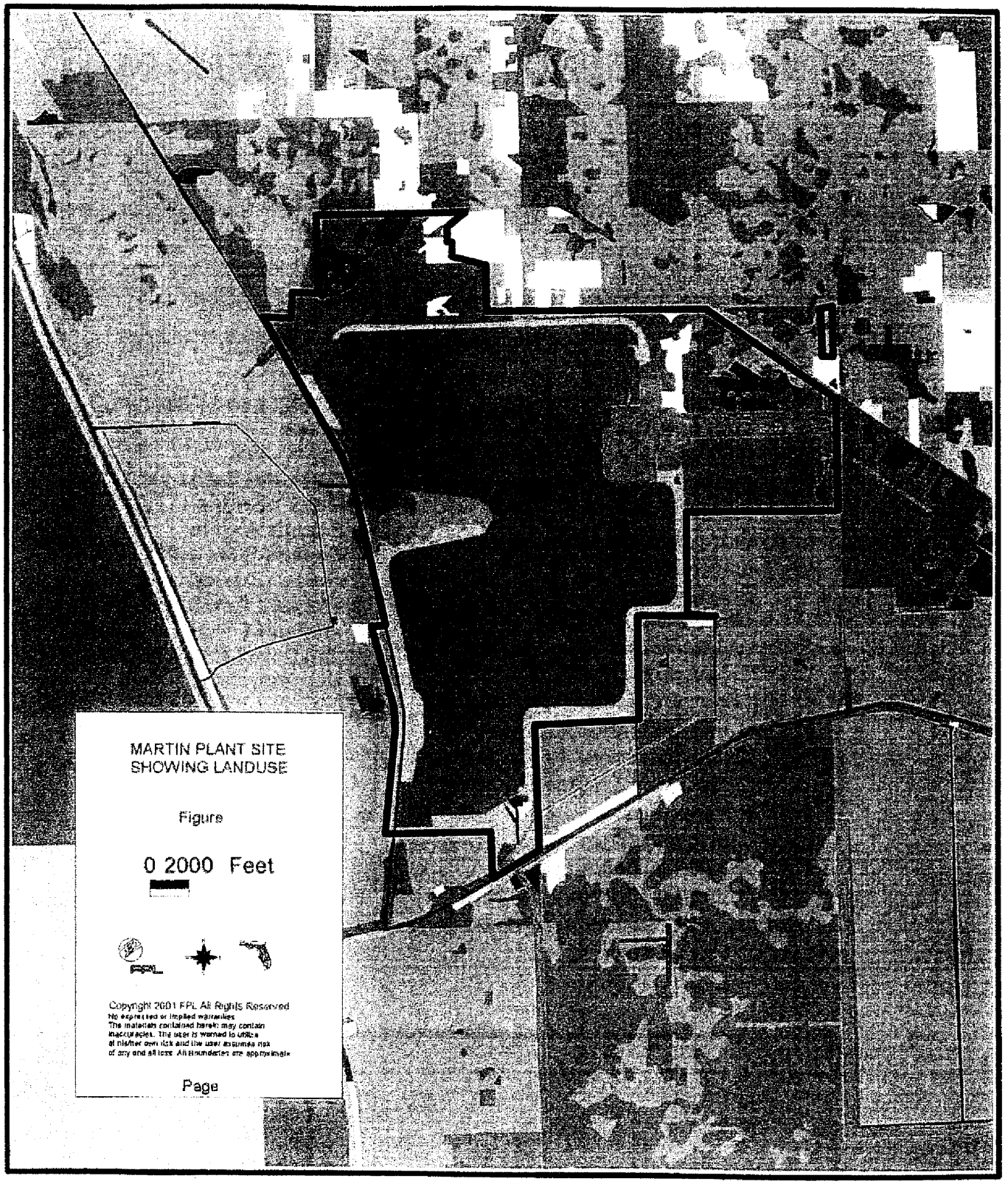
D192

Environmental and Land Use Information:

Supplemental Information

Preferred Site: Martin

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MARTIN PLANT SITE
SHOWING LANDUSE
Figure
0 2000 Feet
FPL
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Page

LEGEND FOR LANDUSE MAPS

Plant Site Boundary

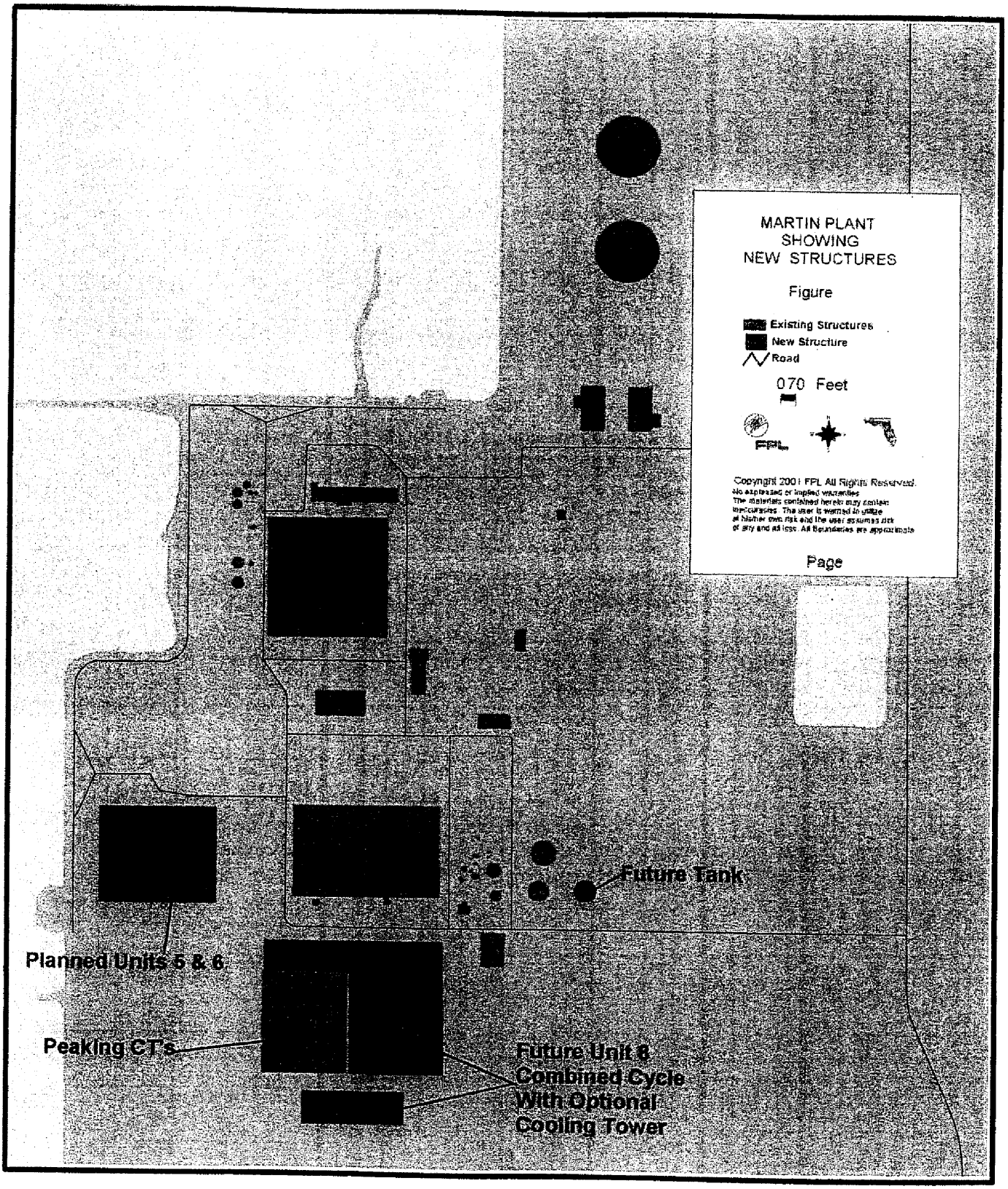
Level 3 Landuse Categories 1995

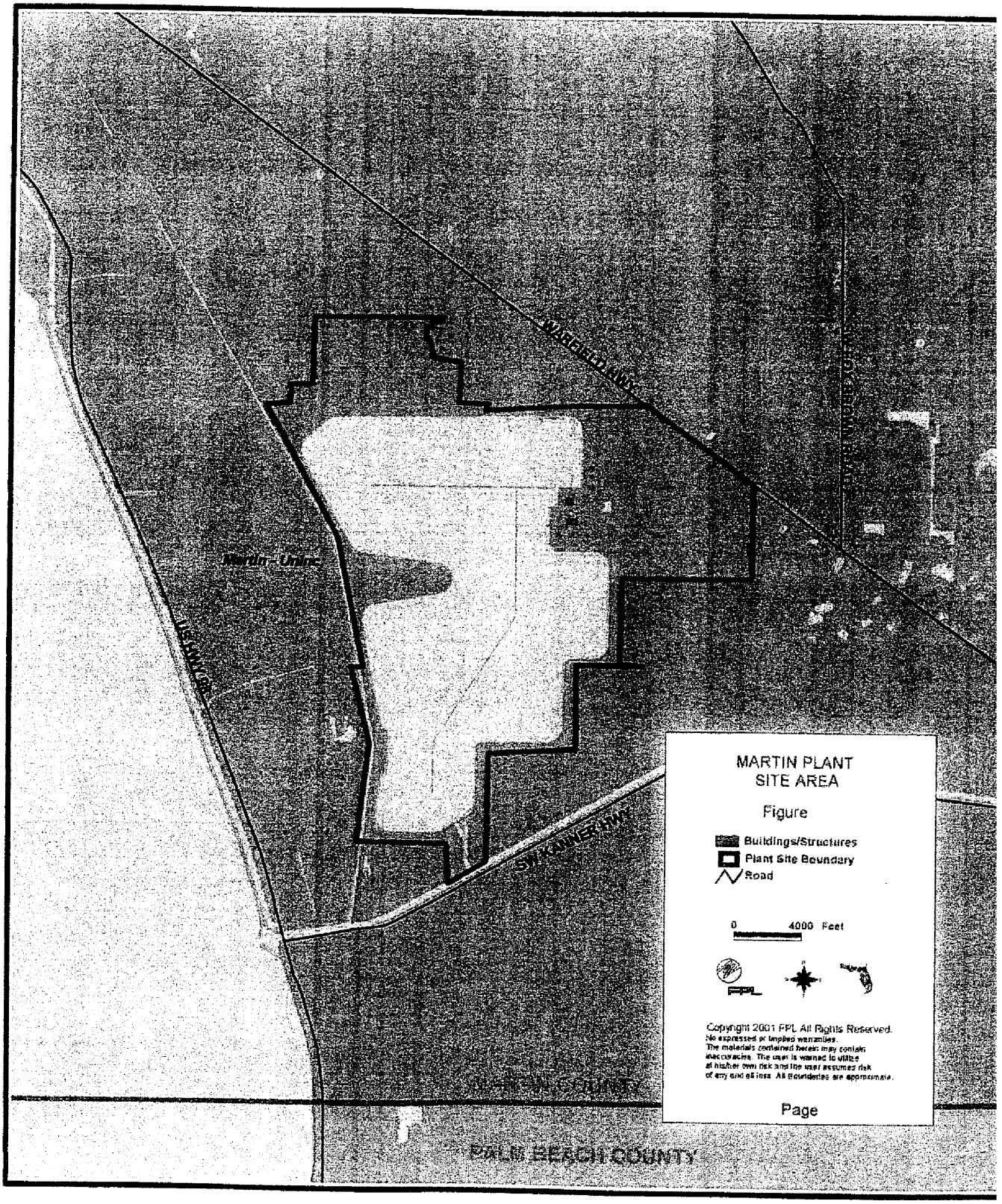
- Residential Low Density
- Residential Medium Density
- Residential High Density
- Commercial and Services
- Industrial
- Extractive
- Institutional
- Recreational
- Open Land
- Cropland and Pastureland
- Tree Crops
- Feeding Operations
- Nurseries and Vineyards
- Specialty Farms
- Other Open Lands <Rural>
- Herbaceous
- Shrub and Brushland
- Mixed Rangeland
- Upland Coniferous Forests
- Upland Hardwood Forests
- Tree Plantations
- Streams and Waterways
- Lakes
- Reservoirs
- Bays and Estuaries
- Major Springs
- Slough Waters
- Oceans Seas and Gulfs
- Wetland Hardwood Forests
- Wetland Coniferous Forests
- Wetland Forested Mixed
- Vegetated Non-Forested Wetlands
- Non-Vegetated
- Wetland Shrub
- Beaches OtherThan Swimming Beaches
- Sand Other Than Beaches
- Exposed Rock
- Disturbed Lands
- Riverine Sandbars
- Transportation
- Communications
- Utilities
- Vegetation-Sea Grass

Figure

Page

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MARTIN PLANT
SHOWING
NEW STRUCTURES
Figure
Existing Structures
New Structure
Road
070 Feet
FPL
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Page
Future Tank
Planned Units 5 & 6
Peaking CTs
Future Unit 8
Combined Cycle
With Optional
Cooling Tower

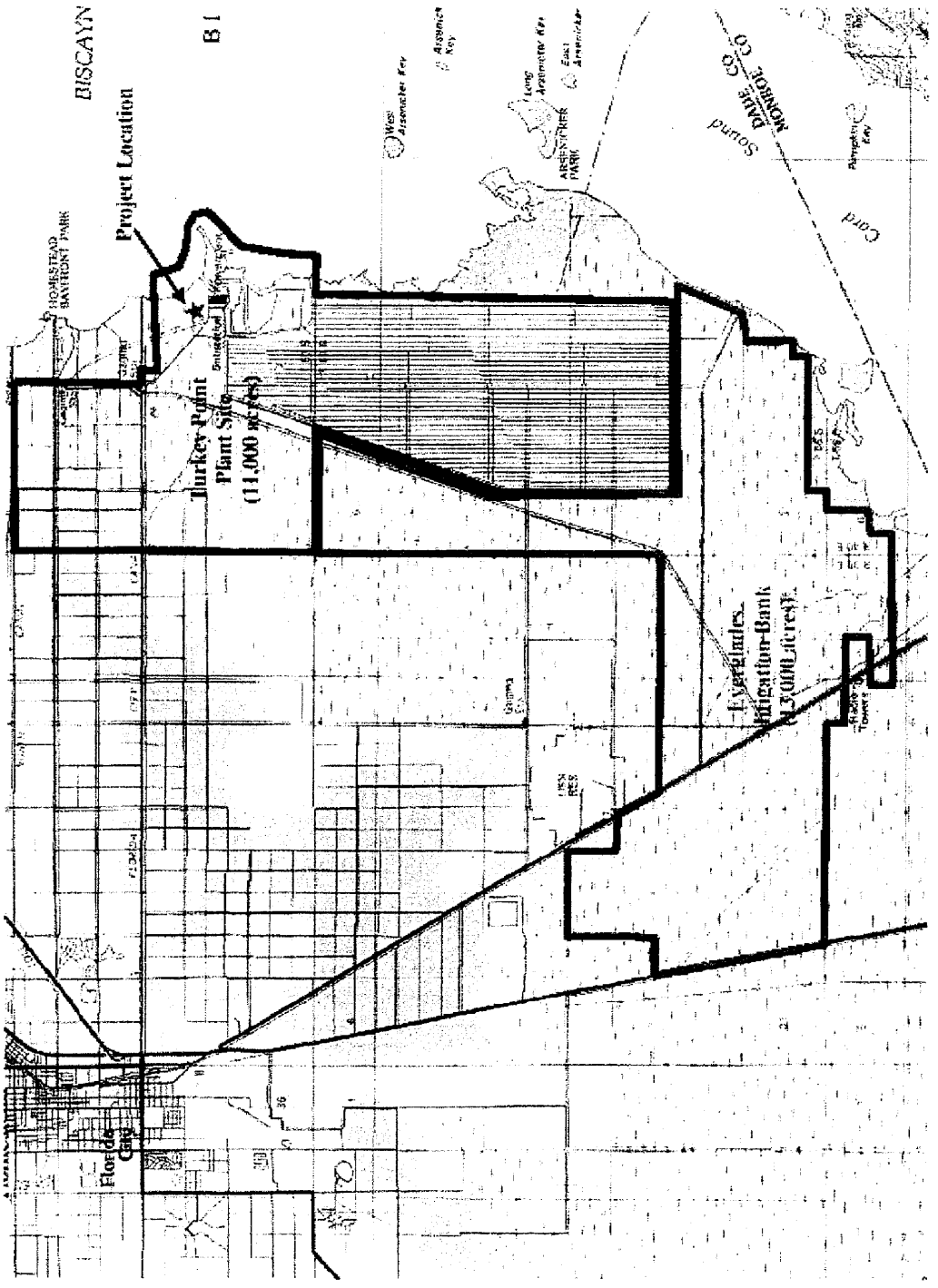

MARTIN PLANT
SITE AREA
Figure
Buildings/Structures
Plant Site Boundary
Road
0
4000 Feet
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Page
MARTIN COUNTY
PALM BEACH COUNTY
SW KANNER HWY
US HWY 98
Martin Units

Environmental and Land Use Information:

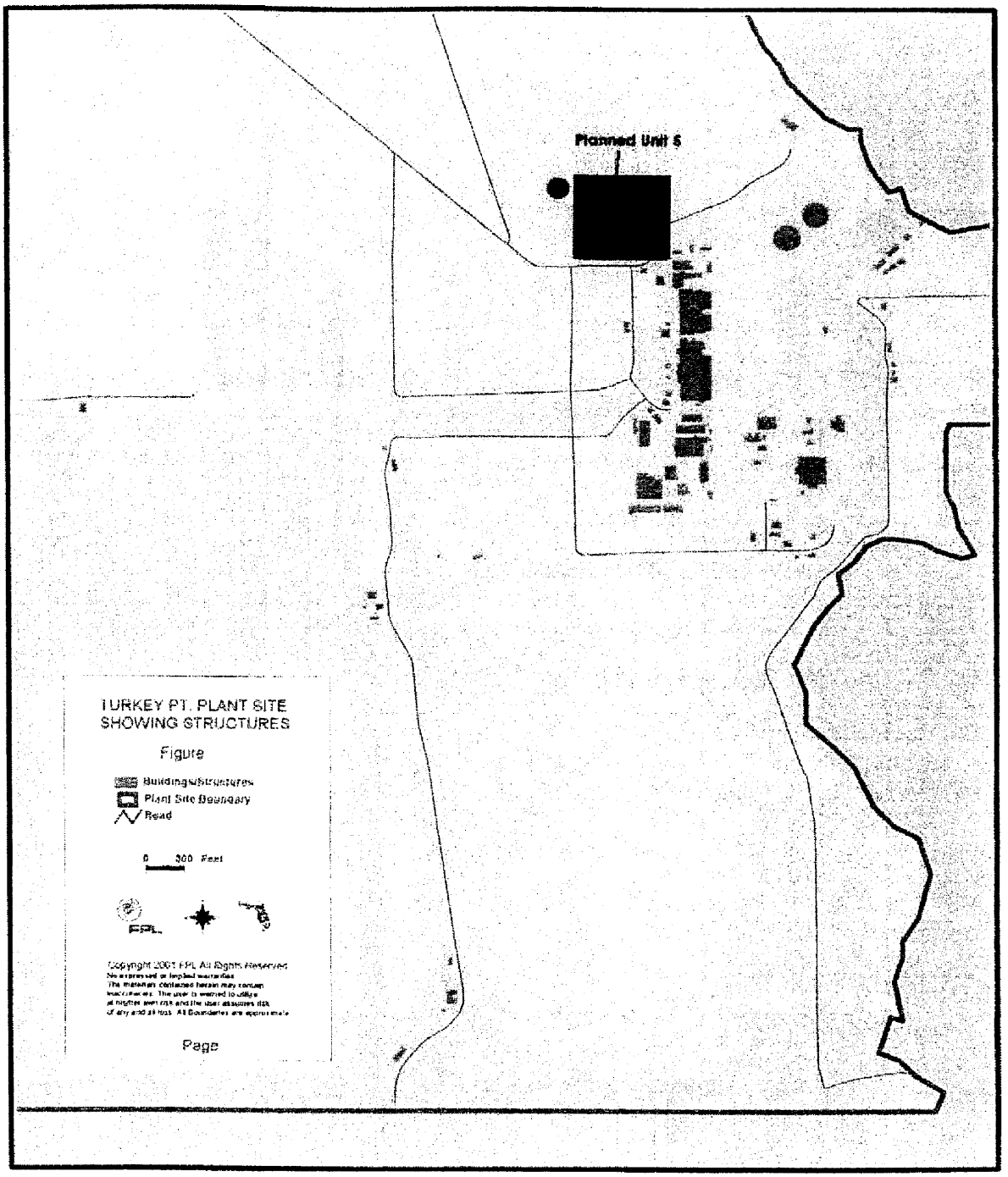
Supplemental Information

Preferred Site: Turkey Point

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BISCAYN
Project Location
Turkey Point
Plant Site
(11,000 acres)
Everglades
Mitigation Bank
(13,000 acres)
Florida
City
Card
Sound
DADE CO.
MONROE CO.

LEGEND
FLORIDA POWER & LIGHT
FIGURE 2.2-2
TURKEY POINT
FUTURE LAND USE MAP
FPL


Planned Unit 5
TURKEY PT. PLANT SITE
SHOWING STRUCTURES
Figure
Buildings/Structures
Plant Site Boundary
Road
0 300 Feet
Page

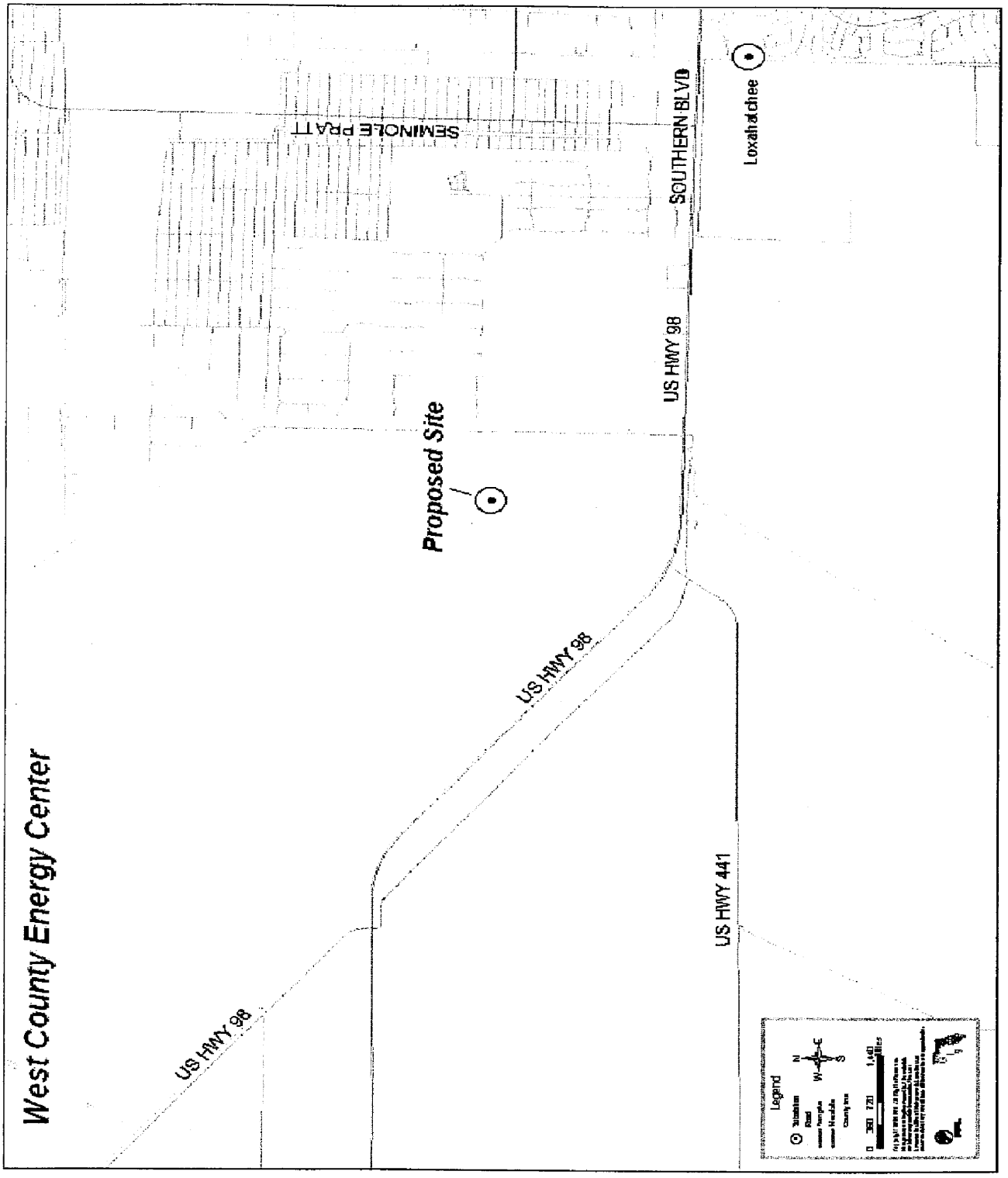
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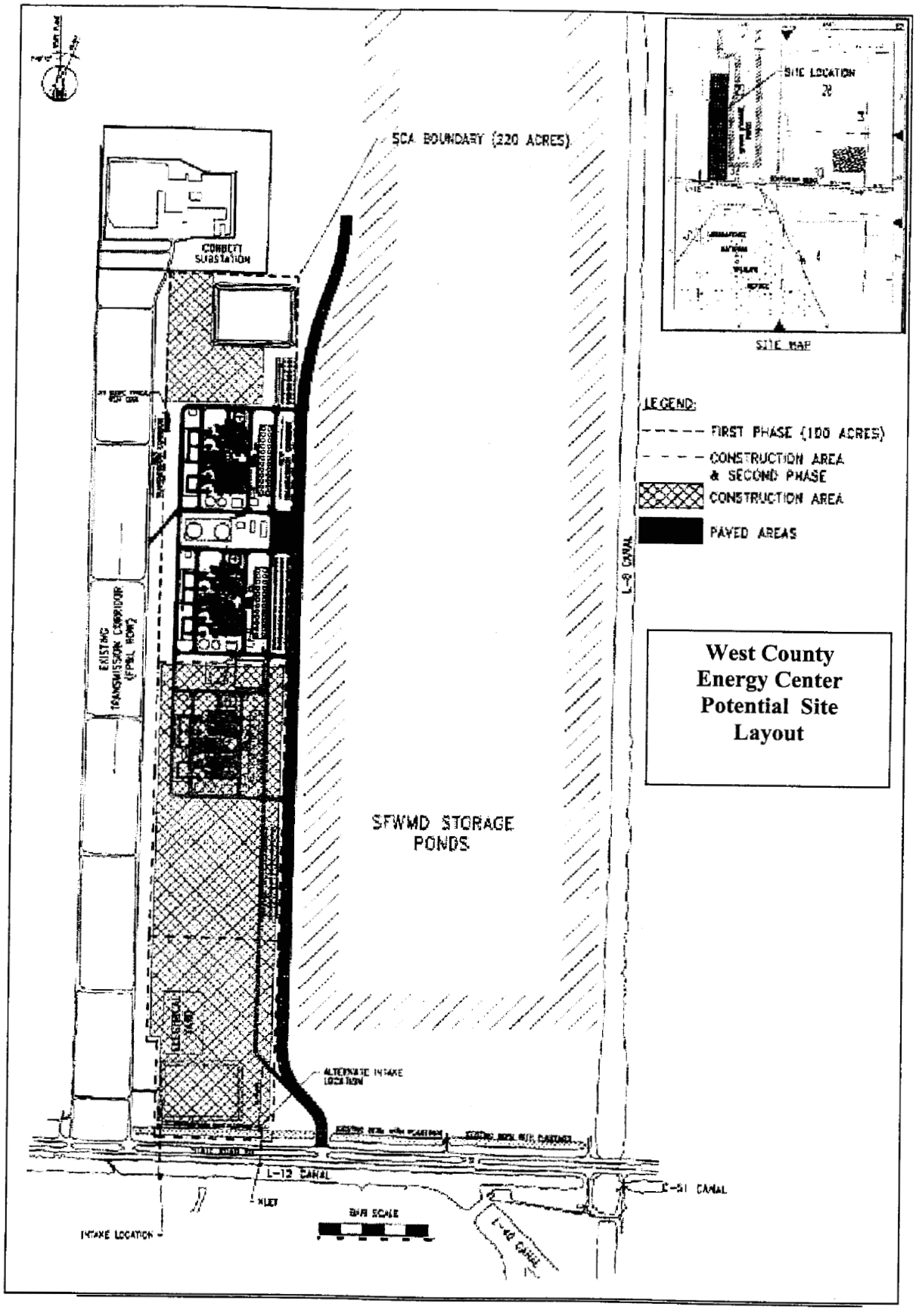
Environmental and Land Use Information:

Supplemental Information

Preferred Site: West County Energy Center

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West County Energy Center
Proposed Site
SEMINOLE PRATT
SOUTHERN BLVD
Loxahatchee
US HWY 98
US HWY 98
US HWY 441
US HWY 98
Legend

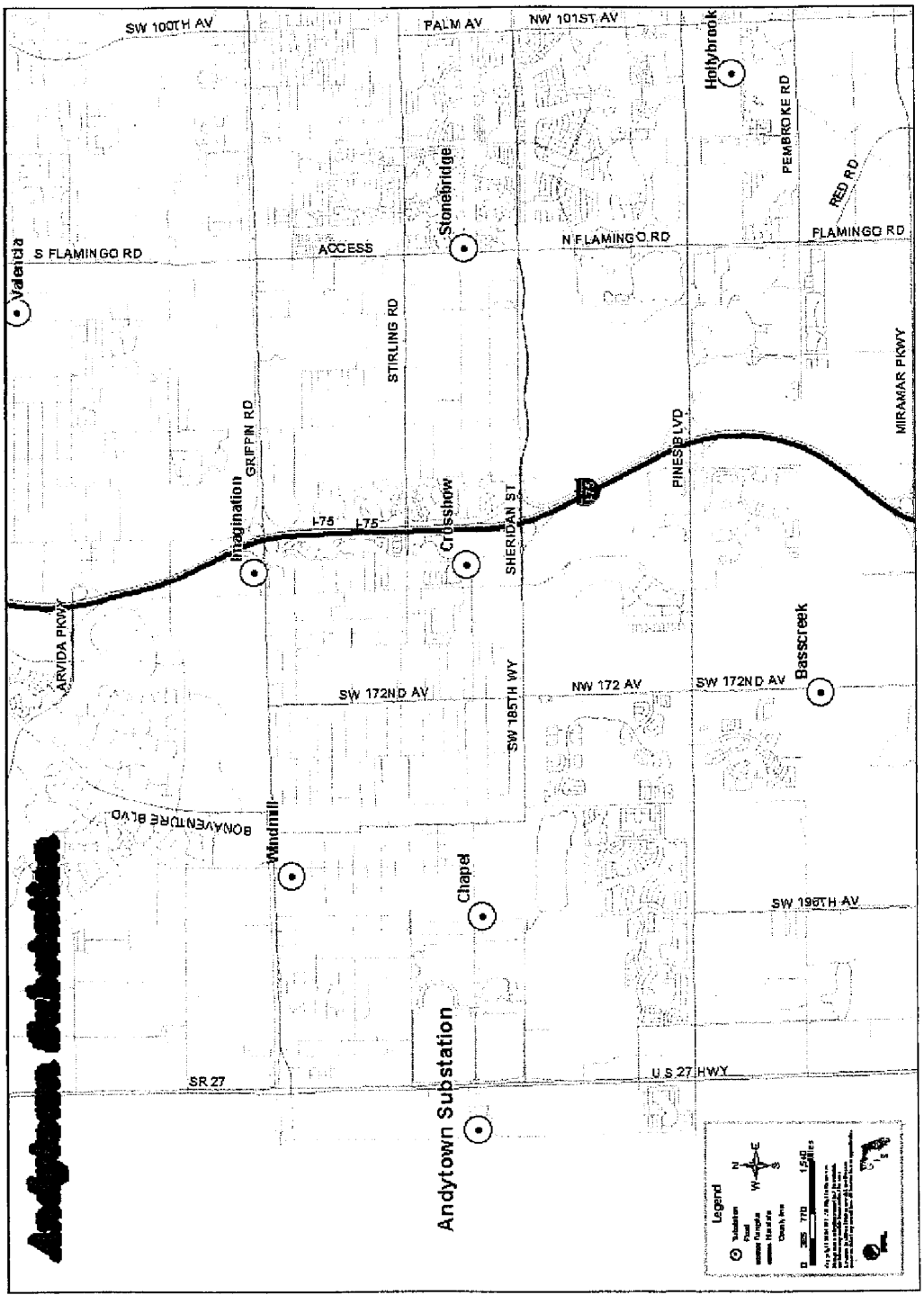

SCA BOUNDARY (220 ACRES)
CORBETT SUBSTATION
EXISTING TRANSMISSION CORRIDOR (FP&L ROW)
SFWMD STORAGE PONDS
L-9 CANAL
L-12 CANAL
L-51 CANAL
L-40 CANAL
ALTERNATE INTAKE LOCATION
INTAKE LOCATION
OUTLET
BAR SCALE
SITE LOCATION
SITE MAP
LEGEND:
FIRST PHASE (100 ACRES)
CONSTRUCTION AREA & SECOND PHASE
CONSTRUCTION AREA
PAVED AREAS
West County Energy Center Potential Site Layout

Environmental and Land Use Information:

Supplemental Information

Potential Site: Andytown

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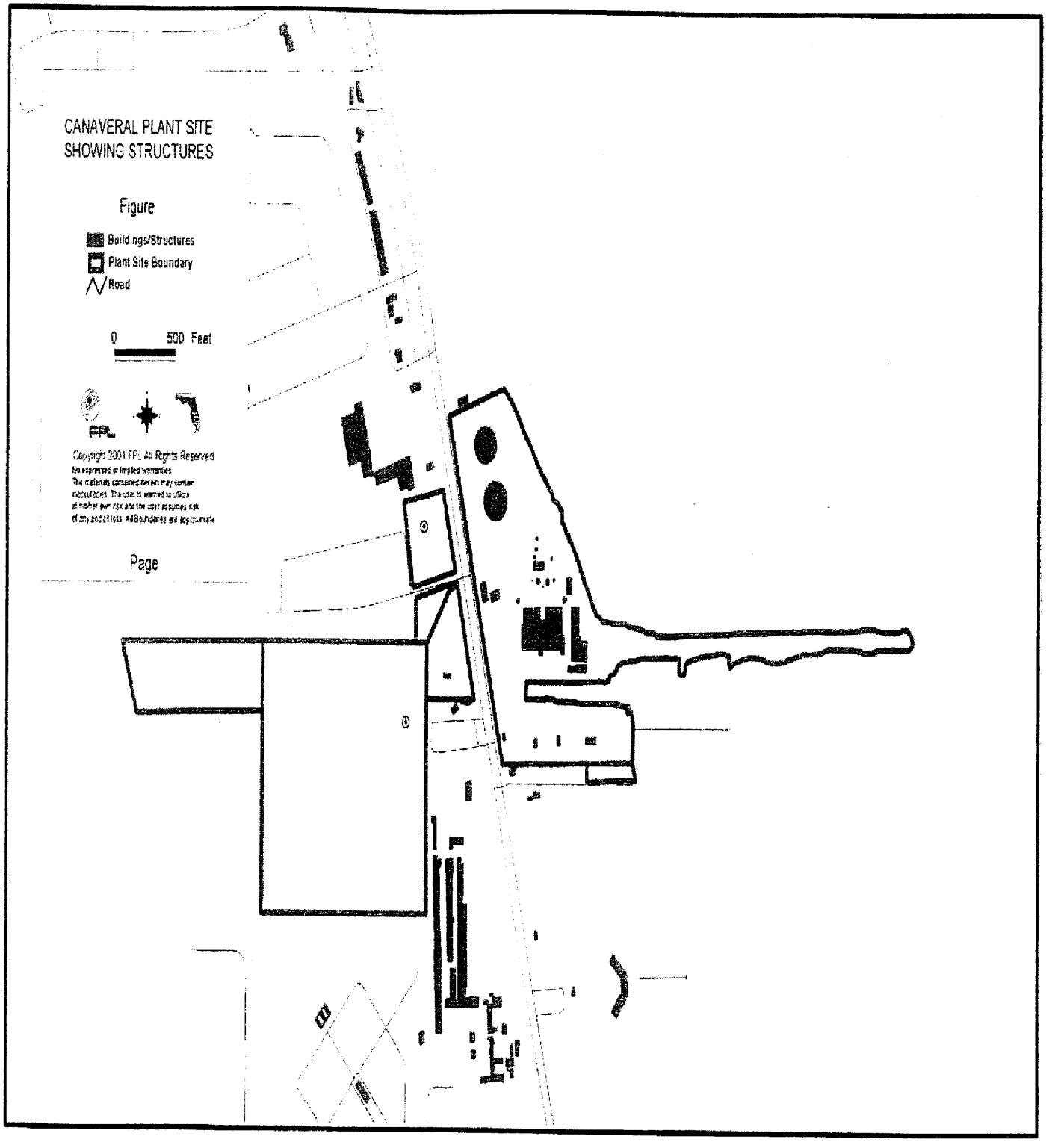

SW 100TH AV
PALM AV
NW 101ST AV
Hollybrook
PEMBROKE RD
RED RD
Stonebridge
S FLAMINGO RD
ACCESS
N FLAMINGO RD
FLAMINGO RD
Valeida
STIRLING RD
MIRAMAR PKWY
GRIFFIN RD
PINES BLVD
Imagination
I-75
I-75
Crossbow
SHERIDAN ST
ARVIDA PKWY
SW 172ND AV
SW 185TH WY
NW 172 AV
SW 172ND AV
Basscreek
BONAVENTURE BLVD
Windmill
Chapel
SW 196TH AV
Andytown Substation
SR 27
U.S 27 HWY
Legend

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Environmental and Land Use Information:
Supplemental Information

Potential Site: Cape Canaveral

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CANAVERAL PLANT SITE
SHOWING STRUCTURES
Figure
Buildings/Structures
Plant Site Boundary
Road
0
500 Feet
FPL
Page

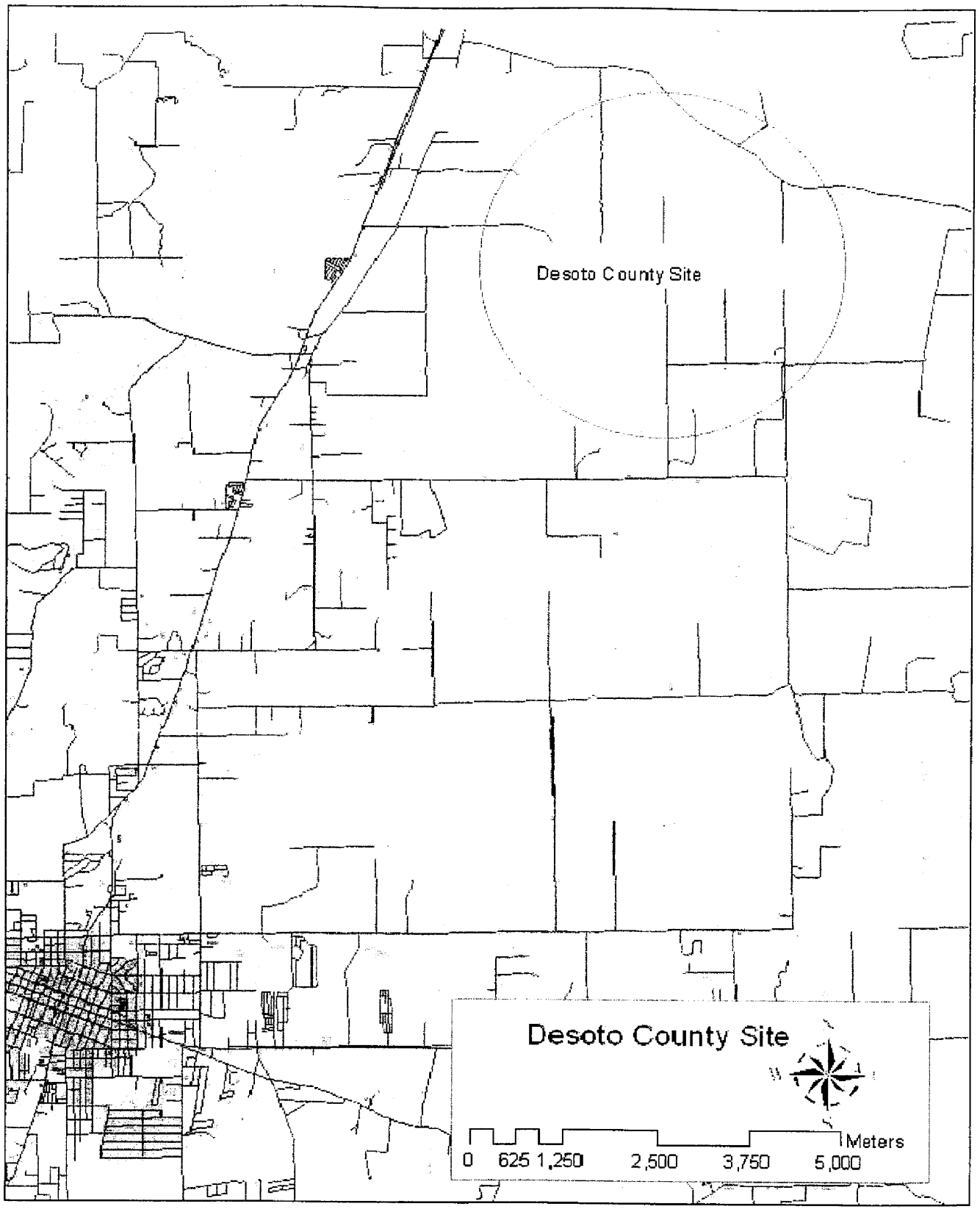
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Environmental and Land Use Information:

Supplemental Information

Potential Site: Desoto

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Desoto County Site
Desoto County Site
Meters
0 625 1,250 2,500 3,750 5,000

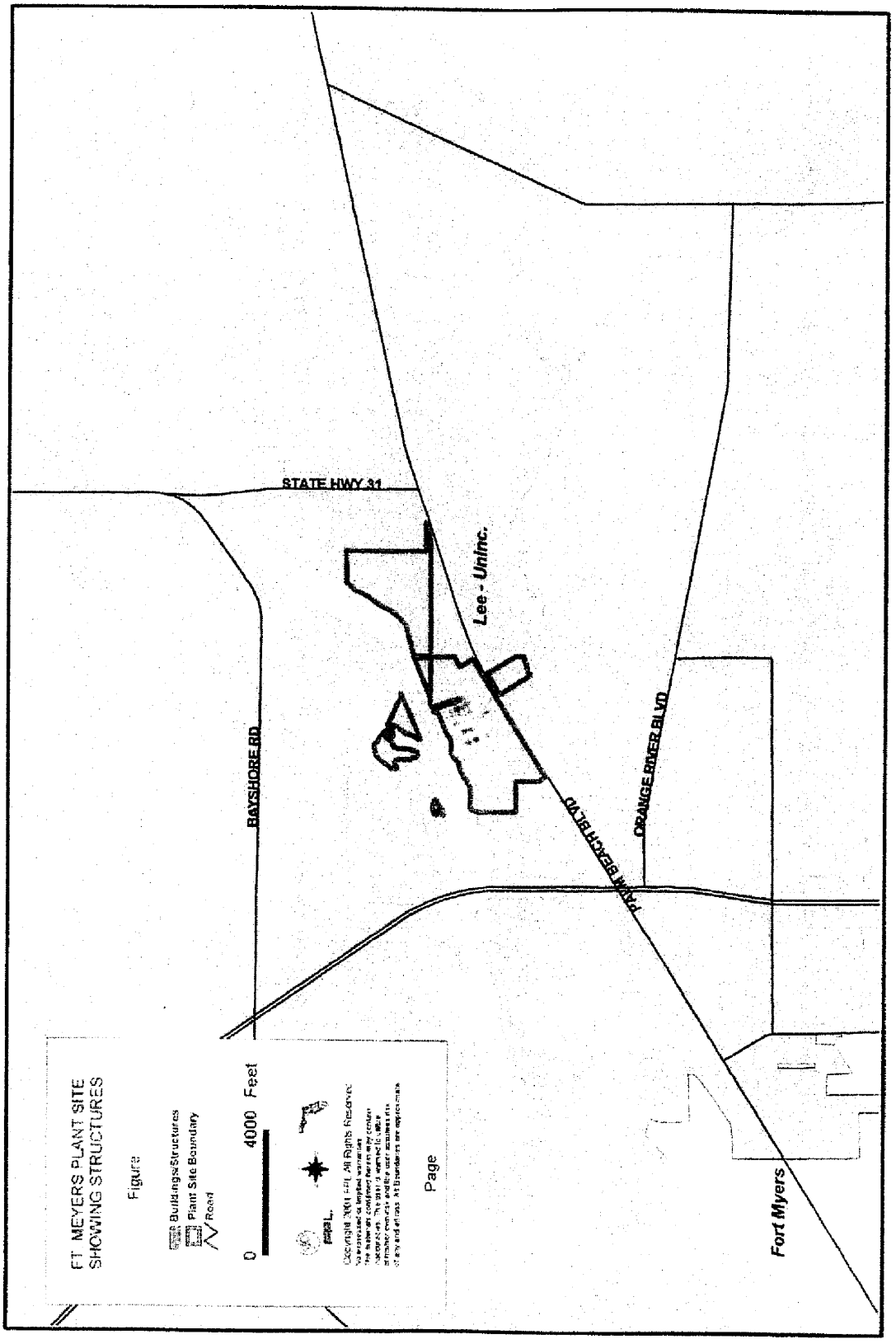
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Environmental and Land Use Information:

Supplemental Information

Potential Site: Ft. Myers

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FT MEYERS PLANT SITE
SHOWING STRUCTURES
Figure
Buildings/Structures
Plant Site Boundary
Road
0
4000 Feet
Page
STATE HWY 31
BAYSHORE RD
Lee - UnInc.
PALM BEACH BLVD
ORANGE RIVER BLVD
Fort Myers

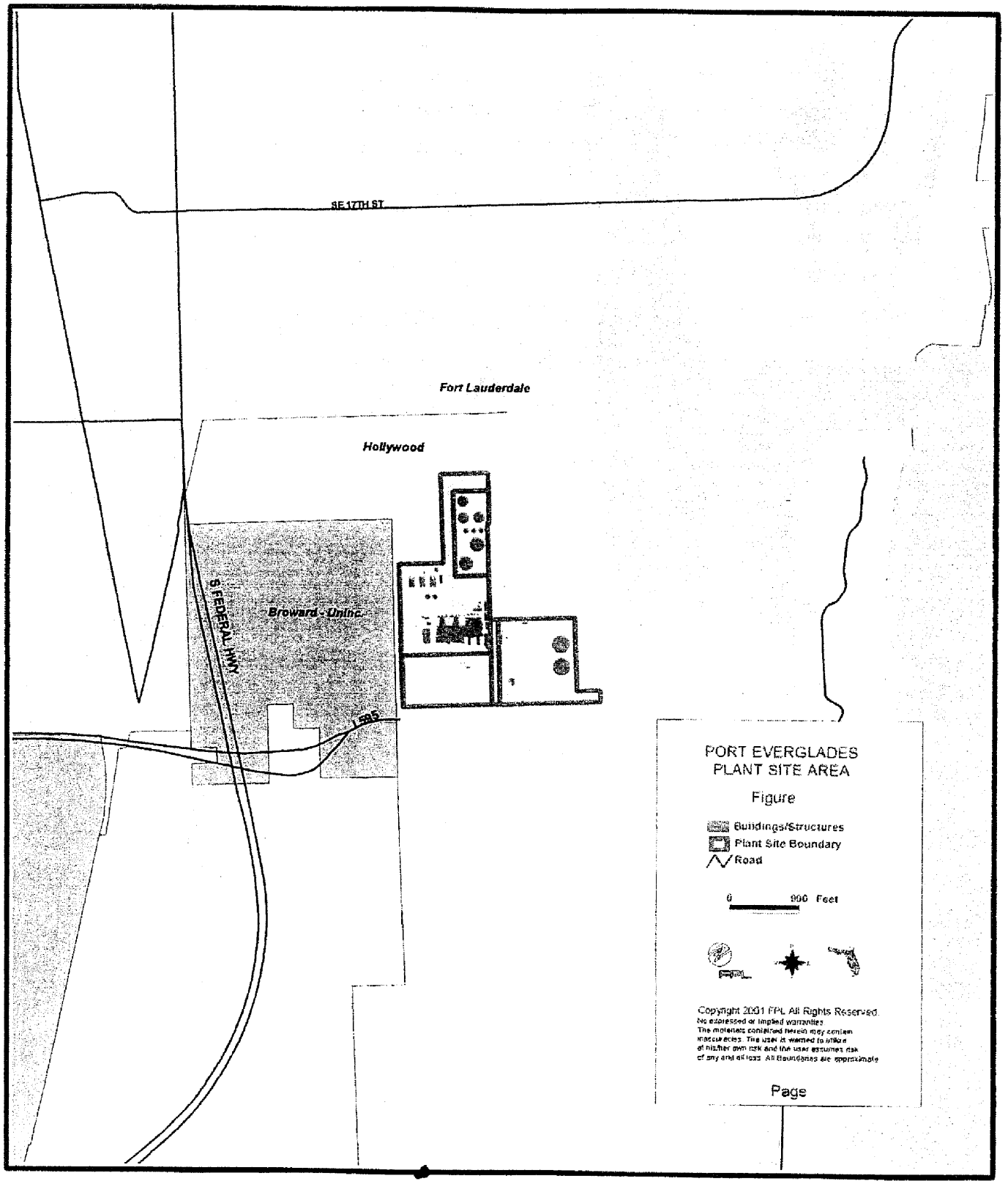
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Environmental and Land Use Information:

Supplemental Information

Potential Site: Port Everglades

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SE 17TH ST
Fort Lauderdale
Hollywood
Broward - Unincorporated
S FEDERAL HWY
I-595
PORT EVERGLADES
PLANT SITE AREA
Figure
Buildings/Structures
Plant Site Boundary
Road
0
900 Feet
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Page

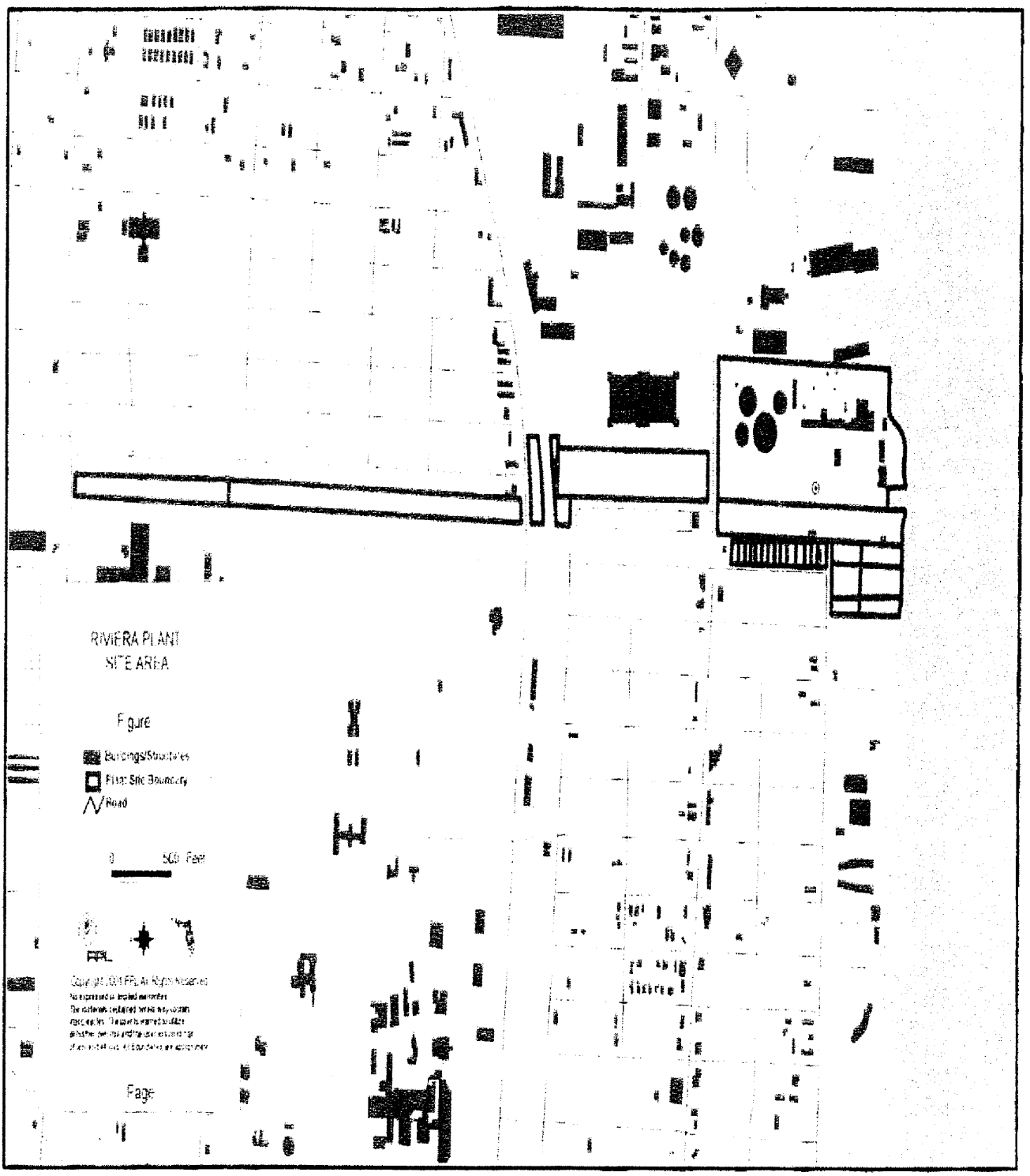
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Environmental and Land Use Information:

Supplemental Information

Potential Site: Riviera Plant

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RIVIERA PLANT
SITE AREA
Figure
Buildings/Structures
Plant Site Boundary
Road
0
500 Feet
FPL
Page

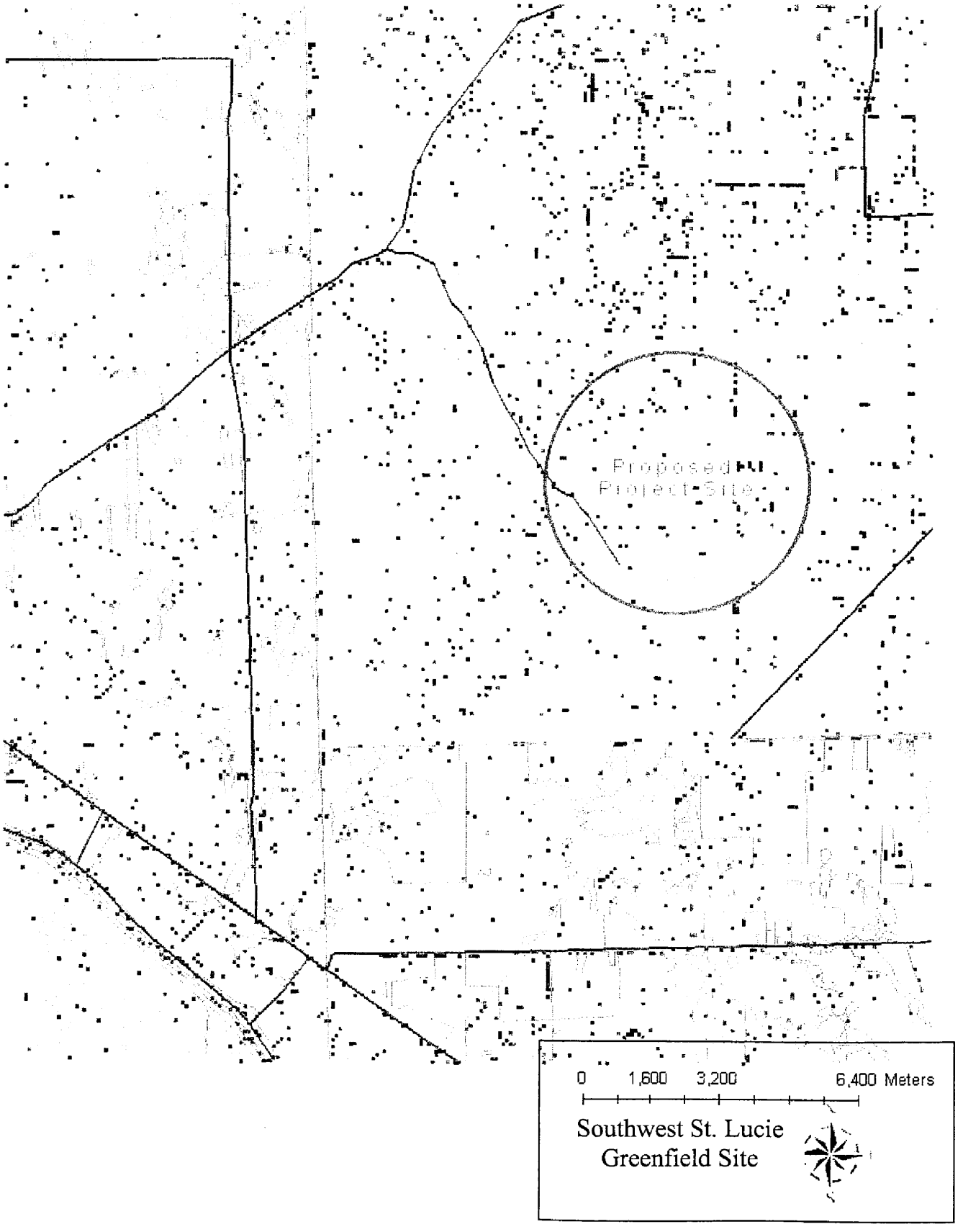
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Environmental and Land Use Information:

Supplemental Information

Preferred Site: Southwest St. Lucie County Greenfield Site

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Proposed
Project Site
0
1,600
3,200
6,400 Meters
Southwest St. Lucie
Greenfield Site

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CHAPTER V

Other Planning Assumptions & Information

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Introduction

The Florida Public Service Commission (FPSC), in Docket No. 960111-EU, specified certain information that was to be included in an electric utility's Ten Year Power Plant Site Plan filing. Among this specified information was a group of 12 items listed under a heading entitled "Other Planning Assumptions and Information". These 12 items basically concern specific aspects of a utility's resource planning work. The FPSC requested a discussion or a description of each of these items.

These 12 items are addressed individually below as separate "Discussion Items".

Discussion Item # 1: Describe how any transmission constraints were modeled and explain the impacts on the plan. Discuss any plans for alleviating any transmission constraints.

FPL's resource planning work considers two types of transmission limitations/constraints. External limitations deal with FPL's ties to its neighboring systems. Internal limitations deal with the flow of electricity within the FPL system.

The external limitations are important since they affect the development of assumptions for the amount of external assistance which is available to the FPL system and the amount and price of economy energy purchases. Therefore, these external limitations are incorporated both in the reliability analysis and economic analysis aspects of resource planning. The amount of external assistance which is assumed to be available is based on the projected transfer capability to FPL from outside its system as well as historical levels of available assistance. In its reliability analyses, FPL models this amount of external assistance as an additional generator within FPL's system which provides capacity in all but the peak load months. The assumed amount and price of economy energy are based on historical values and projections from production costing models.

Internal transmission limitations are addressed by identifying potential geographic locations for potential new units that may not adversely impact such limitations. The internal transmission limitations are also addressed by developing the direct costs for siting new units at different locations, and by, evaluating the cost impacts created by the new unit/unit location combination on the operation of existing units in the FPL system. Both site- and system-related transmission costs are developed for each different unit/unit location option or groups of options.

FPL's annual transmission planning work determines transmission additions needed to address limitations and to maintain/enhance system reliability. FPL's transmission plans are presented in Section III.E.

Discussion Item # 2: Discuss the extent to which the overall economics of the plan were analyzed. Discuss how the plan is determined to be cost-effective. Discuss any changes in the generation expansion plan as a result of sensitivity tests to the base case load forecast.

FPL typically performs economic analyses of competing resource plans using as an economic criterion FPL's levelized system average electric rates (i.e., a Rate Impact Measure or RIM approach). In addition, for analyses in which DSM levels are not changed, FPL uses the equivalent criterion of the cumulative present value of revenue requirements for the FPL system.[2]

No sensitivity case analyses based on different load forecasts were carried out during FPL's most recent planning work. This is due to the fact that the construction options projected for the earliest need years of 2009 and 2010 are combustion turbine-based combined cycle (CC) technology. If higher–than–projected loads begin to appear, the combustion turbine components of the CC options could be placed in service early in simple cycle mode. FPL believed that this fact qualitatively enables it to be able to address higher-than-projected loads. If lower-than-projected loads appear, these additions can be delayed.

[2] FPL's basic approach in its resource planning work is to base decisions on a lowest electric rate basis. However, when DSM levels are considered a "given" in the analysis, the lowest rate basis and the lowest system revenue requirements basis are identical. In such cases (as in FPL's current resource planning work), FPL evaluates options on the simpler – to – calculate (but equivalent) lowest system revenue requirements basis.

Discussion Item # 3: Explain and discuss the assumptions used to derive the base case fuel forecast. Explain the extent to which the utility tested the sensitivity of the base case plan to high and low fuel price scenarios. If high and low fuel price sensitivities were performed, explain the changes made to the base case fuel price forecast to generate the sensitivities. If high and low fuel price scenarios were performed as part of the planning process, discuss the resulting changes, if any, in the generation expansion plan under the high and low fuel price scenario. If high and low fuel price sensitivities were not evaluated, describe how the base case plan is tested for sensitivity to varying fuel prices.

The basic assumptions FPL used in deriving its base case or "Most Likely" fuel price forecast are discussed in Chapter III of this document.

FPL also conducted an analysis of the comparative economics of a plan that included coal-fired generation compared to an all gas-fired plan. In this study FPL utilized high, low, and expected or "most likely" fuel cost forecasts to explore the relative system fuel cost differences between a clean coal plan and a plan that included all gas-fired generation additions. This approach allowed FPL to examine the relative economics of these two different types of plans with fuel cost forecasts that varied the price difference between coal and natural gas. The results of the analyses using these different fuel cost values for coal-fired and gas-fired options is detailed in FPL's *Report on Clean Coal Generation*, presented to the Commission on March 10, 2005.

Discussion Item # 4: Describe how the sensitivity of the plan was tested with respect to holding the differential between oil/gas and coal constant over the planning horizon.

As described above in the answer to Discussion Item # 3, FPL used three fuel forecasts in the comparative economic analysis of clean coal generation. FPL held the coal prices constant, based on the most likely coal price forecast, and developed three natural gas price forecasts (high, low, and expected). The low gas price sensitivity, when compared to the coal price forecast, results in an essentially fixed differential between natural gas prices and coal prices.

Discussion Item # 5: Describe how generating unit performance was modeled in the planning process.

The performance of existing generating units on FPL's system was modeled using current projections for scheduled outages, unplanned outages, capacity output ratings, and heat rate information. Schedule 1 and Schedule 8 present the current and projected capacity output ratings of FPL's existing units. The values used for outages and heat rates are generally consistent with the values FPL has used in planning studies in recent years.

In regard to new unit performance, FPL utilized current projections for the capital costs, fixed and variable operating & maintenance costs, capital replacement costs, construction schedules, heat rates, and capacity ratings for all construction options which were considered in the resource planning work. A summary of this information for the new capacity options FPL projects to add over the planning horizon is presented on the Schedule 9 forms

Discussion Item # 6: Describe and discuss the financial assumptions used in the planning process. Discuss how the sensitivity of the plan was tested with respect to varying financial assumptions.

The key financial assumptions used in FPL's most recent resource planning work were a 45% debt and 55% equity FPL capital structure, projected debt cost of 7.1%, and an equity return of 12.0%. These assumptions resulted in a weighted average cost of capital of 9.8% and an after-tax discount rate of 8.57%. FPL did not test the sensitivity of its resource plan to varying financial assumptions.

Discussion Item # 7: Describe in detail the electric utility's Integrated Resource Planning process. Discuss whether the optimization was based on revenue requirements, rates, or total resource cost.

FPL's integrated resource planning (IRP) process is described in detail in Chapter III of this document.

The standard basis for comparing the economics of competing resource plans in FPL's basic IRP process is the impact of the plans on FPL's electricity rate levels with the intent of minimizing FPL's levelized system average rate (i.e., a Rate Impact Measure or RIM approach). However, in its most recent planning work, FPL utilized both a levelized system

average rate perspective for its DSM Goals and DSM Plan work and the equivalent present value of system revenue requirements perspective when evaluating options that did not result in changes to system DSM levels. (As discussed in response to Discussion Item # 2, both the electricity rate perspective and the cumulative present value of system revenue requirement perspective are identical when DSM levels are unchanged between competing plans.)

Discussion Item # 8: Define and discuss the electric utility's generation and transmission reliability criteria.

FPL uses two system reliability criteria in its resource planning work. One of these is a minimum 20% Summer and Winter reserve margin. The other reliability criterion is a maximum of 0.1 days per year loss-of-load-probability (LOLP). These reliability criteria are discussed in Chapter III of this document.

In regard to transmission reliability, FPL has adopted transmission planning criteria that are consistent with the planning criteria established by the Florida Reliability Coordinating Council (FRCC). The FRCC has adopted transmission planning criteria that are consistent with the planning criteria established by the North American Electric Reliability Council (NERC) in its *Planning Standards*. FPL has applied these planning criteria in a manner consistent with prudent utility practice. The *NERC Planning Standards* are available on the internet (http://www.nerc.com).

In addition, FPL has developed a *Facility Connection Requirements* (FCR) document as well as a *Facility Rating Methodology* document that are also available on the internet (http://floasis.siemens-asp.com/OASIS/FPL/INFO.HTM).

The normal voltage criteria for FPL stations is given below:

Voltage Level (kV)	Vmin (p.u.)	Vmax (p.u.)
69, 115, 138	0.95	1.05
230	0.95	1.06
500	0.95	1.07

There may be isolated cases for which FPL may determine it prudent to deviate from the general criteria stated above. The overall potential impact on customers and the probability of an outage actually occurring, as well as other factors would influence the decision in such cases.

Discussion Item # 9: Discuss how the electric utility verifies the durability of energy savings for its DSM programs.

The impact of FPL's DSM Programs on demand and energy consumption are revised periodically. Engineering models, calibrated with field-metered data, are updated when significant efficiency changes occur in the marketplace. Participation trends are tracked for all of the FPL DSM programs in order to adjust impacts each year for changes in the mix of efficiency measures being installed by program participants.

Survey data is collected from non-participants in order to establish the baseline efficiency. Participant data is compared against non-participant data to establish the demand and energy saving benefits of the utility program versus what would be installed in the absence of the program. Finally, FPL is careful to claim only program savings for the average life of the installed efficiency measure. For these DSM measures which involve the utilization of load management, FPL conducts periodic tests of the load control equipment to ensure that it is functioning correctly.

Discussion Item # 10: Discuss how strategic concerns are incorporated in the planning process.

Among the strategic or non-price factors FPL typically considers when choosing between resource options are the following: (1) fuel diversity; (2) technology risk; (3) environmental risk and (4) site feasibility.

Fuel diversity relates to two concepts, the diversity of sources of fuel (e.g., coal vs. oil vs. natural gas), and the diversity of supply for a single fuel source (for example alternative pipeline suppliers for natural gas). All other factors being equal, supply options that increase diversity in fuel source and/or supply would be favored over those that do not.

Technology risk is an assessment of the relative maturity of competing technologies. For example, a prototype technology which has not achieved general commercial acceptance has a higher risk than a technology in wide use and, therefore, is less desirable.

Environmental risk is an assessment of the relative environmental acceptability of different generating technologies and their associated environmental impacts. Technologies regarded as more acceptable from an environmental perspective for a plan are those which minimize environmental impacts through highly efficient fuel use and state of the art controls (e.g. clean coal technologies versus conventional pulverized coal).

Site feasibility assesses a wide range of economic, regulatory and environmental factors related to successfully developing and operating the specified technology at the site in question. Projects that are more acceptable have sites with few barriers to successful development.

All of these factors play a part in FPL's planning and decisions, including its decisions to construct capacity or to purchase power.

Discussion Item # 11: Describe the procurement process the electric utility intends to utilize to acquire the additional supply-side resources identified in the electric utility's ten-year site plan.

As has been previously discussed, elements of FPL's capacity additions include the construction of new generating capacity at three existing sites: Martin, Manatee, and Turkey Point. These three generation construction projects were selected after evaluating competing bids received in response to three Request for Proposals (RFP's) issued by FPL in mid-2001, mid-2002, and mid-2003 respectively. The decision to construct new combined cycle units at FPL's existing Martin and Manatee sites was subsequently approved by the Florida Public Service Commission (FPSC) in late 2002. The FPSC approved FPL's decision to construct the new combined cycle unit at FPL's existing Turkey Point site in June 2004.

FPL plans to meet its 2008 need with a new short-term purchase agreement from Reliant's Indian River facility. In addition, a 2010–2015 purchase agreement with Southern Company was acquired and has been approved by the FPSC in January 2005.

The construction capacity additions projected in this document for 2009 and beyond will be conducted in a manner consistent with the Commissions Bid Rule through a Request for Proposal (RFP) process. Specifically, FPL intends to publish an RFP in the Summer of 2005 to solicit competitive proposals for comparison to its Next Planned Generating Unit(s) for the

capacity need required in the years 2009-2011. In addition, FPL plans to publish a Clean Coal RFP on or before August 2006 for the capacity need required in the years 2012-2014. It is anticipated that since this Clean Coal RFP is being initiated with a lead time that will support the longer construction schedule of a clean coal plant, this RFP would be restricted to proposals that provide fuel diversity comparable to that of a large coal-fired facility.

Identification of self-build options for 2009 and beyond in FPL's Site Plan is not an indication that FPL has pre-judged any capacity solicitation it may conduct. The identification of future capacity units is required of FPL and represents those alternatives that appear to be FPL's best, most cost-effective self-build options at this time. FPL reserves the right to refine its planning analyses and to identify other self-build options. Such refined analyses have the potential to yield a variety of self-build options, some of which might not require an RFP. If an RFP is issued for supply-side resources, FPL reserves the right to choose the best alternative for its customers, even if that option is not an FPL self-build option.

Discussion Item # 12: Provide the transmission construction and upgrade plans for electric utility system lines that must be certified under the Transmission Line Siting Act (403.52 – 403.536, F. S.) during the planning horizon. Also, provide the rationale for any new or upgraded line.

FPL plans to construct a new transmission line (by December 2005) that is presently being certified under the Transmission Line Siting Act (403.52–403.536, F.S.). The new line will connect FPL's Orange River Substation to FPL's Collier Substation (as shown on Table III.F.1). The certification process for this new line should be completed by the summer of 2004. The construction of this line is necessary to serve existing and future customers in the Collier and Lee County areas in a reliable and effective manner. Additionally, FPL has identified the need for a new 230kV transmission line (by December 2008) that requires certification under the Transmission Line Siting Act (403.52–403.536, F.S.). The new line will connect FPL's St. Johns Substation to FPL's proposed Pringle Substation (also shown on Table III.F.1). The construction of this line is necessary to serve existing and future customers in the Flagler and St. Johns areas in a reliable and effective manner.

FPL's Report on

Clean Coal Generation

Provided to the

Florida Public Service Commission

March 10, 2005



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List of Abbreviations

ACI:	Activated Carbon Injection
AFUDC:	Allowance for Funds Used During Construction
BACT:	Best Available Control Technology
B:	Billion
CAIR:	Clean Air Interstate Rule
CC:	Combined Cycle
CFB:	Circulating Fluidized Bed
CFR:	Code of Federal Regulation
CO_2:	Carbon Dioxide
COD:	Commercial Operation Date
DOE:	Department of Energy
DSM:	Demand Side Management
EPA:	Environmental Protection Agency
ESP:	Electrostatic Precipitator
FGD:	Flue Gas De-Sulfurization
FOM:	Fixed Operation & Maintenance Costs
FPSC:	Florida Public Service Commission
Hg:	Mercury
HHV:	Higher Heating Valve
IGCC:	Integrated Gasification Combined Cycle
IRP:	Integrated Resource Planning
LAER:	Lowest Achievable Emissions Rate
LNG:	Liquefied Natural Gas
MACT:	Maximum Achievable Control Technology
MM:	Million
MMBtu:	Million British thermal unit
NAAQS:	National Ambient Air Quality Standards
NG	Natural Gas
NOx:	Nitrogen Oxides

NPDES:	National Pollutant Discharge Elimination System
NPGU:	Next Planned Generating Unit
NSPS:	New Source Performance Standards
OFA:	Overfire Air
O&M:	Operation & Maintenance Costs
PC:	(Subcritical) Pulverized Coal
PSD:	Prevention of Significant Deterioration
PVRR:	Present Value Revenue Requirements
RFP:	Request for Proposal
SCPC:	Super Critical Pulverized Coal
SCR:	Selective Catalytic Reduction
SIP:	State Implementation Plan
SO_2:	Sulfur Dioxide
TMDL:	Total Maximum Daily Loads
TYSP:	Ten Year Site Plan
VOM:	Variable Operation & Maintenance Costs
WESP:	Wet Electrostatic Precipitator

Executive Summary

Clean Coal Generation Study Report

This Report summarizes the findings of a study FPL performed to ascertain the effect of adding clean coal technology[1] generating units to FPL's generation portfolio, as an alternative to adding only natural gas-fired generation units in the future to meet the needs of FPL's customers.

The Report presents a range of projected net benefits and costs that would be associated with the addition of clean coal generating units and describes the economic analysis performed as part of the study. Key areas of uncertainty related to clean coal generation that could significantly affect the eventual outcome of adding clean coal generation are identified.

The Report explains why FPL concludes that adding clean coal generation is in the best interest of its customers and should be pursued. It also describes what approvals we will seek from the Commission regarding potential outcomes related to the key areas of uncertainty. The types of events and conditions that could cause FPL to defer the effort to add clean coal generation are also discussed.

The Report describes our review of potential clean coal technologies and explains the basis for the selection of supercritical pulverized coal technology as the best clean coal generation choice for FPL's customers, for implementation in 2012 and 2013. It explains the criteria used and the process followed to evaluate candidate sites for clean coal generation additions in this time frame and outlines the steps that will be taken to add clean coal capacity to our generation portfolio beginning in 2012.

In addition, the Report describes coal and petroleum coke sources and characteristics; discusses fuel transportation and delivery issues and costs; explains existing and potential future environmental requirements, compliance alternatives and projected costs; and discusses other government requirements and issues of public interest related to clean coal generation additions.

Reasons for FPL to Add Clean Coal Generation

Maintaining a balanced mix of fuel sources enhances system reliability and helps stabilize the cost of electricity to FPL's customers. By limiting the dependence on any one type of fuel, the effect of a rise in the price of any single fuel on the price of electricity can be mitigated. Similarly, having a diverse fuel mix reduces the effect that an interruption in physical supply or delivery of a specific fuel type could have on our ability to meet our customers' need for electricity. A diverse generation portfolio with a

[1] "Clean coal technology" describes a new generation of energy processes that sharply reduce air emissions and other pollutants compared to older coal burning systems. (excerpt from www.fossil.energy.gov/programs/powersystems/cleancoal/)

variety of technologies also reduces the effect that design or operation problems in one technology could have on system reliability.

Shaping FPL's Diverse Fuel Mix

In the early 1980's FPL was highly dependent on fuel oil-fired generation for serving its customers. As a result, the rise in oil prices that followed the second "oil shock" of 1979 resulted in a significant increase in the price of electricity. Since then, FPL completed St. Lucie Unit 2 which added over 800 MW of nuclear capacity, and added coal-fired generation through its partial ownership interest in, and firm capacity purchase from, St. Johns River Power Park (SJRPP), its partial ownership interest in Scherer Unit 4, its "coal-by-wire" UPS firm coal generation capacity purchase contract with Southern Company, and other firm coal generation capacity contracts with Indiantown Cogeneration L.P., Cedar Bay Generating Co., and Florida Crushed Stone.

During the past ten years FPL has also realized the benefits offered by natural gas fired generation. Combined cycle units offer very low levels of air emissions, as well as low capital costs and high levels of efficiency. These characteristics, combined with the low natural gas prices that existed during the 1990s, made these gas-fired units the most cost-effective choice for our customers. Because of these advantages, FPL added 4,732 MW of gas-fired generation between 1994 and 2004, and will add another 3,038 MW of gas-fired generation by 2007. Moreover, it is anticipated that we will purchase or self-build an additional 2,200 MW of gas-fired capacity between 2009 and 2011 to meet growing customer demand.

Future Generation Capacity Diversity

However, if we continue to add gas-fired generation exclusively through 2013, almost two-thirds of the electricity delivered to our customers in 2013 would be generated using natural gas, while only 12% would be provided by coal. On the other hand, if 1,700 MW of clean coal generation capacity were to be added instead of adding only gas generation, the contribution made by natural gas in 2013 would decrease to 54%, while that of coal would increase to 22%. This latter scenario would provide a more balanced generation portfolio, with a significant hedge against future high gas prices, for the benefit of our customers.

In the last few years, natural gas prices have risen significantly and have become increasingly volatile. By contrast, the price of coal has remained relatively stable. In the future, gas prices are projected to remain significantly higher and more volatile than coal prices. Based on this difference in the projected behavior of natural gas prices and coal prices, adding clean coal generation would provide a very effective hedge against potential future increases in natural gas prices.

In our economic analysis of clean coal generation for 2012 and 2013, we utilized a fuel combination that consists of 40% low sulfur Central Appalachian coal, 40% low sulfur Colombian coal, both of which have plentiful reserves, and 20% petroleum coke. Proven

domestic reserves for Central Appalachian coal are estimated to be between 30 and 40 years based on current demand projections, and reserves of Colombian coal are estimated to be between 40 and 50 years. These significant coal reserves support FPL's view that coal prices will remain significantly lower and more stable than gas prices in the future. Our review of petroleum coke capacity indicates that existing and planned coking capacity at domestic and foreign refineries will be adequate to meet market demand.

Even with the addition of 1,700 MW of clean coal generation, FPL will continue to utilize very large quantities of natural gas in its generation portfolio. Because of this, we are also seeking to increase the diversity of our fuel sources and fuel delivery systems by soliciting bids to deliver to our generation system natural gas produced by the re-gasification of Liquefied Natural Gas (LNG). There are abundant natural gas reserves in the Middle East, Latin America, Africa, the former Soviet Union, and Southeast Asia that could be liquefied and transported as LNG to a re-gasification terminal for eventual deliveries of natural gas to the U.S. Having access to these sources would broaden FPL's choices for natural gas in the future.

Our options for significant fuel diversification in the 2012 – 2017 period are limited. Future decisions regarding whether to invest in nuclear generation additions still await resolution of regulatory concerns; there are no geothermal or hydroelectric sources in Florida; and although FPL continues to evaluate wind, solar and microturbine technologies, these technologies cannot contribute significantly to meeting FPL customers' growing capacity needs or our fuel diversity goals due to their higher costs and capacity limitations. Therefore, the most realistic options for diversifying FPL's fuel mix are clean coal generation and LNG. FPL intends to pursue both.

In summary, because adding clean coal generation is one of the two most effective ways to increase the diversity of FPL's generation portfolio by 2013, and because of the significant benefits that a diversified generation portfolio provides, it is important to move ahead to add this technology as part of FPL's generation plan along with new gas generation to meet FPL's customers' future needs.

Technology Selection

FPL conducted an extensive evaluation of the available competitive technologies for the clean generation of electricity from coal and petroleum coke, including subcritical pulverized coal (PC), supercritical pulverized coal (SCPC), circulating fluidized bed (CFB), and integrated gasification combined cycle (IGCC). We concluded from this analysis that pursuing state-of-the-art supercritical pulverized coal technology combined with the best available emissions control technology, would give our customers the best mix of low capital and operating costs, high efficiency, high demonstrated reliability and environmentally responsible conversion of coal to electricity, from among the available clean coal generation alternatives.

The clean coal design selected by FPL in this study is a supercritical, pulverized coal, steam-electric generating station designed for base load operation, with a net power output of 850 MW (summer rating) for each of two units (1,700 MW total). Emissions would be controlled using the best available control technology (BACT). This includes low nitrogen oxide (NOx) burners, overfire air (OFA), and selective catalytic reduction (SCR) for NOx control. A baghouse or electrostatic precipitator (ESP) would be included for particulate control. A wet flue gas de-sulfurization (FGD) system would control sulfur dioxide (SO_2). Finally, a wet-electrostatic precipitator (WESP) would be used for the control of condensable gases. The units would also have design features to facilitate the recycling of generation by-products.

Site Evaluation

As part of its study, FPL performed a comprehensive assessment of potential sites for the addition of clean coal generation capacity to serve its customers. The principal criteria used to evaluate potential sites included: (1) size adequate to accommodate clean coal generation units and the necessary support facilities; (2) cost-effective transmission interconnection and integration; (3) location sufficiently distant from environmentally sensitive areas; (4) adequate access to water supply; (5) access to multiple railroads; and (6) potential for community acceptance to use the site for clean coal generation. FPL evaluated fifteen sites in Florida, Georgia, Alabama, and the Bahamas and has identified a site in St. Lucie County as the best potential site.

Projected Benefits

The results of the study indicate that adding clean coal generation to FPL's generation portfolio would provide significant benefits to FPL's customers:

- Reducing the effect of future gas price spikes on electricity prices by slowing the increase in FPL's use of natural gas and substituting a fuel with low price volatility; and
- Enhancing system reliability by increasing diversity in generation technology, fuel sourcing and delivery.

In addition, adding clean coal generation to our generation portfolio offers the opportunity to lower costs to customers due to the lower cost of coal and petroleum coke. For example, the results of the economic analysis FPL performed utilizing a base set of assumptions depicting our expected or most-likely values for all variables, including FPL's expected gas price forecast, indicate that a clean coal generation plan, which would add 1,700 MW of clean coal generation between 2012 and 2013, would reduce system Present Value Revenue Requirements (PVRR)[2] over 40 years, by $435 million, compared to an all-gas generation plan.

[2] All values in this Report, unless otherwise noted, are provided as present value of revenue requirements in 2004 dollars (PVRR, $2004).

If future natural gas prices were to behave as described in the "high natural gas price sensitivity" then, all else equal, the economic benefit of the clean coal plan to FPL's customers would grow to $1.4 billion.

Areas of Uncertainty

Adding clean coal generation will reduce the effect of natural gas price spikes on the price of electricity. However, the extent to which the addition of clean coal generation as part of FPL's generation plan would also result in lower costs to FPL's customers, compared to an all-gas generation plan, will depend on: (1) the future fuel price differential between natural gas and the combination of coal and petroleum coke; (2) access to diverse sources of coal and petroleum coke, both domestic and foreign; (3) the availability of competitively priced transportation and delivery of coal and petroleum coke to the plant; (4) the cost of complying with currently unknown future environmental requirements; and (5) requirements imposed in the licensing process, and (6) the actual capital cost of the completed clean coal generating plant.

Fuel Price Differential

A sufficiently high price differential between natural gas and coal and petroleum coke is necessary to offset the higher capital and O&M cost of clean coal generation, but the actual fuel price differential could narrow, as well as widen, in the future. If this future fuel price differential is greater than projected, clean coal generation would provide greater savings to the customer. If the differential is smaller than projected it may not be sufficient to offset the greater capital and O&M cost of clean coal generation, although there would still be fuel diversity benefits.

Competitive Fuel Transportation from Diverse Sources

The economic benefit of clean coal generation will depend on FPL's future access to diverse and competing sources of coal and petroleum coke, as well as competitively priced transportation and delivery of these fuels from their sources to the plant. This would require that FPL have access to multiple fuel ports for receipt of coal and petroleum coke transported by water from foreign and domestic sources to Florida or the Southeast U.S., as well as competitive choices for rail delivery of these fuels from those ports, and from domestic coal sources, to the plant.

Existing fuel receiving ports would have to be expanded and/or new ports would have to be developed to meet throughput requirements and provide the necessary competition that would contribute to low transportation costs. In addition, having more than one railroad with the capability to transport coal from available ports to the plant would help us obtain the required low fuel transportation rates. FPL will address this challenge in the fuel transportation plan that will be part of future implementation steps.

Our analysis indicates that without competitively priced fuel transportation it is very unlikely that clean coal generation would be a cost-effective choice.

Environmental Compliance Costs

The results of the economic analysis performed as part of this study indicate that the cost of complying with all currently known environmental requirements that would be applicable to clean coal generating units in 2012 and 2013 would not preclude the addition of clean coal generation from contributing savings to FPL's customers.

However, there is significant uncertainty regarding what additional requirements may be imposed by future legislation or regulation, especially regarding emissions of sulfur dioxide (SO_2), nitrogen oxides (NOx), mercury and carbon dioxide (CO_2). Complying with future additional requirements regarding these substances could involve purchasing emission allowances and/or installing and operating additional control equipment. Neither the potential additional requirements, nor the resulting compliance costs may be known until after plant construction has begun, or until after the plant has been placed in service. This means that the economic outcome of adding clean coal generation would not be known until well after the unit has been in operation. Furthermore, the cost of compliance could be very large.

For example, if high CO_2 compliance costs (consistent with what we currently envision as the worst CO_2 case) are imposed on the clean coal facility in our study and all other factors, including natural gas prices, occur as they are assumed in the expected case, our economic analysis indicates that the savings offered by clean coal generation, compared to an all-gas plan, would be reduced to only $29 million (as opposed to the $435 million savings projected under a situation without stringent CO_2 compliance costs). In other words, the cost of complying with future CO_2 controls, as defined in this scenario would be $406 million. To the extent that future additional environmental requirements are imposed on the other substances, the savings due to clean coal generation could disappear. Conversely, if future natural gas prices behave as noted in the high price sensitivity, customer savings would be approximately $1 billion, even with high CO_2 compliance costs.

Licensing Requirements

Because there is very little recent experience regarding the addition of coal plants in Florida, and because of the unique characteristics specific to each permit process, there is uncertainty regarding the issues that may be raised by the various stakeholders and the requirements or conditions that may be imposed on FPL's clean coal facility by government agencies. Such requirements and conditions could affect the cost of compliance.

Capital Costs

Although the capital cost of clean coal generation is significantly greater than that of gas-fired generation, FPL's analysis shows that based on what is currently known and reasonably expected, this capital cost disadvantage would be offset by the price advantage of coal and petroleum coke relative to natural gas. However, the actual capital cost of completing a clean coal unit could change significantly from what has been estimated, depending upon changes in the cost of equipment, labor and materials that could occur during the seven-year period between 2005 and 2012, when the first clean coal unit would be completed. The very long lead times for development, permitting and construction of clean coal units introduce significant uncertainty regarding the actual capital cost of the completed clean coal unit, which could reduce the projected savings of advanced coal generation.

Commission Recognition of Key Areas of Risk

It is essential that the Commission recognize the existence of these key areas of uncertainty, and of the fact that possible future developments in these areas, or other factors, could cause delays, prevent FPL from implementing clean coal capacity additions, or cause the total cost of these additions to be higher than projected. It is also important that the Commission recognize that the adverse effects of future outcomes relative to these areas of uncertainty, or other unforeseen factors, could become known only after FPL has commenced construction of clean coal generation facilities, or after these facilities have been placed in service.

Consequently, as part of the process leading to the addition of clean coal generation it is very important that the Commission express its recognition that FPL's decision to pursue addition of clean coal capacity is prudent, and in the best interest of FPL's customers. FPL will ask for the Commission's concurrence that, if, due to factors related to one or more of the areas of uncertainty discussed above, or other unforeseen factors, FPL were to discontinue its effort to implement clean coal generation, or if FPL does implement clean coal generation and such factors cause FPL's actual costs for clean coal generation to be greater than projected or greater than they would be for an all-gas generation plan, FPL would be authorized to recover, through the normal cost recovery process, all prudently incurred costs.

Next Steps

As part of the process to add clean coal generation, we intend to identify and fully characterize a specific generating facility as our "Next Planned Generating Unit" (NPGU) to meet our customers' June 1, 2012 need, and issue a Request for Proposals consistent with the Commission's Bid Rule not later than July 31, 2006. Because one of the primary objectives of this capacity addition would be to reduce FPL's reliance on natural gas, FPL would only consider proposals to build, own and operate clean coal

generation units in response to its 2006 clean coal RFP. FPL may also choose to solicit clean coal generation proposals to meet its June 1, 2013 need in the 2006 RFP.

FPL anticipates that the current RFP process will not readily accommodate the longer lead times, uncertainties and other issues specifically associated with clean coal generation; therefore, it will be necessary to develop an RFP process that will effectively address the unique attributes of clean coal generation. FPL will advise the Commission when it has completed development of its clean coal generation RFP process and will communicate the details of that process to FPSC Staff.

Between March 2005 and July 2006, FPL's clean coal generation implementation process includes the following additional milestones:

- Obtain all local land use and zoning approvals for the selected site
- Complete a detailed engineering and design study and finalize the engineering design
- Develop FPL's coal and petroleum coke transportation plan
- File FPL's Site Certification Application for its clean coal NPGU
- Prepare and issue a Request for Proposals soliciting proposals to build, own and operate clean coal technology units

We expect that between March 2005 and the time when we issue our clean coal RFP in 2006, those entities that are interested in providing clean coal generation capacity will take the steps necessary to ensure that they are financially viable, and that they are able to submit timely, responsive, competitive proposals. These steps include (but are not limited to): obtaining adequate financial backing; selecting and acquiring rights to a plant site and water resources suitable for clean coal technology units; developing robust fuel sourcing, transportation and delivery plans; developing detailed engineering and design for clean coal generation; and developing a clear understanding of environmental requirements and how to comply with those requirements. In order to meet FPL's customers' needs, the bidding entities must be in a position to place in service clean coal generation capacity on the date(s) specified in the RFP.

Conclusions

Based on its evaluation, FPL concludes that adding clean coal generation as one of the components of its generation capacity plan has great potential strategic value for FPL's customers. Adding 1,700 MW of clean coal generation to the generation portfolio by 2013 instead of adding gas-fired generation would raise the contribution of coal to about 22% and would reduce the contribution of natural gas to FPL's energy supply from 63% to 54%.

Natural gas prices are expected to remain significantly higher than coal prices in the future. Natural gas also is expected to exhibit significantly greater price volatility than coal, as it has historically. Consequently, adding clean coal generation would help make FPL's cost of electricity less susceptible to changes in natural gas prices than it would be

under an "all-gas" generation capacity plan, and serve as a hedge against future natural gas price spikes. If, on the other hand, future gas prices were to be lower than currently projected, because of FPL's already extensive and growing use of natural gas in its generating fleet, FPL's customers would benefit significantly from the lower gas prices.

The addition of clean coal generation would also broaden the range of energy generation technologies with which we would serve our customers in the future. Consequently, this strategy would help mitigate the effect of natural gas supply shortages or delivery interruptions, as well as the impact of technical problems that may affect combined cycle or oil-fired units, but not affect clean coal technology units.

As has been explained above, not having economic access to port facilities to receive foreign coal and petroleum coke, or not having economically competitive choices for rail delivery of coal and petroleum coke to the plant, could make clean coal generation economically infeasible. In addition, other key areas of uncertainty, which include the future price differential between natural gas and coal, the future cost (capital and O&M) of compliance with currently unknown environmental requirements that may be imposed in the future (possibly after the clean coal generation unit is in operation), requirements imposed in the licensing process, and the actual capital cost of completing a clean coal facility, could have an adverse effect on the cost of clean coal generation.

Nevertheless, primarily because of the perceived portfolio benefits offered by clean coal generation, FPL intends to pursue the addition of 1,700 MW by 2013, with the first clean coal addition currently scheduled for June 1, 2012. However, this plan will be re-evaluated on an ongoing basis. Because of the higher capital cost of clean coal generation compared to gas-fired generation, and the greater uncertainties associated with clean coal generation, FPL will continue to examine all key assumptions and areas of uncertainty to ensure that clean coal will in fact result in a net benefit to its customers.

Part One – Background

In its 2004 Ten Year Site Plan, FPL noted that the diversity of fuels used by the FPL generation system was an issue that impacted our recent planning work. During 2004, we conducted a study of the issues related to the possible addition of coal-fired generation capacity to its portfolio, and of the range of possible economic results of such an addition. The following is a report of the findings and conclusions of that study.

A. Economic and Technological Trends Related to Clean Coal Generation

Recent Resource Decisions Have Favored Gas Generation

Natural gas-fired generation has been the technology of choice for utilities and independent power producers in the past 10 years in the U.S. and Florida. The low capital cost and high efficiency of natural gas combined cycle plants, the short construction lead times, the generally perceived environmental benefits of, and political preference for, gas generation, and the fact that until recently natural gas prices were relatively low (and were projected to increase only moderately in the future), combined to make natural gas generation the most economic and generally preferred alternative among the available technologies. Traditional alternatives to natural gas (e.g., coal and nuclear generation) had higher capital costs and were not as efficient as combined cycle units. Consequently they could not compete with gas generation during this period of low gas prices. Renewable alternatives were (and still are) generally more expensive, and not available in Florida in any significant quantities.

Decision Drivers are Changing

Over this same period of time two things have occurred to offset the cost advantage of natural gas fired generation.

First, as seen in Figure 1.1, the price differential between natural gas and coal[3] has significantly increased. In fact, natural gas prices have more than doubled in real terms between 1995 and 2004, while coal prices have remained relatively stable or declined in real terms. Natural gas prices have also shown significant volatility, which (for a system that relies heavily on natural gas generation) reduces the predictability of fuel costs and therefore electricity prices.

Second, significant advances have been made recently in coal generation technology. These advances have improved the efficiency of new coal plants and reduced air emissions by the application of "back end" emissions cleaning technology. Many of these technological advances were discussed in a December 2004 FPSC Staff report entitled **"Coal Fired Generation: Proven and Developing Technologies".** These advances reduce the cost of operating a clean coal technology facility and thereby offset

[3] Coal, as used in this Report refers to a range of different types and grades of coal and petroleum coke that can be combined for use in clean coal generation technology.

the cost advantage of natural gas technology. In addition, these advances also close the emissions gap between natural gas generation and coal generation by reducing emissions from clean coal generation plants.

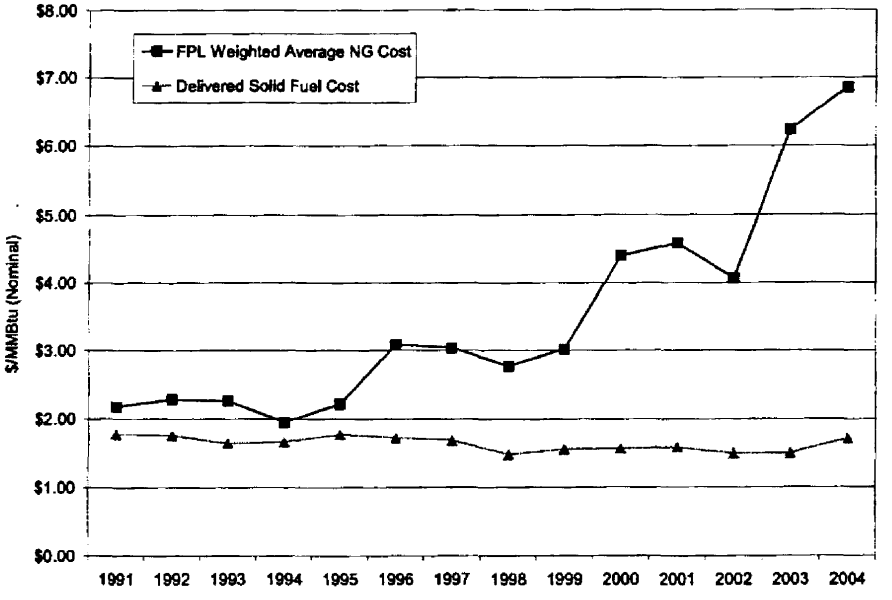


Figure 1.1 History of Annual Average Natural Gas and Coal Costs. Coal costs assume a mix of 80% coal and 20% petroleum coke delivered to Marcy, FL.

As the total cost of electricity generation from clean coal technology becomes comparable with that of natural gas-fired generation, many utilities are reviewing the benefits that can be gained by including clean technology coal units in their generation portfolios. Following more than a decade of generation additions that were largely fueled by natural gas, utilities including FPL are looking for ways to address the issues created by continuing to add generation reliant on a single fuel type. This Report describes the results of our investigation of this important issue.

B. Recent Activity in Clean Coal Development

National and International Activity

The late 1990's through 2003 saw an unprecedented increase in the amount of generation capacity installed in the United States. This increase was driven by growth in demand for electricity and the resulting decline in reserve margins, evolving deregulation in some energy markets, the aging of existing power plants, volatile wholesale electricity prices and abundant sources of debt and equity capital. For the reasons noted above, the overwhelming majority of the generation capital additions during this period were gas-fired. Furthermore, it is anticipated that significant gas generation capacity will be added

to meet growing demand, at least during the next six years. However, there is now great interest in clean coal generation to hedge against high gas prices in the future.

Since 2001, there have been approximately 1,000 new coal-fired power projects announced worldwide. 95,000 MW of coal-fired plants are in construction outside the United States. In China alone, between the years 2004-2006, 63,000 MW of new coal-fired plants will enter commercial operation. In the United States, 92 coal-fired power projects have been announced since 2001, representing over 72,000 MW of capacity.

In the US, interest in clean coal generation has increased recently for a number of reasons, including:

- Significant amounts of new base load capacity will be needed in the 2008-2014 time period, much of which can be met with clean coal generation.

- Natural gas markets continue to exhibit severe price volatility[4], and future gas prices, on average, are projected to remain at or above their current levels. This, coupled with continuing increases in gas demand (due to ongoing gas generation additions) and declining domestic gas supply, has induced many electric utilities to consider clean coal generation to meet capacity needs and provide fuel diversity.

- Clean coal generation would provide more stable operating costs (and hence more stable electricity costs) compared to gas-fired projects.

- It is anticipated that under many future fuel market and regulatory scenarios, clean coal generation would provide lower electricity costs than new gas-fired generation.

- There is an increased public awareness of energy issues, and a desire for national energy security. Coal is an abundant domestic fuel source.

- Clean coal generation is much cleaner than existing coal fired plants, and new emission control technologies would result in effective environmental performance.

[4] Volatility is a characteristic measure of commodity price behavior. High volatility commodities can rise or fall sharply in price within short periods of time.

Recent Coal-Related Activity in Florida

A number of municipal utilities have formed a consortium with the goal of constructing a new coal-fired facility in Florida for shared use by the members of the consortium. The consortium appears to have now selected a Perry, Florida location for a pulverized coal facility. As yet no site certification application for this project has been filed with the Florida Department of Environmental Protection (FDEP).

On October 21, 2004 the Orlando Utilities Commission (OUC) and the Southern company released a joint statement announcing a 283 MW integrated gasification combined cycle (IGCC) project in OUC's service territory at the existing Stanton coal plant site. The OUC project, with an estimated cost of $557 million, would be funded in part by a DOE subsidy of $235 million.

C. Clean Coal Generation is Beneficial to Florida

FPL's Projected Growth is Significant and Fuel Diversity Is Decreasing

Both Florida and FPL's service territory are in the midst of unprecedented population growth. This growth has required the addition of 7,770 MW of natural gas fired generation to the FPL system between 1993 and 2007, including the recently approved Turkey Point Unit 5. It is projected that FPL would need to build or purchase almost 4,000 MW of additional generation capacity between 2009 and 2013 to meet future growth in demand. Including clean coal generation as part of those additions would help maintain an economic and diverse balance of fuel sources to provide electricity to our customers.

Without clean coal generation additions, FPL would have to rely on natural gas for about two thirds of its electricity production by 2013.

Resource Options to Increase Fuel Diversity Are Limited

FPL has extensively evaluated and, where warranted, implemented renewable technologies and conservation to meet incremental load growth in its service territory. We continue to be a utility industry leader in the implementation of conservation measures. FPL also continues efforts to fund and evaluate alternative technology demonstration projects. Solar and microturbine technologies are examples of the types of technologies being investigated. Unfortunately, these technologies are not adequate to meet FPL's growing capacity needs or fuel diversity goals due to their extremely high costs and size limitations.

FPL recently conducted a directed site-specific analysis with the goal of evaluating the effectiveness of wind generation in Florida. None of the sites identified and evaluated had gross capacity factors which met or exceeded the threshold for cost-effective

implementation of this resource. Nevertheless, we are currently conducting a wind study of the entire State of Florida, and still hope to bring at least a small number of wind turbines into its generating resource portfolio.

Part Two – Substantive Evaluation

A. Portfolio Considerations

Maintaining a Balanced Energy Mix Benefits FPL's Customers

FPL has historically planned its system to provide electric service at reasonable rates, while maintaining a diverse mix of fuel sources. Our fuel mix includes significant quantities of nuclear fuel, coal, fuel oil and natural gas. The generation portfolio has a total of four nuclear units with a total capacity of 2,939 MW at its St. Lucie and Turkey Point sites. These units, which were initially placed into service between 1972 and 1983, have recently been granted a license renewal by the Nuclear Regulatory Commission to continue operation beyond 2032. FPL's portfolio also includes 1,584 MW of owned and purchased coal-fired generation. We also maintain 15 oil-fired units totaling 6,735 MW. These oil-fired units continue to provide reliable service and have helped partially mitigate the effect of recent high gas prices due to the lower cost of fuel oil. FPL also has 16 natural gas-fired units that provide 7,742 MW of generating capacity. Most of this natural gas-fired capacity has been added during the last 10 years.

Maintaining a balanced mix of fuel sources enhances system reliability and helps stabilize the cost of electricity to FPL's customers. By avoiding over dependence on any one type of fuel, the effect of a rise in the price of that fuel on the price of electricity can be effectively mitigated. Similarly, having a diverse fuel mix reduces the effect that an interruption in supply or delivery of a specific fuel type could have on FPL's ability to meet its customers' demand. In addition, having a diverse generation portfolio with various technologies reduces the effect that design or operation problems with one technology could have on system reliability. The increases in reliability and security that would come from a clean coal generation plan are a result of greater independence of the technologies in the portfolio and a higher degree of independence of the fuel delivery infrastructures supplying the system.

In the early 1980's FPL was highly dependent on fuel oil-fired generation for serving its customers. As a result, the rise in oil prices that followed the second "oil shock" of 1979 resulted in a significant increase in FPL's price of electricity. In this time period we completed St. Lucie Unit 2 which added over 800 MW of nuclear capacity to the generation portfolio. In addition, between 1987 and 1995 FPL added coal-fired generation through its partial ownership interest in St. Johns River Power Park (SJRPP) and Scherer Unit 4, as well as a firm capacity purchase from SJRPP. FPL also added coal generation through a "coal-by-wire" UPS firm coal generation capacity purchase contract with Southern Company, and other firm coal generation capacity contracts with Indiantown Cogeneration L.P., Cedar Bay Generating Co., and Florida Crushed Stone.

FPL's generation capacity planning process during the past ten years has recognized the low capital costs and high levels of efficiency offered by natural gas-fired combined cycle units, which made them the most cost-effective choice. FPL also recognized the

benefit offered by the very low level of emissions produced by gas-fired units. The advantages of natural gas generation, combined with the fact that ten years ago FPL did not have much gas-fired generating capacity, made gas-fired generation the most beneficial capacity additions for our customers. As a result, FPL has increased its gas-fired generating capability by 4,732 MW between 1993 and 2004. These additions have consisted of both the construction of new gas-fired units (both simple cycle combustion turbines and combined cycle units), and the repowering of existing oil-fired units to very efficient gas-fired combined cycle units. These gas-fired capacity additions include Martin Units 3 and 4, Martin Unit 8 and Ft. Myers Unit 2, and the repowering of Lauderdale Units 4 and 5, Ft. Myers Unit 3, and Sanford Units 4 and 5. The timing and location of these gas-fired additions through 2004 are shown in Figure 2.1.

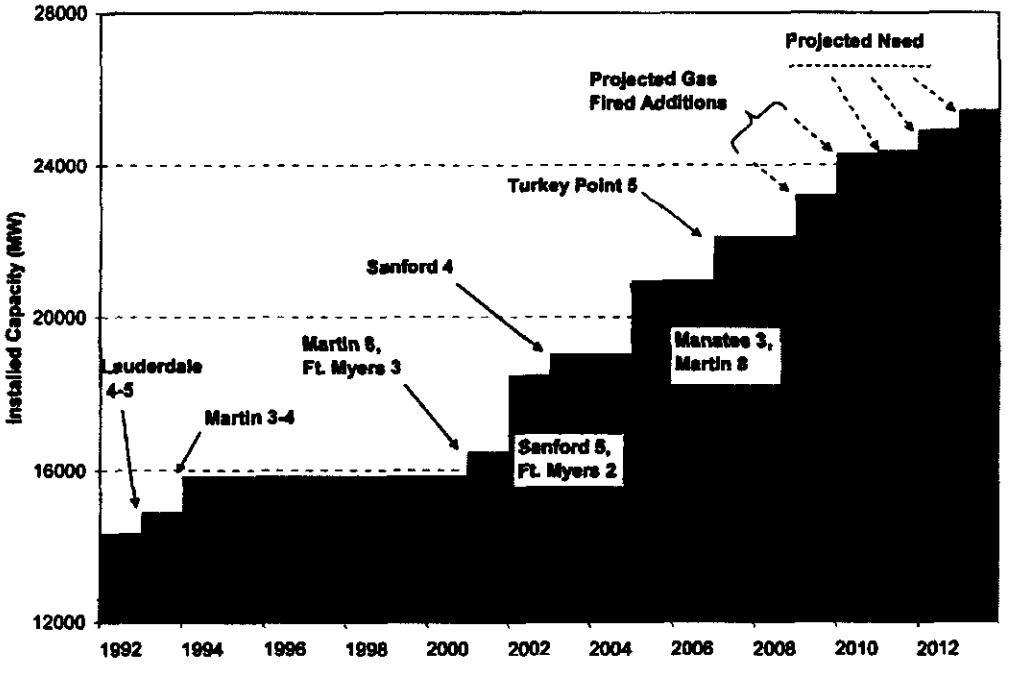


Figure 2.1 Generation Capacity Additions since 1993.

The addition of these very efficient natural gas-fired units has changed the mix of the generation portfolio from one that relied very heavily on fuel oil generation in the 1980's, to the point that in 2004 natural gas was used to provide over one third of the electricity delivered to FPL's customers. Figure 2.2 shows the percentage of overall energy delivered to our customers during calendar 2004, by fuel type.

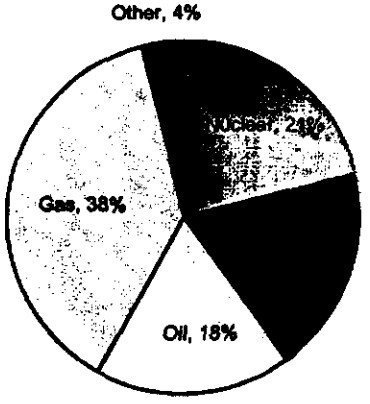


Figure 2.2 Energy produced by Fuel Type for the year 2004.

Figure 2.1 also shows units to be added to the FPL system between 2005 and 2007. FPL plans to complete construction of Manatee Unit 3 and the conversion of Martin Unit 8 in early 2005, and place those units in service by June 1, 2005. In addition, we have received all approvals necessary to proceed with construction of Turkey Point 5 in 2005, and plans to place that unit in service by June 1, 2007. These new units will add 3,038 MW of new gas-fired generating capacity to FPL's portfolio.

Based on the current load forecast (used in the upcoming 2005 Ten Year Site Plan) FPL will need to purchase or build approximately 3,500 MW of new capacity between 2009 and 2013. Due to the long lead time necessary to develop, permit, design and construct clean coal generation, our choices for self-build generation capacity for 2009 through 2011 are limited to natural gas-fired units. These additions are shown on Figure 2.1 as "Projected Gas-Fired Additions." These gas-fired capacity additions, which would consist of more than 2,200 MW, would increase FPL's reliance on natural gas by 2011. However, as this Report indicates, FPL believes that it would be possible to add clean coal generation capacity to the FPL generation system, as early as 2012.

As shown in Figures 2.3 and 2.4, adding clean coal generation in 2012 and 2013 could significantly increase the diversity of FPL's fuel mix. Figure 2.3 shows FPL's projected energy mix in 2013 under an "all gas" generation plan through 2013. In this scenario, almost two thirds of the electricity delivered to our customers would be generated using natural gas, while only 12% would be provided by coal. Figure 2.4 shows the projected

energy mix in 2013 under a capacity plan that would add 1,700 MW of clean coal-fired capacity by 2013. In this scenario, the contribution made by natural gas would decrease to 54%, while that of coal would increase to 22%. This latter scenario would provide a more balanced generation portfolio for the benefit of FPL's customers.

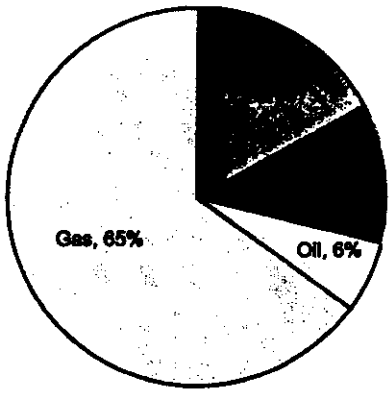


Figure 2.3 Energy Produced by Fuel Type for 2013 assuming an "All Gas" generation plan.

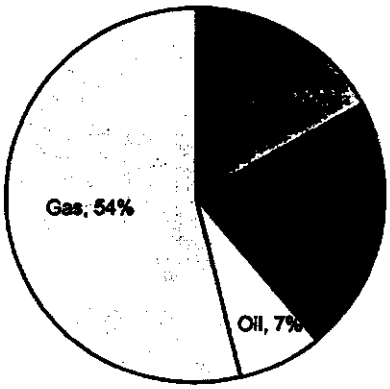


Figure 2.4 Energy Produced by Fuel Type for 2013 assuming 1,700 MW of Clean Coal in the Generation Plan.

Sustainable Fuel Diversity Choices

The alternatives to adding more natural gas-fired generation capacity to meet the growing electricity demand are limited. Because of the magnitude of the need and time frame in which new capacity will be needed, clean coal generation capacity is the only viable generation technology alternative. FPL is also seeking to increase its fuel source and delivery diversity by soliciting bids to deliver to FPL natural gas produced from the re-gasification of Liquefied Natural Gas (LNG).

FPL is committed to meeting the growing capacity needs of its customers in a sustainable manner. Therefore, a decision to add clean coal generation capacity, must meet FPL's three sustainability criteria: economic accountability, environmental stewardship and social responsibility. Part Three of this Report explains why FPL believes that adding clean coal capacity to its portfolio is the economically prudent decision.

Part Two, Section C of this Report presents in detail the process FPL followed to evaluate all environmental aspects of the addition of clean coal generation to FPL's portfolio and explains why FPL believes that the proposed clean coal additions are consistent with FPL's environmental stewardship criterion. FPL has already made a substantial environmental investment with natural gas-fired generation, and that investment has been very successful. The graphs provided in Figures 2.5, 2.6 and 2.7 show how FPL's generation capacity choices have significantly reduced FPL system SO_2, CO_2 and NOx emissions, respectively, on a per megawatt hour basis over the past 10 years.

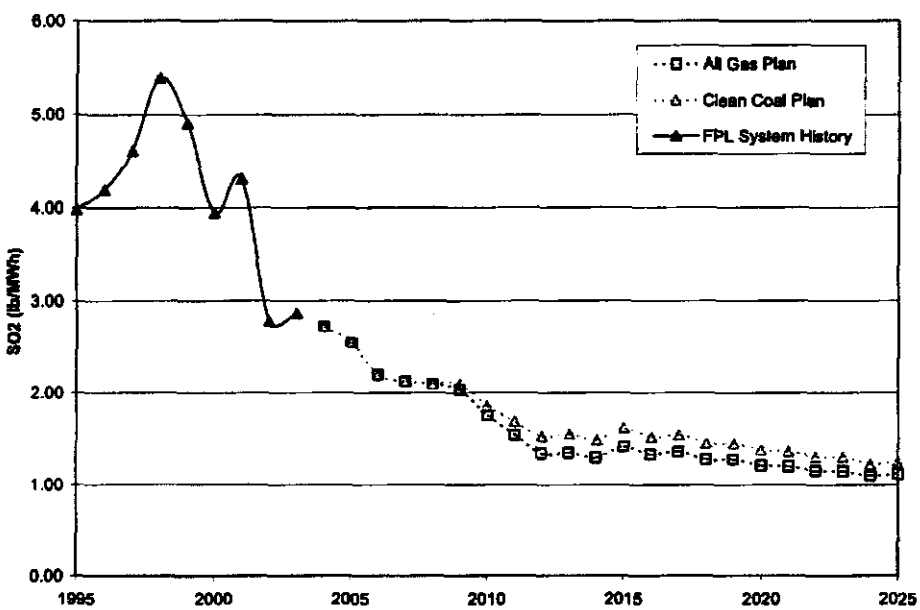


Figure 2.5 Historic and Forecasted SO_2 Emission Profile of FPL System

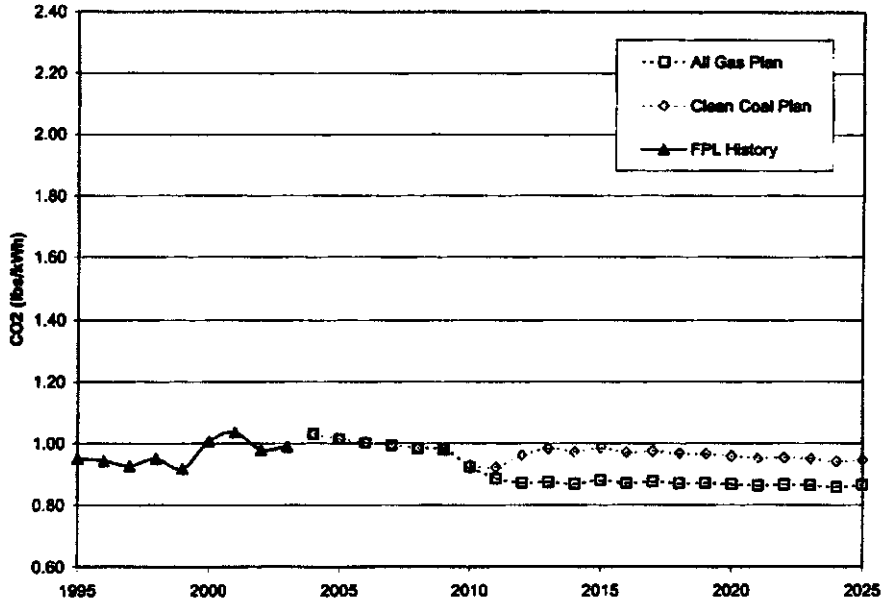


Figure 2.6 Historic and Forecasted CO_2 Emission Profile for FPL System.

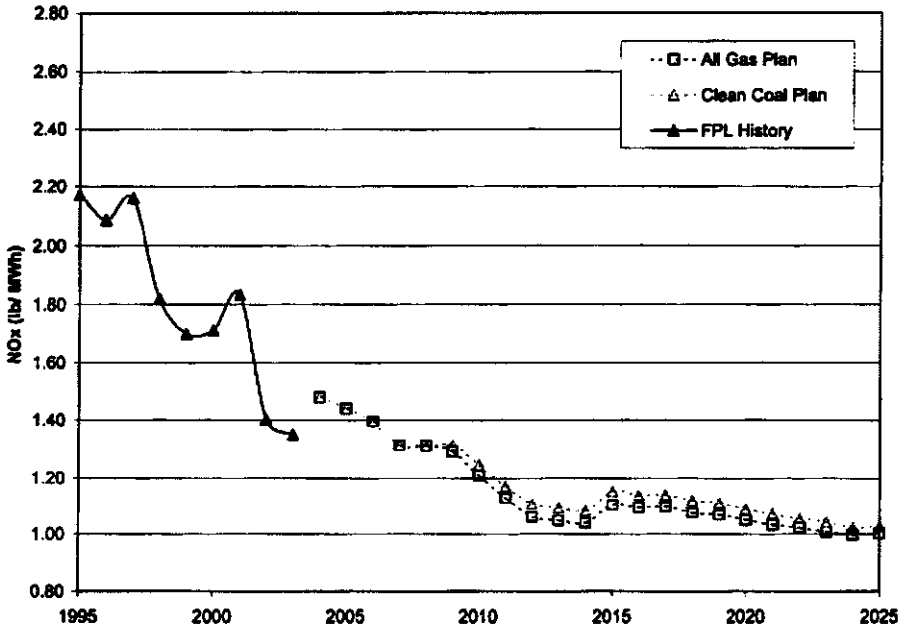


Figure 2.7 Historic and Forecasted NOx Emission Profile for FPL System.

The graphs also show how, with the addition of clean coal generation, FPL can continue to reduce the level of emissions in these substances on a per megawatt hour basis.

Adding clean coal generating capacity to FPL's system is also consistent with FPL's social responsibility criterion in two ways. First, these additions would contribute significantly to increasing the fuel and technology diversity of FPL's portfolio and would thereby serve to mitigate the effect of (a) a rise in the price of a single fuel, such as natural gas, on the cost of electricity; (b) a fuel supply or delivery interruption for a given fuel, or (c) a technology design or operation problem, on FPL's ability to serve its customers.

Second, in developing and implementing its plan to add clean coal generation to its system, FPL will maintain an active dialogue with stakeholders regarding clean coal generation in order to inform the public and learn about the communities' concerns, interests and priorities so we can take these factors in consideration along with the technical requirements we will need to address. By conducting a process that is open to the concerns and interests of the public, FPL is acting in a socially responsible manner.

B. Fuel Supply Related Issues

Selecting the Best Combination of Fuel Sources for the Clean Coal Plant

Clean coal technology can utilize a wide range of individual coal types from different geographic regions, both domestic and foreign, as well as combinations of these individual coal types. Coals differ based on characteristics such as their heat (or energy) content, and their concentration of non-fuel components, such as sulfur and ash. Generally, the geographic region where the coal is produced affects its characteristics, and therefore the "type" of the coal is directly linked to its specific geographic region. As a result, coal types are regularly referred to by their geographical origin. For example, Central Appalachian coal, which comes from the Appalachian producing regions in the US, is generally known to have high heat content and moderate sulfur content. In addition to defining the characteristics of a type of coal, geographic origin also determines, in part, the cost associated with transportation and delivery of that particular type of coal to the generating plant being considered.

Clean coal technology can also utilize petroleum coke, in combination with coal, while maintaining low emissions. Petroleum coke is a solid by-product of the petroleum refinery process that contains useful heat energy. This fuel source is readily and economically available.

The geographic origins and characteristics of the combination of fuel types to be used in a clean coal generating unit have a significant impact on the design requirements of the unit and on the total economics of the project because they affect the capital cost, the fuel efficiency, the operation and maintenance cost, and the costs of fuel transportation and delivery. Therefore, in developing a clean coal generating facility, engineers and fuel specialists work together to select a combination of fuel types (coals and petroleum cokes) that would result in an economic combination of up-front capital costs and long-

term operating, maintenance and fuel costs, while complying with all environmental requirements.

The fuel combination selected for the clean coal facility under review includes high heat content coals that have low sulfur content. These are the characteristics FPL considers most important in selecting the preferred fuel types. As explained above, geographic location, as it affects fuel transportation and delivery costs is also very important. Central Appalachian coal would comprise 40% of the selected fuel combination. Another 40% of the selected fuel combination would be foreign-sourced coal (Colombian) with characteristics similar to, and compatible with, those of Central Appalachian coal. Up to 20% of the selected fuel combination would be provided by low cost petroleum coke that can come from domestic or foreign sources. The selected fuel combination described above will be referred to as "coal" in the remainder of this Section B, and throughout the economic analysis discussed in Part Three of this Report.

Price Trends for Natural Gas and Coal

Since the late 1990's, natural gas prices, on average, have risen primarily due to increases in natural gas demand, which has come mainly from the power generation sector. From 1991 through 2004, U. S. natural gas demand has increased, on average, by 0.9% per year compared with a growth rate in gas demand in the electric generation sector, on average, of 3.2% per year. In 2004, gas demand in the electric generation sector represented about 22.9% of total U.S. natural gas demand, compared with 16.8% in 1991. This increase in natural gas demand has primarily been met by two sources; 1) increases in domestic natural gas production (about 0.4% per year on average), and 2) by increases in Canadian imports (about 5.1% per year).

Natural gas prices are expected to decline over the next several years in both nominal and constant dollar terms as the North American supply/demand outlook returns to equilibrium. Figure 2.8 compares the historic and forecasted behavior of natural gas to that of coal prices. Projected trends are shown in nominal and real ($2003) terms.

As is shown in Figure 2.8, the base assumption is that natural gas prices will remain essentially unchanged in constant dollars over the long term. This constant real dollar price level occurs as a result of the expectation that North American natural gas supply and demand will remain in balance, within a normal weather environment, for the remainder of the forecast horizon. More specifically, Canadian imports are expected to remain, on average, at current levels, and the projected slow, but steady decline in domestic production is expected to be more than offset by increasing LNG imports during the balance of this decade and beyond. In other words, the growth in LNG imports is expected to both offset the decline in domestic production, and meet the projected increase in natural gas demand. This means that LNG imports, which currently represent about 2.6% of US supply, have to grow to 11.4% of projected US supply by 2010 and to 18.8% by 2015.

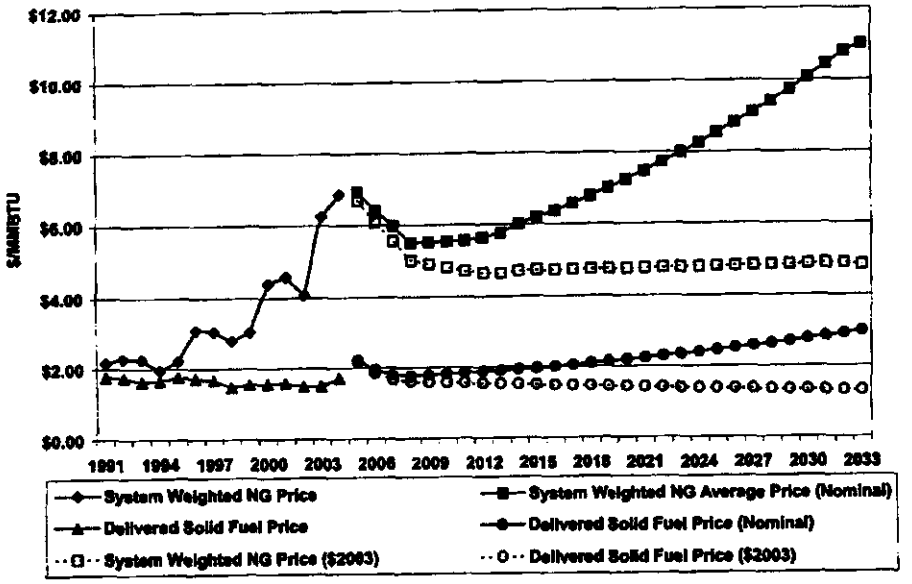


Figure 2.8 Historic and forecasted natural gas and coal mix prices for the mix of coal and petroleum coke used in the FPL study.

During the past decade, the prices of coal, on average, have remained relatively stable in real terms, as increases in productivity have more than offset increases in demand. Coal prices have increased in the past year, primarily due to increases in coal demand in China and other Pacific Rim countries, as well as increases in shipping costs reflecting greater competition for vessels due to the war in the Middle East. However, this recent price increase is not expected to continue due to the abundance of worldwide supply of coal, the continued increases in worldwide productivity, and the anticipated decline in demand for vessels. Over the forecast horizon coal prices are, on average, expected to continue the historical decline in constant dollar terms, although at a slower rate, as increases in productivity are expected to continue offsetting the anticipated slow, but steady growth in demand.

Natural gas price uncertainty is however a key concern and is influential on the results of this Report. The economic analysis in Part Three of this Report uses these general price assumptions and addresses the effect of price sensitivity for natural gas and delivered coal.

Price Volatility and Cost Stability

The price of natural gas has been highly volatile. As a result, increased reliance on natural gas generation makes it is difficult to predict system fuel costs and the resulting cost of electricity to FPL customers. Coal has historically been less volatile due to the dominance of long term contracts for coal and the abundance of domestic supply. For example, during the period between January 1991 and November 2004, natural gas price volatility on a monthly annualized basis was 51%. This means that a month-to-month price swing of $1.47/MMBtu could be expected 90% of the time. The price volatility of coal, on the other hand, was 5% for the same period, which translates into an expected price swing of only to $0.04/MMBtu 90% of the time.

Because the FPL system utilizes the fuels identified in Figures 2.1 through 2.3, the system fuel price is proportionally affected by the volatility of each of these component fuel types. Therefore, increasing the contribution of coal, instead of continuing to add natural gas exclusively, would increase the stability to FPL system fuel costs.

The economic impact of natural gas price volatility is discussed in quantitative terms in Part Three of this Report.

Fuel Supply Reserves

In general, there are significant coal reserves and production capacity in the US and abroad. More specific to FPL's selected coal types, the proven domestic reserve base for Central Appalachian coal is estimated to be between 30 and 40 years based on current demand projections, and the Colombian coal reserve base is estimated to be between 40 and 50 years. By comparison, proven reserves of domestic natural gas are estimated to be about 8 to 9 years based on current demand forecasts. However, it should be noted that significant additional natural gas reserves exist in North America outside the U.S., as well as elsewhere. There are abundant natural gas reserves in the Middle East, Latin America, Africa, the Former Soviet Union, and Southeast Asia that can be accessed to support the anticipated growth in the worldwide LNG business. Additionally there is the potential for further discoveries on the U.S. Continental Shelf, development of the Canadian MacKenzie Delta region and delivery of the proven reserves in the Alaskan North Slope to the lower 48 states. With the inclusion of these resources, the natural gas resource base is expected to be adequate to supply the projected North American, and worldwide, growth in natural gas demand. However, as identified there are developmental steps necessary to bring many of these resources to the U.S. market. Delays, or higher than anticipated costs, in the delivery of these resources could increase future natural gas prices.

Fuel Supply Delivery

FPL's natural gas generation currently relies on two natural gas pipelines for delivery of fuel to FPL's plants. Most of FPL's natural gas-fired units can either switch between natural gas and fuel oil, or have a fuel oil backup system to allow for limited operation in the event natural gas delivery is disrupted (approximately 72 hours' supply on-site). To date this has been a reliable operational plan.

If FPL continues to exclusively add gas-fired generation to its portfolio, the risk of not being able to fully serve load under all conditions would be greater than if FPL includes clean coal generation among its future capacity additions. For example, consider the unlikely simultaneous failure of both natural gas pipelines in the year 2012 assuming no clean coal generation is added. On a peak day, such a failure would force the use of backup fuel oil in all plants with that capability; require maximum imports via transmission and full exercise of load control. The margin to loss of load would be only about 125 MW. Any additional significant event (i.e., inability to burn fuel oil, unplanned unit outage, inability of a unit out for maintenance to return to service when needed, transmission failure) would precipitate a loss of load.

While the current FPL generation system is highly robust, the inclusion of clean coal in the FPL portfolio would reduce the exposure of the FPL system to this type of event, increasing the margin to loss of load on a MW for MW basis. Moreover, if clean coal technology units are added, coal inventories stored on site would provide these units with the capability to operate from 30 to 60 days without new fuel deliveries.

As stated above, FPL is also exploring opportunities to bring LNG supplies to peninsular Florida which would add a third source of natural gas to the Florida system.

C. Site Evaluation and Environmental Issues

FPL reviewed a number of potential sites in the process of evaluating the potential for clean coal generation in Florida. The review resulted in the selection of a potential site that is suitable for the development of the clean coal facility under consideration. The key environmental concerns that have been considered in FPL's site selection process are addressed below.

Land Use and Solid Waste Management

There are a number of important land issues that are unique to the siting of a coal plant. First, successful siting of a coal plant requires significantly more land than that required by a gas-fired combined cycle facility. Whereas a gas-fired combined cycle plant can be successfully sited on a 50-100 acre tract, the rule of thumb for a coal plant is approximately 1.5 acres of land for each MW of capacity. The 1,700 MW clean coal facility under consideration by FPL would utilize a 3,000 acre site.

The larger site is required due to the fact that a coal plant requires a fuel receiving, handling and storage area, and a byproducts storage area. The fuel handling and receiving area must include room for a rail loop to bring coal-laden trains on to the site, off-load those trains, and store the coal in a short term storage area and a long-term fuel storage area to hedge against transportation dislocations. The long-term storage area typically holds enough coal for 45-60 days of operation. In addition to fuel storage, ample space must be set aside for the storage of byproducts such as fly- and bottom-ash and synthetic gypsum (a byproduct of flue gas de-sulfurization). These byproducts are in demand by the construction industry in that they can be used in the production of concrete and asphalt (ash) and wallboard (synthetic gypsum). FPL would actively pursue identifying customers for those byproducts. It is still important, however to design and permit byproduct storage areas in the event that the demand for these products changes.

Water Consumption and Wastewater

In addition to the land use requirements, water use is an important issue for a coal-fired power plant. This is due to the fact that 100% of the generation from a coal plant is steam turbine driven as opposed to only 40% for a gas fired combined cycle plant. For a typical 1,100 MW gas-fired combined cycle with a 450 MW steam turbine, water use is approximately 12.5 million gallons per day (assuming two cycles of concentration). For a similarly sized coal project, water use would approach 30 million gallons per day. Potential water sources for FPL's proposed project include surface water, groundwater, and water piped in from other reservoir sources.

Project Siting and Environmental Due Diligence

FPL has carefully examined the environmental criteria and potential locations for the siting of a clean coal generating facility. In addition to in-house staff, FPL has utilized several environmental contractors with significant power plant siting experience. Golder Associates of Gainesville, Florida was contracted to perform a *Fatal Flaw Analysis* for site selection of potential clean coal facilities. Environmental Consulting and Technologies of Gainesville, Florida was contracted to perform a *Phase II Environmental Analyses* and potential site rankings for a clean coal project. FPL also hired M. J. Bradley and Associates of Concord, MA to evaluate the potential risk associated with licensing and permitting clean coal projects in Florida. M. J. Bradley developed a report entitled *Assessment of Future Environmental Liabilities Facing a New Coal-Fired Power Plant in Florida.* This report provides a comprehensive analysis of the future environmental requirements that may be faced by a clean coal-fired power plant as a result of potential new environmental regulations for air quality, climate change, water management and waste management. A summary of the findings of each of these reports follows.

Fatal Flaw Analysis (Golder Associates)

The fatal flaw analysis of potential sites was performed utilizing site selection criteria that included air quality evaluation in Prevention of Significant Deterioration (PSD) Class I areas, water supply sources, wastewater discharge options, waste management criteria, noise constraints, floodplain areas, threatened and endangered species habitation, cultural and historical resources and wetlands inventory.

One of the more significant criteria determining site selection proved to be the site proximity to Class I areas and the potential PSD increment consumption in these Class I areas. PSD Class I increment is the maximum allowable increase in concentration from new emissions that is allowed to occur above the baseline concentration for a pollutant. Three PSD Class I areas of concern were identified in the analysis: 1) Chassahowitzka National Wilderness Area; 2) Okeefenokee National Wilderness Area; and 3) the Everglades National Park.

The Class I air impacts analysis was based on, but not limited to, the following criteria:

- The project distance from the PSD Class I Area;
- The presence of multiple PSD Class I areas within 200 km of the project;
- PSD Class I increment consumption of sulfur dioxide, nitrogen dioxide, and particulate matter; and
- Air impact modeling for select areas to estimate impacts for comparison to the PSD Class I significant impact levels and regional haze criteria of 5 and 10 percent.

Results of the fatal flaw analysis clearly indicated that three of the nine potential sites reviewed stood apart as top candidates for the potential project. The three potential project sites are located in a triangular region on Florida's Atlantic coast in St. Lucie, Martin and Okeechobee Counties. Further evaluation of the three potential project sites was conducted in a separate Phase II environmental analysis and site ranking.

Phase II Environmental Analysis (Environmental Consulting Technologies)

The *Phase II Environmental Analysis* provided more detailed analysis of the three highest ranking sites utilizing air quality dispersion modeling and impact analyses to determine compliance with ambient air quality standards and PSD Class II and Class I increments and to assess regional haze impacts at the nearest Class I area. The three sites were rated based on how well each site met seven specific environmental site selection criteria:

- Air quality impacts
- Site contamination
- Land development constraints
- Floodplain issues
- Threatened and endangered species
- Cultural and historical resources
- Wetlands Resources.

The results of the Phase II environmental rankings were combined with the results of other site selection criteria, such as fuel transportation access, real estate related issues, transmission line access, and water supply/discharge, and community issues. The criteria were combined to develop an overall ranking of the sites.

The overall ranking process resulted in the identification of the St. Lucie County site as the best potential location to develop a clean coal generating plant.

Assessment of Future Environmental Liabilities Facing a New Coal-Fired Power Plant in Florida (M. J. Bradley & Associates)

FPL engaged M.J Bradley & Associates of Concord, Massachusetts to evaluate the environmental licensing and permitting risks and liabilities associated with siting a clean coal facility in Florida. M.J. Bradley was tasked with the evaluation of the current and future projected environmental requirements and to report the potential impacts to the project. The M.J. Bradley analysis evaluated current and future federal programs affecting air quality, climate change, water quality, and waste management. A summary of the eight key findings of this review follows:

- Air Quality Standards

  The M. J. Bradley report predicts that the proposed project would meet the requirements of existing or proposed future regulations affecting SO_2, NOx and particulates if the plant installs advanced pollution control systems, such as scrubbers, ESPs and SCRs. This is consistent with FPL's intent and philosophy and the clean coal design under consideration. Further regulatory risks for the siting of a coal-fired facility in Florida are considered to be limited since Florida is currently meeting federal air quality standards for ozone and particulate matter.

- Utility MACT Standards and Residual Risk

  The U.S. EPA is currently developing Maximum Achievable Control Technology (MACT) standards for emissions of mercury from coal-fired facilities. Though these regulations are not final, the M.J. Bradley report anticipates that emissions limits that are more stringent than current limits will be required in the future and new standards will be imposed on new coal plants. Efforts to reduce mercury emissions are focused on two areas: 1) optimizing existing pollution control equipment (e.g. scrubbers, SCRs and ESPs) to increase mercury capture; and 2) the development of mercury-specific control technologies (e.g., activated carbon injection). It is uncertain whether mercury-specific control technologies will be required to meet future MACT standards. Mercury-specific controls are not yet readily available in the marketplace, nor have these technologies proven capable of providing guaranteed mercury removal rates that can meet the most stringent MACT standards under consideration.

- Regional Haze Rule

  The Regional Haze Rule is established under the Clean Air Act to protect air quality related values, particularly visibility, in Class I areas of the U.S., such as national parks and wilderness areas. M.J. Bradley reviewed the design emission levels for the clean coal project under consideration. The M.J. Bradley report concludes that the pollutants implicated in visibility impairment, SO_2, NOx, and PM will be sufficiently controlled at the proposed project to prevent risk of further environmental requirements under this rule.

- Federal Air Legislation

  The M.J. Bradley report indicates that attempts in Congress to pass multi-pollutant emission reduction legislation will continue and may result in passage of a bill that could set stricter standards for SO_2, NOx and mercury emissions. However, it is unlikely that this legislation would be more stringent than currently proposed EPA regulations that achieve similar reductions in SO_2, NOx and mercury. The design for clean coal pollution control equipment that is currently under consideration is expected to meet the requirements of the proposed regulations or possible legislation.

- Greenhouse Gases/Carbon Dioxide

  The cost to comply with potential CO_2 emission regulation is a significant uncertainty when studying the economic viability of a coal-fired power plant. A conventional coal-fired power plant emits roughly 2.0 pounds of CO_2 per kilowatt-hour of electricity production. In contrast, a natural gas-fired facility of equivalent efficiency would produce 44 percent less (1.1 pounds of CO_2 per

kilowatt-hour), primarily because the natural gas fuel has a lower carbon content. State of the art natural gas combined-cycle facilities are also more efficient than clean coal facilities, resulting in the natural gas facilities producing CO_2 at a rate that is effectively 60 percent of the clean coal facilities. While both technologies would be affected by CO_2 regulation, coal facilities would bear a proportionally higher cost.

The M.J. Bradley report predicts that Congress will eventually enact legislation regulating CO_2 emissions from power plants. The cost of this regulation will impact the economic return for a coal-fired facility, and this is more fully addressed in Part Three of this Report.

- Revisions to the Clean Water Act National Pollutant Discharge Elimination System (NPDES)

  Potential changes to the NPDES program could affect existing and new point sources, including coal plants. Stricter regulations on discharges into impaired water bodies may result in effluent trading guidelines or additional treatment requirements for surface water discharges. At the time of the M.J. Bradley's report submittal there was no indication of planned agency revisions to the effluent limitations guidelines and pre-treatment standards for discharges from the steam electric generating point source category (40CFR Part 423). The steam electric guidelines of this section have been in effect since 1982.

  Recent announcement from EPA indicates that the agency will be reviewing the steam electric guidelines in the coming months and will likely initiate rulemaking to revise effluent limits and pre-treatment standards in 2005. This agency action may result in stricter discharge controls or effluent trading requirements for all facilities, including the potential clean coal facility.

- Total Maximum Daily Loads (TMDLs)

  The U.S. EPA and the state of Florida are undertaking initiatives to identify impaired water bodies. It is estimated that in Florida alone there are as many as 700 impaired water bodies. Mercury, nutrients and dissolved oxygen are the primary pollutants causing impairment of these water bodies. States have 10 years to develop TMDLs and implement plans for improving the quality of the impaired waters. Florida is currently in the process of determining those waters in the state that are impaired and what contaminants are causing this impairment. TMDLs will be established for the impaired water bodies and point source and non-point source discharges will be regulated to reduce discharges into these water bodies. The M.J. Bradley report states that a potential risk to a coal- fired facility will be potential regulation of non-point source air-related discharges of mercury and nitrogen oxides to surrounding watersheds via atmospheric deposition. However, the report indicates that the

potential risk for requirements of further controls of these air deposition-related discharges will not be a major concern, since the proposed project would already include air emissions control equipment to significantly reduce nitrogen oxide and mercury emissions.

- Waste-Bevill Amendment for Coal Ash

  In the year 2000 the EPA published the Final Determination to Congress that the Bevill Exclusion for fossil fuel combustion ash and scrubber byproducts would remain in effect. This determination eliminates the requirement to determine the hazardous waste characteristics of these fossil fuel combustion waste products. The determination allows fossil fuel combustion waste to be managed as non-hazardous waste on-site or in industrial waste landfills. The M. J. Bradley report indicates that there is a small chance that this determination may be overturned in the future due to the presence of mercury in combustion by-products resulting from control of mercury emissions. However, if this were to occur, the most likely requirement would be the regulation of fossil combustion products in double-lined landfills. This level of containment is currently a part of the plan for the management of combustion waste products onsite for the clean coal project under consideration. Therefore, the potential for additional risk to the project is minimal.

Emissions Reduction Requirements - Current Regulations

The Clean Air Act prescribes several technology-based limitations affecting new or modified air pollution sources: 1) New Source Performance Standards (NSPS); 2) Best Available Control Technology (BACT); and 3) Lowest Achievable Emission Rate (LAER). NSPS are uniform national emission standards set by EPA for specific categories of new or modified stationary sources. In addition to meeting NSPS when applicable, major new or modified sources must also install either BACT or LAER, both of which are determined on a case-by-case basis. In all cases, BACT or LAER must be at least as stringent as an applicable NSPS. The BACT requirement, which is part of the Prevention of Significant Air Quality Deterioration program (Sections 165 and 169 of the Clean Air Act), applies to emissions in areas that are in attainment with National Ambient Air Quality Standards (NAAQS). The LAER requirement applies to emissions that affect areas that are not in attainment with the NAAQS. Typically, state and local air pollution control agencies have assumed the primary responsibility for implementing BACT and LAER requirements. In Florida, the Florida Department of Environmental Protection (FDEP) implements the BACT requirements under authority delegated from the Environmental Protection Agency (EPA).

All counties in Florida are in "attainment" for NAAQS, thus the BACT requirements will apply to a potential clean coal facility located in Florida. The design for the clean coal technology plant under consideration would achieve the emissions reduction required by

the BACT requirements by using state-of-the-art pollution control equipment to reduce emissions of sulfur dioxide (SO_2), nitrogen dioxides (NOx), mercury and particulates.

Emissions Reduction Requirements - Proposed Regulations/Legislation

The following provides a discussion of proposed legislation or regulation that influence generation planning decisions and how they may impact the clean coal facility under consideration by FPL.

Clean Air Interstate Rule

The EPA has proposed the Clean Air Interstate Rule (CAIR) to reduce emissions contributing to fine particulate and ozone transport into non-attainment areas. Florida is currently included in the 28 states that would be affected by the emissions reduction requirements of CAIR. The proposed CAIR would require reductions of total emissions from electric generating facilities for SO_2 and NOx in two phases with reductions in 2010 and 2015. The rule establishes proposed emissions rate reductions and establishes a cap and trade allowance program to promote emissions reductions.

The proposed clean coal facility under consideration includes state-of-the-art pollution control equipment to meet the proposed requirements of the Clean Air Interstate Rule.

Maximum Achievable Control Technology-Mercury

In addition to the SO_2 and NOx emissions reduction of the CAIR, EPA has also proposed the Maximum Achievable Control Technology Rule to reduce emissions of Hazardous Air Pollutants from electric generating units. Specifically, the MACT Rule requires reductions in the emissions of mercury from coal-fired facilities. EPA has proposed two alternatives for the reduction of mercury:

(1) The MACT method that EPA was required to propose by rule in December 2002 was driven by litigation between EPA and the Natural Resources Defense Council (NRDC). The litigation resulted in a Consent Order requiring EPA to propose the MACT rule and finalize it by December 2004. In this proposal the emissions limit for a new coal unit is set at 6.0 x 10-6 lbs/MWh;

(2) The EPA's alternative to MACT is a cap and trade program that allows mercury reductions using the "co-benefits" of adding other pollution control equipment such as scrubbers and SCRs between 2010 and 2018. In 2018 EPA proposes a nationwide emissions cap of 15 tons of mercury. Under this alternative, mercury emissions could be traded throughout the country. The performance standard limit being proposed for a new unit under this scenario is shown in Table 2.1.

Table 2.1 Emission Limits for Mercury (based on gross energy output)

Bituminous units:	0.00075 ng/J (0.006 lb/GWh)
Sub-bituminous units:	0.0025 ng/J (0.020 lb/GWh)
Lignite units:	0.0078 ng/J (0.062 lb/GWh)
Waste coal units:	0.00087 ng/J (0.0011 lb/GWh)
IGCC units:	0.0025 ng/J (0.020 lb/GWh)

An upper amount of $2,187 per ounce of mercury is proposed as a maximum allowance cost for the trading program.

The proposed rule has been delayed until no earlier than March of 2005. FPL anticipates that the co-benefits of the advanced pollution control equipment being installed as part of the clean coal facility would achieve the mercury emissions limits imposed by the final MACT.

Clean Air Act Legislation

Multi-pollutant emissions reduction legislation has been proposed by several Congressmen in recent years. The intent of these bills is to provide sweeping reductions of the emissions of SO_2, NOx, mercury, and in some cases CO_2. Most prominent of the multi-emissions reduction bills is the Bush Administration's Clear Skies proposal. Clear Skies is a 3-pollutant reduction bill (SO_2, NOx, Hg) that has recently been re-introduced in the 109th Congress by Senator Inhofe. The Clear Skies bill is similar in emissions reduction requirements to the Clean Air Interstate Rule, however Clear Skies also includes reduction requirements for mercury emissions that are an alternative to the MACT rule proposed by EPA.

Climate Change Legislation-CO_2 Reductions

Other multi-emissions reduction proposals include mandatory reductions of greenhouse gas emissions from power plants through the reduction of CO_2 emissions. Mandatory CO_2 reductions have long been a political wildcard in Congress and remain a significant uncertainty in predicting the economic performance of coal-fired generation. Proponents of mandatory CO_2 reductions seek to lower current and future emissions to 1990-2002 levels. However, there are not yet proven, economically available controls for the reduction of CO_2 emissions. The most obvious response to a requirement to reduce CO_2 emissions would be the purchase of CO_2 allowance allocations or the use of more combined cycle gas generation. A coal plant would take on additional operating costs if the requirement for operation includes the purchase of emissions allowances to offset CO_2 through a national cap and trade program. FPL has evaluated the potential impacts of a CO_2 trading program to a new coal plant. Several factors significantly impact the costs of a carbon requirement, including the cost of allowances, timing of the required program and the number of allowances that

would be allocated to new facility. These sensitivities are addressed in Part Three of this Report.

D. Technology Issues

FPL conducted an extensive evaluation of the most competitive technologies for the generation of electricity from coal, including subcritical pulverized coal (PC), supercritical pulverized coal (SCPC), circulating fluidized bed (CFB), and integrated gasification combined cycle (IGCC). We concluded from this analysis that by pursuing state-of-the-art, commercially viable supercritical pulverized coal technology our customers would benefit from the best mix of low capital and operating costs, along with the highly efficient, reliable and environmentally responsible conversion of coal to electricity. FPL has developed a specific engineering design, complete with performance characteristics and capital cost estimates to support the analysis described in this Report.

The design proposed for FPL's clean coal facility combines state-of-the-art supercritical generation technology, a full complement of technologically-advanced emissions control equipment and design features that would allow recycling of generation byproducts. The facility would produce synthetic gypsum capable of being used as a primary input into either wallboard or cement. The fly-ash and bottom ash would also be of commercial quality for mixing into cement and cement products. To further reduce emissions to the most cost-effective, best available level possible, the facility would employ the best available backend cleanup equipment, including selective catalytic reduction of NOx, a baghouse or electrostatic precipitator to control particulates, wet flue gas de-sulfurization to remove SO_2 and a wet electrostatic precipitator to remove condensable gases.

In summary, FPL has chosen to proceed with the detailed engineering design and development of a large supercritical pulverized coal design with clean emission control technology. The capacity chosen (1,700 MW in two 850 MW units) allows economies of scale that are available by building a large generation unit. Choosing supercritical technology allows for the most efficient and reliable pulverized coal design commercially available today. Taking advantage of engineering advancements in emission control technology allows FPL to propose a facility with the best available emissions profile.

The following discussion describes the key drivers that resulted in FPL's preference for this specific clean coal design, the alternatives and the rationale for the choices made.

Best Coal Generation Technology

Three major technologies are currently employed to convert coal to electricity. These technologies include (1) Pulverized Coal (PC); (2) Circulating Fluidized Bed (CFB); and (3) integrated gasification combined cycle (IGCC). A brief description of each technology follows:

Pulverized Coal

Pulverized Coal is the most widely used and proven coal-based electric generation technology in the United States, representing over 90% of coal capacity among utilities. A conventional PC steam generating unit receives raw coal that has been pulverized. The pulverized coal is burned in suspension in a waterwall boiler. Waterwalls in the boiler collect the heat of combustion to convert water to steam. Tube banks downstream of the boiler superheat this steam, which then powers the steam turbine generator. PC units can be designed as either supercritical or subcritical plants.

Both supercritical and subcritical coal plants utilize the same basic steam cycle, coal handling and ash removal systems, and balance of plant equipment, and have the same site requirements. Supercritical plants are differentiated from subcritical plants in that supercritical plants operate above the critical point of water (3,203.6 psig and 705.4 degrees Fahrenheit), which is the maximum pressure that liquid and vapor can co-exist in equilibrium. The operation of supercritical units at higher temperatures and pressures require clean materials to handle the stresses associated with those operating conditions.

A typical subcritical unit would operate with heat and reheat temperatures of 1050 degrees Fahrenheit, and a main steam pressure of 2,400 psig. FPL is considering a supercritical unit that would operate at heat and reheat temperatures both greater than 1100 degrees Fahrenheit, and a main steam pressure exceeding 3,700 psig. By operating at higher temperature and pressure, supercritical units are more efficient than subcritical units (i.e., producing more electricity for each unit of fuel consumed).

The first commercial supercritical power plant began commercial operation in 1957 (AEP's Philo Unit 6). Additional supercritical units were installed in the United States throughout the 1960s and 1970s. Installation of supercritical units in the United States slowed down in the 1980s, owing to technical problems that caused low reliability and availability for this first generation of supercritical units installed in the United States.[5] After the mid-1980s, the Japanese and Europeans (particularly the Japanese) continued research and commercial development of the

[5] These early design issues included (1) boiler tube corrosion and failure; (2) premature turbine failure in the rotor blades due to erosion from solid particles; (3) water chemistry problems; and (4) startup complexity due to extremely thick steam lines and valve bodies.

supercritical technology, focusing on correcting early design problems. By the 1990s the supercritical technology supplanted subcritical technology as the coal generating technology of choice outside of the United States. In fact, of the coal-fired plants installed between 1995 and 2000 in the Organization for Economic Cooperation and Development (OECD) countries, over 85% - 20,000 MW – use supercritical technology.

Since the late 1990s, the Japanese and Germans, spearheaded by such firms as Hitachi, Mitsubishi, Toshiba, and Siemens, have aggressively remarketed supercritical technology back into the United States and Canada, with significant success. Supercritical projects currently in construction or approved for construction in North America include the Council Bluffs Project in Iowa, the Genesee project in Canada, the Elm Road project in Wisconsin, and the OPPD project in Nebraska.

Circulating Fluidized Bed

Circulating fluidized bed combustion (CFB) was introduced to the US electric generation industry in the early 1980s. The ability of fluidized bed units to burn a diversity of fuels and satisfy environmental requirements without costly back end control equipment has brought attention to the technology. In a CFB plant, coal and limestone are injected into a highly turbulent fluidized bed combustor where combustion air, feed fuel, limestone sorbent, and recirculating solids are mixed. The velocities are high enough to remove the bed material from the combustor. The reacting gas and solids flow upward and enter a particulate separator, usually a cyclone, where solids are separated and returned to the bottom of the combustor. Flue gas leaves the cyclone and is used to produce steam and generate electricity through a steam turbine.

An environmentally attractive feature of the CFB technology is that sulfur dioxide (SO_2) can be removed in the combustion process by adding limestone to the fluidized bed. The calcium oxide in limestone reacts with SO_2 to form calcium sulfate, which is removed from the flue gas with a conventional particulate removal device. However, recent regulations now require the use of a polishing scrubber on new CFB plants to achieve higher SO_2 removal than that achieved in the combustion process. Technological limitations on CFB boiler size are a primary limiting factor on the commercial viability of the CFB technology, with plant sizes larger than 300 MW requiring multiple boilers with commensurate increases in capital costs.

Integrated Gasification Combined Cycle

Simply stated, an integrated gasification combined cycle plant (IGCC) gasifies coal, producing a synthetic gaseous fuel (syngas) for combustion in a combined cycle power plant. An IGCC plant typically consists of one or more gasifiers that include systems to clean the syngas stream prior to combustion and a combined cycle power block to generate the electricity using the syngas. The design is necessarily capital intensive since the syngas must be produced and cleaned prior to being burned to generate electricity.

Gasification combined cycle plants are "integrated" because they use high pressure steam produced in the gasification process in the steam cycle of the generation plant to increase power from the STG. Additionally a nitrogen byproduct from the gasification process is injected into the combustor in the combustion turbines, providing NOx control in the combustion turbines of the generation plant.

There are currently three joint ventures promoting IGCC, each combining the owners of a proprietary gasification technology with a large engineering and construction organization.

A joint venture of General Electric (GE) and Bechtel uses the Texaco gasification technology, which Texaco sold to GE in the spring of 2004. The Texaco technology was originally designed to gasify oil. Coal must be mixed with water to create a slurry in the current design of this type of gasifier. A second joint venture combines the engineering and construction experience of Fluor Engineering and the Conoco Phillips gasification technology. This gasification technology has been demonstrated in an IGCC project, but is not currently being used in any operating IGCC plants. A third joint venture combines Shell's gasification technology with a design and construction team composed of Uhde and Black & Veatch. Currently, the largest IGCC plant in the world, a 318 MW facility in Spain, uses the Shell technology.

On a net present value of revenue requirements basis, IGCC in its current state does not compete with the state-of-the-art supercritical plant proposed by FPL in this report. The IGCC projects currently in operation are all relatively small demonstration projects which have failed to meet expected cost, construction timelines and/or performance expectations.

After extensive and comprehensive review, analysis, and discussion, FPL's position on the current state of the IGCC "market" and its potential to meet customer need is the following:

(1) IGCC may become a competitive coal generation technology sometime in the future, but not in a time frame necessary to compete as a diversity generation resource to meet the capacity need in 2012-2013.

(2) When and if IGCC becomes a competitive fuel diversity option, FPL will be in a position to bring that technology into the portfolio as a generating resource. This will include the investigation of creative alternatives to plant ownership and construction relationships that may involve joint ventures or third-party supply relationships that may be available before 2012.

Supercritical Technology

As stated above, the first generation of supercritical plants in the US was affected by technical problems. Prior to the start of construction of MidAmerican's Council Bluffs plant, the last unit constructed in the United States was the Zimmer 1 plant in 1991. However, today there are more than 520 supercritical units operating in the world (See Table 2.2). Nearly half of these supercritical units are located in countries that were formerly members of the USSR. There are currently more than 160 supercritical units operating in the US, representing 86,000 MW of capacity and 15% of total US fossil-fuel capacity.

Table 2.2 Worldwide Distribution of Supercritical Power Plants

Region	Number	Size (MW)
United States	164	300-1,100
Europe	60+	200-1,000
Japan	50+	500-1,000
Former USSR	Approx 240	300-1,200
Worldwide	Approx 520	200-1,200

Source: "A Critical Look at Supercritical Power Plants", Power, April 2004

Between 1990 and 1998, Japan showed the greatest growth in installed supercritical capacity. For the period 2000 to 2005, Japan has the largest development program in place for building new supercritical plants. As increasing numbers of supercritical plants are built in Japan, they are also increasing in size. While plants built in the mid-1990s were rated from 400 to 700 MW, plants commissioned in the past few years have been 1,000 MW or larger.

About 60 supercritical units are operating in Western Europe – largely in Germany, Italy (mostly oil-fired) and Denmark. The new unit K at Germany's Niederhaussen complex was recently commissioned near Cologne. This 1,000 MW plant operates under clean steam conditions of 4,000psi/1,075F and is designed to burn lignite.

As their supercritical development programs have accelerated and matured over time, the Germans and especially the Japanese have begun to offer these supercritical technologies in the United States. FPL has had discussions with companies such as Hitachi,

Mitsubishi, IHI, and Siemens regarding equipment pricing, emissions and performance to explore investment by FPL in clean coal generation.

Supercritical vs. Subcritical Technology

There are currently in the US a significant number of new coal units either in construction, approved for construction, or in final development. Many of these plants are relying on super-critical coal generation technology, reflecting recognition that this technology (1) is highly reliable; and (2) delivers enhanced efficiency, which results in greater fuel economy and lower emissions. FPL has reviewed several projects to understand the benefits and challenges of key issues impacting plant design and fuel choice.

The decision regarding whether new coal generation should utilize efficient supercritical technology or the more standard subcritical technology is influenced primarily by factors that are specific to each region and/or situation.

For example, large capacity scale is a common feature of units employing the supercritical design. The Council Bluffs Unit 4 (790 MW), Wisconsin Energy's Elm Road (two 650 MW units), Xcel Energy's Comanche Unit 3 (750 MW), Sempra's Granite Fox Facility (two 725 MW units) and Wisconsin Public Service's Weston Unit 4 (520 MW), are all over 500 MW, a feature necessary to capture the economies that make supercritical generation economically favorable. The primary objective of these units is to increase fuel diversity and provide more stable electricity costs into the future for the customers in their service territories.

On the other hand, other plants that are designed to use subcritical technology do so for unique reasons. Santee Cooper is constructing the Cross Units 3 & 4 as subcritical technology in order to maintain the same design as the existing Cross Units 1 & 2. Peabody Coal will use subcritical technology in its Prairie State Plant in order to take advantage of locally available Illinois basin coal, which has a high sulfur and chlorine content and is not appropriate for supercritical technology. Tucson Gas and Electric is constructing Springerville Unit 3, a 400 MW unit that is sized under the 500 MW threshold for supercritical's economic advantage, and which will take advantage of relatively close supplies of Powder River Basin coal, reducing the need for the higher efficiency of supercritical technology.

FPL has selected the supercritical design in order to take advantage of the greater economies of larger units, as well as the lower operating costs and lower emissions offered by the greater efficiency of supercritical coal generation technology.

State-of-the-Art Emissions Control Technology

FPL's analysis of clean coal technologies has determined that a supercritical pulverized coal (SCPC) facility would be the best choice for developing a clean coal generation plant. This facility would include state-of-the-art boiler design to achieve high efficiency when combusting a fuel mix consisting of different grades of domestic and foreign coal and petroleum coke. FPL is proceeding under the assumption that future environmental regulations to reduce air emissions would require significant pollutant control technology on any new clean coal facility. The following describes the equipment related to the pollutants of interest.

Sulfur Dioxide Controls

The clean coal facility under consideration would include a state of the art wet flue gas de-sulfurization (FGD) scrubber process to remove SO_2 emissions. The SO_2 scrubber would be designed to meet the requirements of BACT and the anticipated reduction requirements contained in the proposed CAIR rule. The scrubber would produce calcium sulfate (gypsum) as a by-product. This gypsum would be acceptable for the production of either construction quality wallboard, or commercial grade cement, helping to reduce the solid waste stream from such a facility.

Nitrogen Oxide Controls

To control NOx emissions the clean coal facility under consideration would utilize low NOx burners, over-fire air, and a selective catalytic reduction (SCR) system. The SCR utilizes ammonia or urea in the presence of a catalyst to remove nitrogen oxide gases from the flue gas, much like a catalytic converter in a car. The SCR would be designed to meet BACT and the proposed requirements of the CAIR rules.

Particulate Controls

Clean coal facilities typically include the installation of dry electrostatic precipitators (ESP) or baghouses to reduce the emissions of particulate matter. The clean coal facility under consideration would include state-of-the-art dry ESPs. Ash collected by the ESP would be managed in an on-site landfill or reused in accordance with accepted industry practices and applicable laws for recycling.

In addition to the dry ESPs the clean coal facility under consideration would include a wet electrostatic precipitator (WESP) to further reduce visible opacity from the facility. The WESP is the final cleanup step in the air quality control system. Some of the sulfur in the fuel is converted to SO_3. As the SO_3 passes through the wet scrubber (FGD) system, it is converted to H_2SO_4. Located after

the FGD, the WESP collects the H_2SO_4 particles. To preserve the WESP electrodes and collecting plates in the presence of H_2SO_4 (sulfuric acid), water is continuously sprayed over the plates. The water collects the H_2SO_4 which is then collected in the bottom of the vessel for recycle to the FGD system. The WESP would provide added control of fine particulate matter emissions (PM 2.5) and would provide additional control of mercury emissions.

Mercury Controls

Anticipated regulations requiring the reduction of mercury emissions from coal-fired electric generating facilities are expected to establish mercury limits consistent with allowing co-benefits from the use of scrubbers and SCRs as MACT controls for mercury reduction. FPL expects that the SO_2 and NOx control technologies under consideration would yield mercury reductions capable of meeting the new proposed mercury MACT rules. The use of the wet ESP described above is expected to provide additional mercury reduction for the unit.

Other technologies considered for the reduction of mercury include activated carbon injection (ACI) in conjunction with a baghouse. However, there is currently insufficient data to support the use of ACI as a technologically proven method to consistently and reliably remove mercury from all coal types. Because this technology is in an early development stage, FPL understands vendor guarantees for specific mercury removal rates using ACI are not available. Another concern is that the addition of carbon to the fly ash may render the ash non-recyclable, resulting in added solid waste management costs.

Part Three – Economic Analysis

A. Analytical Approach, Assumptions and Results

Analytical Approach

As part of its study of clean coal generation we performed an economic analysis to determine the relative cost of adding clean coal generation to FPL's system by comparing the present value of revenue requirements (PVRR) of two different generation plans. One of the generation plans considered is an "all gas" plan that would meet all future capacity needs by adding gas-fired combined cycle units. The other generation plan, the "clean coal plan," includes 1,700 MW of clean coal generation (i.e., two 850 MW supercritical pulverized coal units) as part of the capacity that would be added to meet FPL's future needs. The only difference between the two plans used in this analysis occurs in 2011 and 2012. The all gas plan would add two 870 MW combined cycle (3x1 CC) units in 2011 and 2012, respectively, while the clean coal plan would add two 850 MW clean coal technology units in 2011 and 2012, respectively, for a total of 1,700 MW of clean coal fired generation. In both plans the 2011 and 2012 capacity additions would be at the same site. In addition, all other capacity additions in the two generation plans, both prior to and subsequent to 2011 and 2012, are identical gas generation additions, added at the same times, sites, and with the same sizes and costs.

This approach allows for a direct comparison of the relative cost of adding 1,700 MW of clean coal generation, as part of FPL's overall generation plan, to the cost of similarly sized and sited gas-fired combined cycle generation, with no significant cost differences attributable to differences in siting, transmission, size, or in other components of the generation plan.

The economic analysis of the clean coal plan relative to the all gas plan assumed that two clean coal technology units would be added in 2011 and 2012, respectively. However, as has been stated in this Report, the ongoing review of the technical and environmental requirements related to adding new clean coal generation indicates that we would not be able to place in service a clean coal technology unit earlier than June, 2012. However, the results of the comparative economic analysis are not dependent on which of these two consecutive years the cost comparison begins, and therefore the results are valid for the purpose of reaching the conclusions presented in this Report.

Organization of Findings

The results obtained in this analysis using a set of base assumptions are provided as the starting point. The results of a number of sensitivity analyses then quantify how different future fuel and environmental compliance cost assumptions would change the results.

The capital and fixed O&M costs of the clean coal plan are higher than those of the all gas plan. In order for the two plans to be economically equivalent, the higher capital costs and O&M costs of the clean coal technology units must be offset by lower fuel and variable operating costs over the life of the clean coal technology units. The analysis assumes an initial set of costs for key variables, such as future fuel prices and emission compliance costs. The analysis shows that the operating cost savings of the clean coal plan effectively more than offset its higher capital and fixed O&M costs. Based on these results alone, one would conclude that the clean coal plan is more cost-effective for our customers.

However, because the useful life of both clean coal technology units and combined cycle units span 40 years, many factors (natural gas price, coal price, emission compliance costs, etc.) could be different than projected, and those differences could significantly impact the relative cost of the two generation plans. This Report describes how these key factors may vary, how the analysis sensitivities address that variability, and how the results of the analysis sensitivities affect our conclusions.

Results Obtained Utilizing Base Assumptions

The capital expense associated with developing, constructing and commissioning a clean coal plant is significantly higher and is expended over a longer time frame than that of a natural gas fired combined cycle plant. Development (and cost outlay) would begin in 2005 for a clean coal technology unit to be operational in 2011, while this process would not begin until 2007 for a combined cycle unit that becomes operational in 2011.

The future variable costs of generating units are strongly influenced by projected fuel prices and emission compliance costs. The expected natural gas price forecast assumes natural gas prices rise at an annual rate of approximately 0.5% greater than that of inflation. Conversely, coal prices are expected to decline in real terms at an annual rate of approximately 0.8%. Under these assumptions, clean coal technology units would incur significant variable emission compliance costs for SO_2. However, CO_2, NO_x and mercury limitations are projected to be satisfied by the emission control equipment built into the capital cost estimates, and therefore would incur no ongoing variable costs.

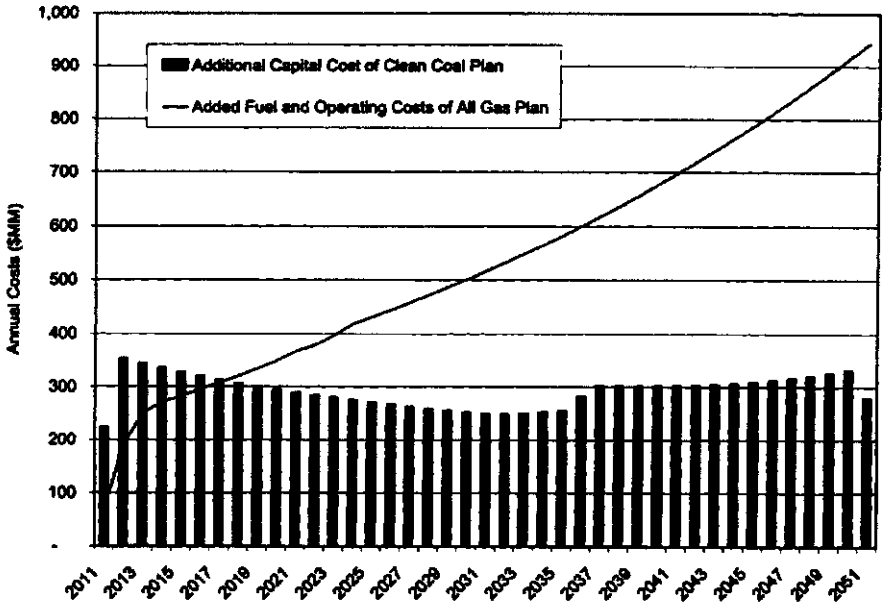


Figure 3.1. Comparison of Annual Cost Differential between a Clean Coal Plan and an All Gas Generation Plan.

The bars in Figure 3.1 show the annual additional capital costs for the clean coal plan, relative to the capital costs of the all gas plan. The line in Figure 3.1 shows the higher fuel and variable operating costs of the all gas plan, relative to those of the advance coal plan. Overall, this figure shows that under these base assumptions, the annual additional capital costs of a clean coal plan are less than the annual additional total variable costs (fuel, emissions and variable O&M) required of an all gas generation plan. Therefore, the savings attributable to the clean coal plan are expected to grow over time as a result of the projected increasing spread between the price of natural gas and that of the selected coal combination. This is true even though the clean coal plan would carry higher emissions compliance costs that are also escalating. In this analysis, the clean coal plan would incur $2.039 B higher capital and fixed O&M costs on a net present value revenue requirements basis[6]. The clean coal plan also would incur $28 MM higher variable emission compliance costs. However these costs disadvantages are offset by the lower fuel and variable O&M cost ($2.502 B) for a net savings of $435 MM.

Figure 3.2 shows the cumulative present value of revenue requirements (CPVRR) of the clean coal plan, relative to the CPVRR of the all gas plan (represented by the "0" line along the x-axis), with costs beginning on a projected commercial operation date in 2011 for the first unit. As can be seen in the graph, the higher capital costs of the clean coal plan result in higher revenue requirements for the clean coal plan in the early years.

[6] Unless otherwise noted, the values provided in this Report will be provided as the net present value of revenue requirements for all future years in 2004 dollars (PVRR, $2004).

However, after 2029 the accumulated fuel savings of the clean coal plan are sufficient to offset its capital cost disadvantage and the clean coal plan reaches the "crossover point" (the CPVRR line crosses the "0" line along the x-axis). At this crossover point the clean coal plan becomes cumulatively less expensive than the all gas plan under the base assumptions.

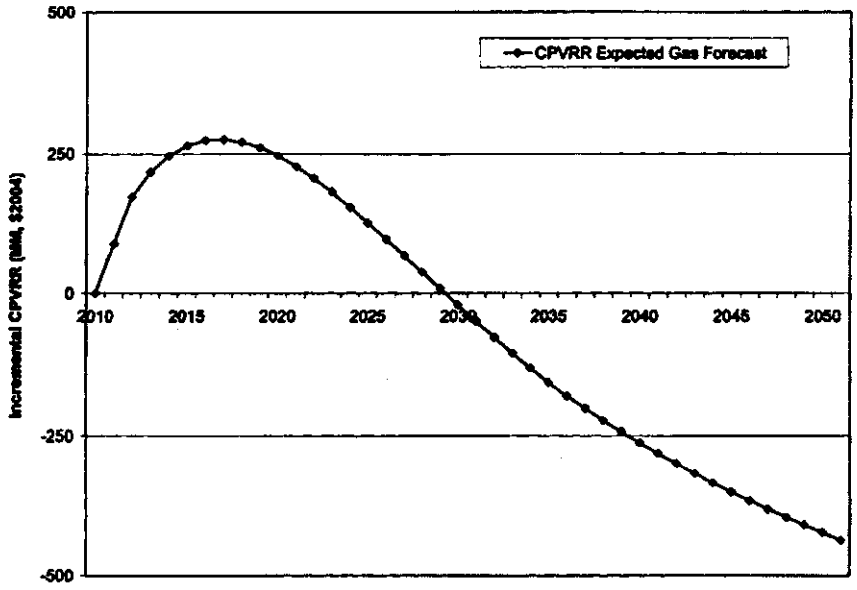


Figure 3.2 Crossover of CPVRR difference between plans (Base Assumptions).

This information can also be used to show the relative impact on rates that would result from the selection of a clean coal plan compared to the selection of an all gas plan, and is shown in Figure 3.3. As seen in the revenue requirements chart, rates would initially be higher because the annual capital cost of the clean coal plan, reduced somewhat by the fuel savings, exceeds that of the all gas plan during the early years. However, the annual cost of the clean coal plan becomes less than the annual costs of the all gas plan after the 6th year (2017) and therefore the rates become less than that estimated for an all gas plan.

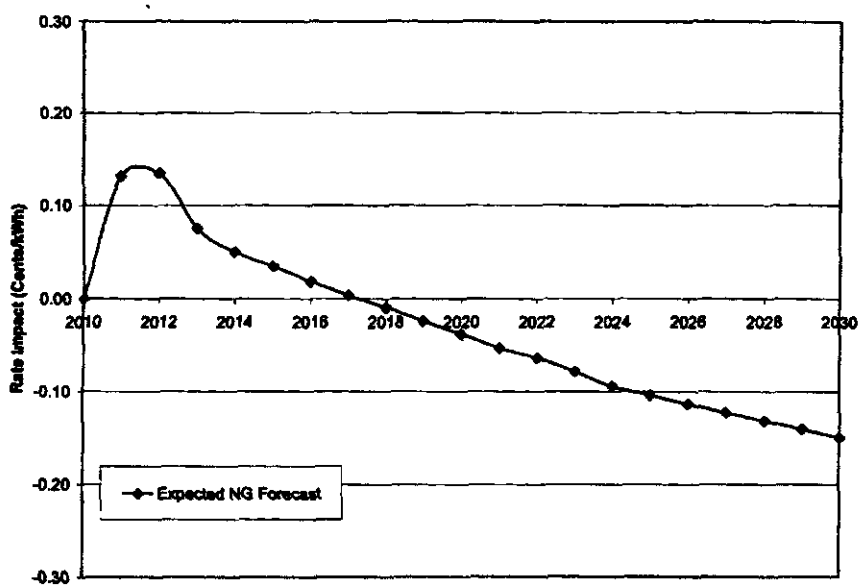


Figure 3.3 Relative annual impact to rates (in Cents/kWh) of selecting a clean coal plan compared to selection of an all gas plan (base assumptions).

B. Fuel Price Sensitivities

Need for Sensitivities

The differential between the delivered price of coal and the delivered price of natural gas is the primary cost advantage of clean coal generation. Consequently, the results of an economic comparison between clean coal generation and gas generation depend primarily on the magnitude of this fuel price differential in the future. As discussed in Part Two, Section B, there are many factors that can influence the future behavior of these fuel prices, and in particular, the price of natural gas. The assumptions that underlie FPL's gas price forecast, such as significant growth in gas demand, growth in LNG imports, and stable Canadian gas imports, may or may not occur as anticipated. Consequently, actual natural gas prices in the future could be higher or lower than those in the base assumptions. In order to address this uncertainty in future natural gas prices and in the fuel price differential between natural gas and coal, and determine how significantly that uncertainty could affect the relative economic value of clean coal generation, we expanded the economic analysis to consider a high natural gas projected price sensitivity and a low natural gas projected price sensitivity.

Natural gas prices have experienced significant volatility in recent years, and this high degree of volatility in natural gas prices is expected to continue in the future. Because coal prices are expected to remain stable, it is anticipated that adding clean coal generation to FPL's system would reduce the system fuel cost risk in the future, compared to what it would be under an "all gas" generation plan. In order to quantify the reduction in system fuel cost risk offered by the lower fuel price volatility of a generation plan that includes clean coal generation compared to the higher fuel price volatility of an all gas plan, we performed a probabilistic analysis of natural gas prices.

Although the price of coal has been, and is projected to remain, stable at a level well below than that of natural gas, the cost of transporting coal to Florida and delivering it to a clean coal technology plant would be substantial. In order to achieve a sufficiently large differential between delivered coal and delivered natural gas to make clean coal generation competitive with gas-fired combined cycle units, it is necessary to be able to deliver coal to Florida from both domestic and foreign sources through ports that allow access to multiple railroads which can deliver to the potential site. We performed a sensitivity to determine the economic effect of not having competitive delivery of coal.

The following sections discuss these four fuel price-related sensitivities; a high natural gas projected price sensitivity, a low natural gas projected price sensitivity, a probabilistic analysis sensitivity to quantify the benefit of reducing our fuel price risk by adding clean coal generation, and a sensitivity to determine the economic effect of non-competitive coal delivery.

Establishing the High and Low Projected Natural Gas Price Sensitivities

The forecasted commodity price used in the study is developed following FPL's standard forecasting process, which utilizes input from a range of industry consultants and then applies our own fuel management knowledge and fuel availability and price forecasting expertise. The high natural gas price sensitivity utilizes a projected price of gas that is sufficiently high, such that the forecaster estimates that there is only a 25% probability that the actual future price of natural gas would be higher than this high projected price, while there is a 75 % probability that the actual future price of natural gas will be lower than this high projected price. Conversely, the low natural gas price sensitivity utilizes a projected price of gas that is sufficiently low, such that the forecaster estimates that there is only a 25% probability that the actual future price of natural gas would be lower than this low projected price, while there is a 75 % probability that the actual future price of natural gas will be higher than this low projected price. By comparison, the forecasted price of natural gas in expected case is such that the forecaster estimates that there is an equal probability (50%) that the actual future price of natural gas would be higher, or lower than that forecasted price. Figure 3.4 displays the forecasted price of natural gas in the base assumptions, as well as the high projected price used in the high natural gas price sensitivity, and the low projected price used in the low natural gas price sensitivity.

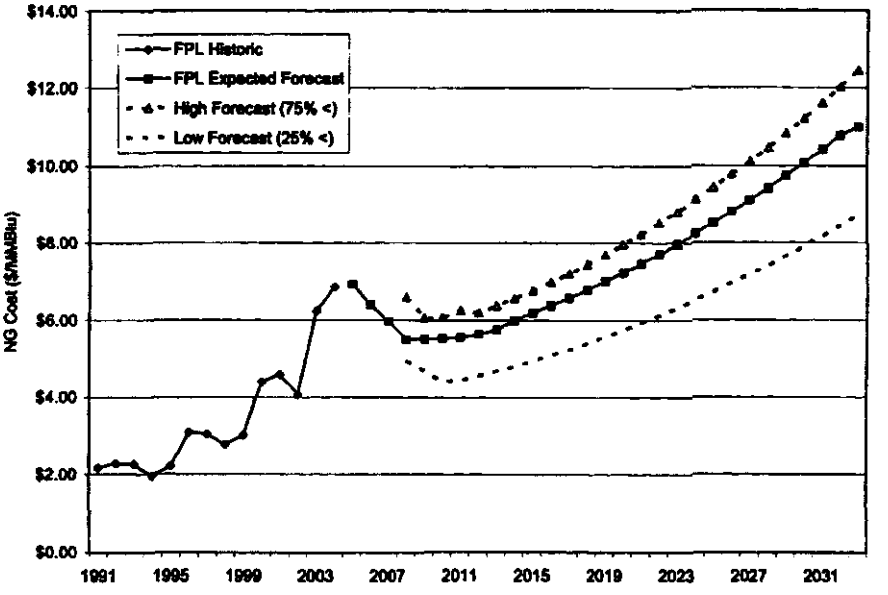


Figure 3.4 Historic Natural Gas Prices (nominal $/MMBtu) with High, Low and Expected Forecasts.

The range of possible natural gas prices shown on Figure 3.4 was also used in the probabilistic sensitivity. The probabilistic analysis sensitivity is discussed below.

Natural Gas Price Sensitivity Results

The projected price of natural gas used in the high gas price sensitivity results in total system costs, for both study generation plans, that are significantly higher than the results obtained using the base forecast. This is a result of the natural gas consumed by FPL's existing gas-fired generation and the future gas-fired filler units that are added to the generation portfolio after 2012. Conversely, the projected price of natural gas price used in the low gas price sensitivity results in total system costs, for both study generation plans, that are significantly lower than the results obtained using the base forecast because all of FPL's gas-fired generation would benefit from the lower gas price.

As expected, the comparison of the two generation plans shows that the system costs of the clean coal plan increases less in the high gas price sensitivity because FPL's system does not consume as much higher priced natural gas with the addition of clean coal generation. The clean coal generation plan has a $1.4 B advantage over the all gas plan in the high gas forecast sensitivity.

Conversely, the system costs of the clean coal plan are higher than those of the all gas plan in the low gas price sensitivity, resulting in a $466 MM advantage for the all gas plan in this sensitivity. However, it is important to note that in the clean coal plan the low natural gas price sensitivity results in system costs that are about $7.0 B (present value) lower than the results obtained using the base assumptions. In other words, while it is true that if we were to adopt the all gas plan, and gas prices were to be at the low gas price sensitivity level, the total system costs would be about $7.0 B lower than under the base assumptions with an all gas plan, about 94% of this system cost reduction would still be achieved with the clean coal plan, which would save about $6.44 B.

In summary, under the high gas price sensitivity the clean coal plan would reduce costs by $1.4 B, while under the low natural gas price sensitivity the clean coal plan would still produce more than 94% of the savings the system would have experienced with an all gas plan. By reducing our exposure to high natural gas prices, the clean coal plan provides a cost hedge for the FPL system that cannot be provided by the all gas plan.

Figure 3.5 shows the cumulative present value of revenue requirements for the clean coal plan relative to the all gas plan, from the commercial operation date of the 2011 unit for the base assumptions and both natural gas price sensitivities. The crossover point occurs much earlier (2016) under the high natural gas sensitivity. Figure 3.6 shows the relative rate impact for the three natural gas forecasts considered.

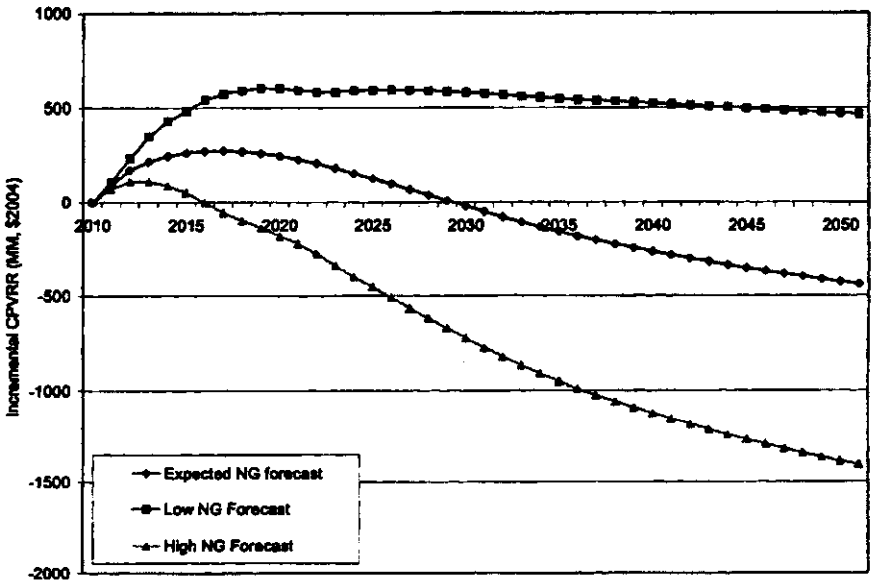


Figure 3.5 Crossover of CPVRR difference between plans for three gas forecasts.

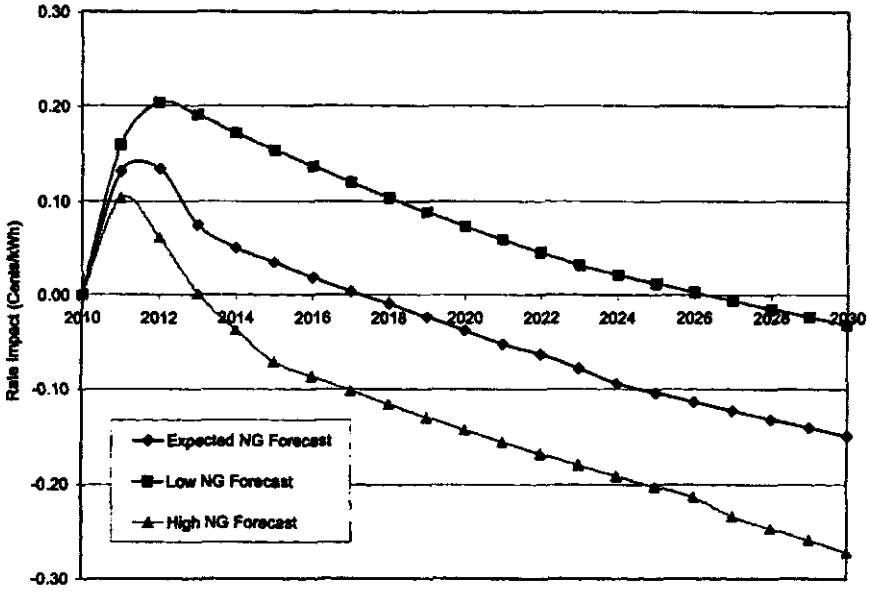


Figure 3.6 Relative annual impact to rates (in Cents/kWh) under three natural gas forecasts.

Impact of Natural Gas Volatility

There is a wide range (or distribution) of potential natural gas price outcomes that could occur in the future. Each of these potential outcomes has an associated probability of occurrence. The width (or standard deviation) of this distribution of potential outcomes is a function of the volatility of natural gas prices, and the width of this distribution expands with time. Figure 3.7 provides an example distribution for the year 2015. In this sensitivity, the distribution is truncated at the extremes to exclude unreasonably high and low values. The base analysis and the two gas price sensitivity analyses described above address three of these potential outcomes – the base price outcome, the high gas price sensitivity outcome, and the low gas price sensitivity outcome.

We performed a sensitivity analysis that varied natural gas price across the range of potential outcomes, while all other inputs remain unchanged. The result of this sensitivity analysis, using the distribution of natural gas price outcomes, is a distribution of potential system costs for each of the two generation plans under consideration. However, the standard deviation of the system cost distribution is not only dependent on the shape of the gas price distribution, but also on the amount of natural gas consumed under each of the generation plans. Because the clean coal plan uses less natural gas than the all gas plan, the standard deviation of its distribution of potential future system fuel costs is narrower than that of the all gas plan.

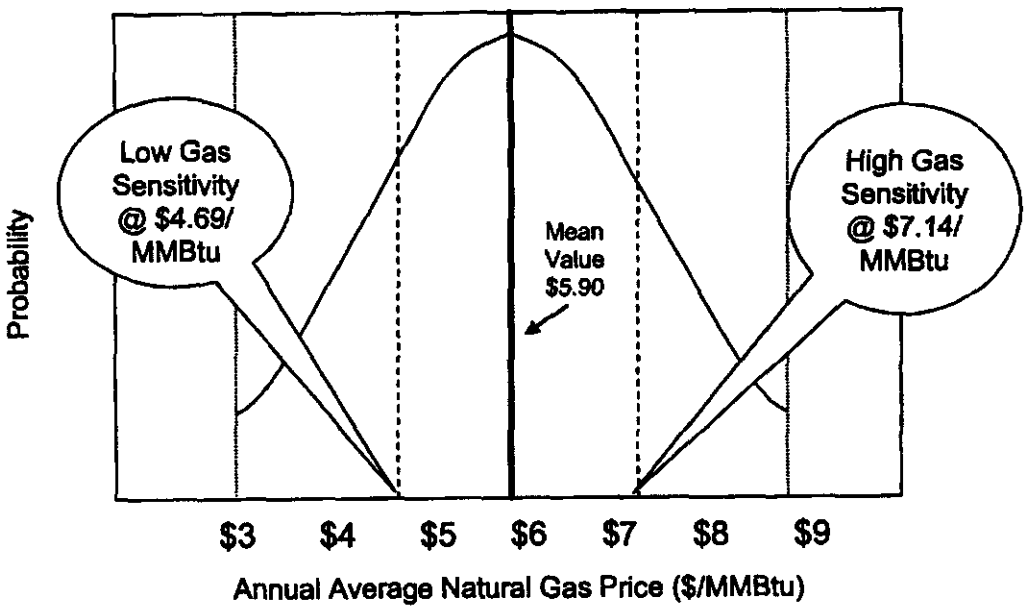


Figure 3.7 Example truncated probability distribution of annual average delivered natural gas prices ($/MMBtu, 2003$) for the year 2015.

The difference between the standard deviations of system fuel costs under the two plans is a measure of the reduction in system fuel cost risk offered by the clean coal plan, or alternately a measure of the increased certainty with which the fuel cost of the clean coal plan can be projected into the future.

The result of this sensitivity analysis indicates that the standard deviation (or expected variability) of the distribution of potential future system fuel costs under the clean coal plan would be $1.22 B or 11% less than that of the all gas plan, on a PVRR basis. This means that on an annual average basis, system fuel cost variability would be reduced by $100 MM (nominal $'s) if the clean coal plan is implemented. Because this reduction in the variability of system costs applies to both higher and lower than forecasted system fuel costs, only half of this reduction in variability – about $50 MM (nominal $'s) per year, on average – applies to reducing the higher-than-forecast system fuel cost risk. In other words, all other inputs being equal, adding 1,700 MW of clean coal generation to the generation portfolio would reduce our customers' exposure to higher than forecasted system fuel costs by about $50 MM (nominal $'s) per year, compared to an all gas plan.

Delivered Coal Price

As indicated in Part Two, Section B of this Report, for the purpose of this analysis FPL has selected a combination of "solid fuels" that consists of 40% low sulfur Central Appalachian coal, 40% low sulfur foreign coal and 20% petroleum coke. Based on the stable price history of these fuels, and our review of future expectations regarding this fuel combination, there is no need to consider price volatility for this coal combination in the analysis. However, the delivered price of coal and petroleum coke includes not only their commodity prices, but also the costs of transporting and delivering each via ship, barge, and/or rail to the plant, and there is significant uncertainty regarding the magnitude of those transportation and delivery costs. This uncertainty relates to the feasibility of obtaining competitive fuel delivery through multiple port facilities and competing railroads. If the necessary infrastructure and corresponding agreements that would support competitive fuel delivery cannot be developed, fuel transportation and delivery costs would be significantly higher, and would result in much higher delivered coal prices than those assumed in the base assumptions. This uncertainty regarding the feasibility of competitive fuel delivery required us to also develop a non-competitive fuel delivery cost forecast to determine the impact of this outcome on the economics of clean coal generation. The results of the analysis performed using this non-competitive fuel delivery forecast is discussed below. Both fuel transportation and delivery cost estimates used in these analyses were developed based on input from industry consultants, as well as our own experience derived from involvement in fuel management for its current coal-fired generation plants and FPL's commodity price and transportation forecasting expertise.

The costs of providing the necessary coal delivery infrastructure to achieve competitive delivery of coal, including those related to port terminal facilities are reflected in the coal transportation rates used in the economic analysis. The capital cost of rail spurs into the plant site, rail cars and coal handling equipment at the plant are included in the construction capital cost estimates. Costs to maintain this equipment are included in the fixed O&M costs estimated for the entire facility.

Non-Competitive Delivery Situation

The use of foreign coal, domestic coal and petroleum coke in the coal combination requires that at least 60% of the fuel for the clean coal technology plant be delivered via a major shipping port with bulk material handling capabilities. This waterborne fuel must then be delivered via rail to the plant site. The remaining fuel needs of the plant would be delivered directly from Central Appalachia to the plant via rail. One way to maintain low coal transportation costs is to contract with multiple ports and carriers to provide delivery of the required fuel quantities. In the event that only one delivery method (e.g., having access to only one port, or having access to only one railroad) is available, the transportation costs would be expected to be significantly higher due to lack of competition. This increase in delivered price would add an estimated $383 MM of cost to the clean coal plan. This added cost would reduce the advantage seen in the results

obtained using the base assumptions from a $435 MM net savings to only $52 MM net savings for the clean coal generation plan as compared to the all gas plan.

Under some combined outcomes the uncertainty regarding future gas prices discussed above, and that of environmental compliance costs discussed below, could together eliminate the economic benefits of a clean coal plan compared to an all gas plan. It is therefore very important that a robust competitive coal transportation plan be established prior to making a final decision to implement clean coal generation.

C. Emission Compliance Sensitivities

We considered four types of air emissions in its study of clean coal generation. They are sulfur dioxide (SO_2), nitrogen oxides (NO_x), carbon dioxide (CO_2) and mercury (Hg). The base assumptions used in the economic analysis reflect current environmental regulations. However, this section examines how potential future environmental legislation or regulation would affect the differential cost between a clean coal generation plan and an all gas plan. FPL consulted with industry experts and national organizations concerned with future air emissions regulations to develop an understanding of how future regulation may affect the cost of compliance for each of these four substances.

Modeling Emission Compliance Costs

FPL's analysis includes three types of emission compliance costs. They are the capital cost of emission control equipment that must be installed in conjunction with the generating unit, the O&M costs to operate and maintain the equipment, and the cost of purchasing emission allowances necessary to allow a generating unit to emit above a specified limit. The capital costs of the emission control equipment required for clean coal generation are reflected in the total capital cost estimates used in the analysis.

O&M costs related to emission control may be fixed O&M or variable O&M. Fixed O&M costs include the annual long term maintenance costs necessary to keep the emission control equipment in working order throughout the life of the facility. The fixed costs attributed to emission control equipment for clean coal technology units are integrated into the total fixed O&M cost estimate for those units. The variable O&M costs related to emission control include consumable materials needed to operate the emission control equipment. An example of such a variable O&M cost would be the cost of limestone used in a scrubber to reduce SO_2 emissions. Those variable O&M costs related to emission controls required by current environmental regulation, such as the cost of limestone, were considered in the analysis.

Emission allowance costs are considered in the analysis for sulfur dioxide (SO_2). The economic analysis has also considered the economic impact of allowance costs related to possible future allowance requirements for nitrogen oxides (NO_x) and carbon dioxide (CO_2). This study anticipates that Mercury (Hg) would be effectively managed, to the extent required, by emission control equipment, and therefore no allowance cost has been considered for Hg. Projected emission rates (lbs/kwh) for each substance are developed

as part of the engineering design. The production cost model is then used to determine how much energy the clean coal technology unit is expected to produce each year, and how many allowances would be required. FPL then uses its knowledge of allowance markets, as well as input from industry experts to develop a forecast of the future cost of each allowance. The annual cost of allowances is the product of these components. Table 3.1 summarizes the cost types that are relevant to each pollutant.

Any future increase in emission compliance costs contribute to the variable costs of both clean coal generation and gas generation. However, the variable costs of the clean coal plan are more strongly affected by such an increase because of the greater need for emission control of clean coal technology. This effect is reflected in the results of the emission sensitivities conducted as part of the analysis.

Table 3.1 Cost Areas Associated with Certain Pollutants

	Capital Cost	Fixed O&M	Variable O&M	Allowances
SO_2	Yes	Yes	Yes	Yes
NOx	Yes	Yes	Yes	Yes*
CO_2	Yes	Yes	No	Yes*
Hg	Yes	Yes	Yes*	No

* Indicates this cost is considered in certain sensitivities.

Sulfur Dioxide

The SO_2 allowance price forecast of the general assumptions are consistent with those projected assuming the passage of the Clean Air Interstate Rule. SO_2 allowances at this level would add $28.2 MM to the cost of operation of a clean coal plan over that of an all gas plan. There is a possibility that regulation could develop that would increase SO_2 allowance prices even higher. This would add an additional $54.1 MM in allowance costs for a total incremental of $82.3 MM to the operational cost of a clean coal facility when compared to an all gas plan.

Nitrogen Oxides

Currently, there is no requirement to acquire NOx allowances. However, the proposed clean coal plant design would utilize Best Available Control Technology (BACT) to maintain NOx levels below required emission limits. Even with BACT, there is the potential for future regulation or legislation that would require the purchase of NOx allowances. It is estimated that such a requirement would add as much as $37 MM to the operational cost of a clean coal facility above that of an all gas plan.

Carbon Dioxide

There is significant uncertainty regarding whether, and to what extent, CO_2 emissions would be controlled in the future. However, with the help of industry experts FPL has developed two possible scenarios that would, if implemented, add additional operational costs to the clean coal plan. A moderate CO_2 control program would add as much as $193 MM to the operational cost of a clean coal facility, while a more stringent program could add as much as $406 MM to the operational cost of a clean coal plan above that of an all gas plan.

Mercury

There are currently proposed regulations and legislation that would set a standard (not yet identified) for mercury emissions. The proposed clean coal technology plant design would significantly reduce the levels of mercury emitted by utilizing the air-stream cleaning equipment that is required to control SO_2 emissions. If future regulation and legislation sets a mercury standard that cannot be met using existing equipment, additional equipment can be added. The installation and operation of this additional control equipment could add as much as $170 MM to the operational cost of a clean coal facility above that of an all gas plan.

D. Potential Scenarios Combining Sensitivities

The individual effects of uncertainty regarding future natural gas prices, the viability of competitive delivery of coal, and the magnitude of emissions compliance costs have been provided above as independent sensitivities. In actuality, these individual factors will occur simultaneously and have a combined effect on the economic results of the clean coal plan. When considering how these factors would combine, it is helpful to recognize general relationships between these variables that make some combinations of future behavior more likely than others. The primary relationship of note is the expected correlation between natural gas prices and CO_2 emission allowance prices. High CO_2 allowance costs would tend to raise natural gas prices because greater use of natural gas (with its lower CO_2 emissions rate) would help a generator avoid paying the high CO_2 allowance costs. Conversely, if no significant CO_2 allowance costs are expected, natural gas demand would not rise, resulting in relatively lower natural gas prices. Therefore, it is expected that there would be a positive correlation between future CO_2 emission allowance costs and future natural gas prices.

In effect, the likely positive correlation between CO_2 emissions costs and higher natural gas prices would dampen the net adverse effect of high CO_2 emissions costs on the relative savings offered by a clean coal plan. Figure 3.8 provides three possible emission scenarios, drawing on the sensitivities discussed in the previous section. The three scenarios are 1) the base assumptions (SO_2 costs only), 2) a scenario which adds the moderate CO_2 control program costs to the base assumptions, and 3) a scenario which

reflects all of the most stringent emission sensitivities, including high CO_2 compliance cost.

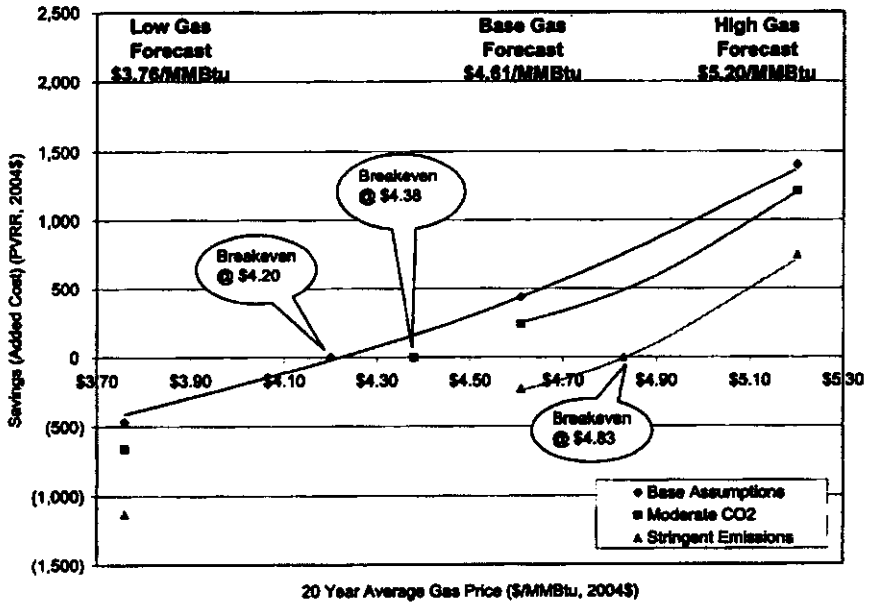


Figure 3.8 Relative Savings (Added Costs) for Potential Scenarios.

The blue, red and green lines show the savings results for the future natural gas price and environmental compliance (CO_2) cost combinations that are likely to occur. This illustrates how the expected correlation of CO_2 emission costs and high natural gas prices is expected to limit the likely range of savings/added costs that would result from the implementation of the clean coal plan over the all gas plan. As shown on the graph, as the cost of environmental compliance increases, the range of likely future gas prices is focused on the natural gas price region that is higher than the expected natural gas price forecast. This anticipated correlation between CO_2 compliance costs and natural gas prices increases the likelihood that the clean coal plan would provide savings, compared to the all gas plan.

E. Economic Analysis Summary

The results of the economic analysis indicate that the higher capital and operating costs of a clean coal plan can be more than offset by the lower cost of coal, to the point that a clean coal generation plan would result in total system costs that are $435 MM lower that an all gas generation plan. The sensitivities explored as part of the study highlight the effect of uncertainty regarding both the future price differential between natural gas and coal and the future cost of environmental compliance on the economic benefits of implementing the clean coal generation plan. However, as is discussed above, the clean coal plan is the most cost-effective plan, even in the face of this uncertainty.

The future price of natural gas has a strong effect on the magnitude of the savings that could result from the clean coal plan compared to the all gas plan. These savings could be as great as $1.4 B under the high gas price sensitivity. This is the primary reason for implementing the clean coal plan. Moreover, as was pointed out above, even under the low natural gas price sensitivity the clean coal plan would still produce more than 94% of the savings our customers would have experienced with an all gas plan. At the same time, by reducing our exposure to high natural gas prices, this clean coal plan provides a cost hedge for our customers that cannot be provided by the all gas plan.

The clean coal plan also reduces fuel cost volatility. The analysis shows that the clean coal plan would reduce our customers' exposure to higher than forecasted system fuel costs by about $50 MM (nominal $'s) per year, compared to an all gas plan.

Compliance with future environmental regulations could also increase the cost of a clean coal plan and thereby affect its economic performance relative to an all gas plan. The most extreme environmental compliance scenario considered in the analysis would add $667 MM to the cost of the clean coal plan, potentially making it $232 MM more costly than the all gas plan. However, as has been discussed above, any outcome that imposes high costs for compliance with CO_2 emission requirements would likely be accompanied by higher than forecasted natural gas prices, which would likely offset, at least in part, the effect of environmental compliance on the economics of the clean coal plan.

A key requirement to support the economic benefits and reliability of the clean coal plan is to have effective, competitively priced coal transportation and delivery to the plant. FPL intends to develop a robust competitive coal transportation plan prior to making a final decision to implement the clean coal generation plan.

Part Four – Issues that Must Be Addressed

This section of the Report discusses four topics that are very important to the successful implementation of clean coal generation. The topics are: (1) the need for competitively priced transportation and delivery of coal and petroleum coke to the generation plant; (2) the importance of recognition by the Commission of key areas of uncertainty related to clean coal generation; (3) the importance of public participation in the clean coal generation implementation process; and (4) the need for an RFP process that can effectively address issues related to clean coal generation. This section of the Report also provides a preliminary list of steps FPL will take towards implementation of clean coal generation.

A. Need for Competitive Fuel Delivery

The ability to deliver foreign coal and petroleum coke to FPL's proposed clean coal plant is necessary to achieve sufficiently low delivered fuel costs to offset the higher capital and O&M costs of clean coal generation. To achieve this goal, FPL must have access to one or more coal receiving port terminals with efficient rail transport routes from the terminal facilities to the plant site. Additionally, in order to obtain economic rail transportation and delivery rates it is necessary that there be at least two competing railroads that can load fuel at the selected fuel origins (receiving port terminals for foreign coal and petroleum coke, and producing mines for domestic coal) and deliver it to the plant site. FPL believes that effective rail competition at both origin and destination is necessary if a clean coal plant is to provide value to our customers. Conversely, being captive to one railroad would result in unacceptably high fuel transportation and delivery costs over the long term and, as the economic analysis in Part Three of this Report indicates, would erode the fuel cost advantage of coal over natural gas.

FPL's study of clean coal generation included a review of existing and potential future fuel receiving port terminal facilities in Florida and elsewhere along the southeast U.S. Atlantic and Gulf Coasts, and of the railroads that serve those facilities. The results of that review indicate that the necessary fuel receiving terminal port facilities that would allow for delivery of foreign coal and petroleum coke, and provide effective rail competition at both origin and destination are not currently available. We will continue our effort to have the necessary fuel receiving port terminal facilities developed and/or expanded to help us achieve the key fuel transportation objectives. Without economic coal transportation and delivery, it would not be possible to achieve the fuel cost savings required to make the addition of clean coal generation technology economically acceptable.

B. Commission Recognition of Key Areas of Uncertainty

As explained in this Report, FPL has estimated that the benefits to its customers of adding clean coal generation could be very significant based on current expectations regarding future fuel prices, future environmental requirements, and other future

operations and maintenance requirements, and therefore FPL believes that adding clean coal generation is the preferred strategy for FPL's customers.

However, it is important to note that the higher capital cost of adding clean coal generation would be incurred at the outset, while the anticipated benefits of the clean coal plan (primarily lower and more stable fuel costs), would be experienced gradually over the operating life of the clean coal facility. In addition there are a number of unpredictable factors, which have been referred to in this Report as key areas of uncertainty, that could affect the realization of these anticipated benefits.

Uncertainty regarding these factors creates a situation where FPL would commit to a high capital cost facility, either through a long-term purchase of clean coal capacity via a power purchase agreement or ownership of a self-build clean coal generation facility, without certainty that that over time that commitment would actually result in reduced costs to our customers.

One key uncertainty factor is the possibility that the fuel price differential between coal and natural gas may narrow in the future. That factor, combined with the possibility that we may not be able to obtain competitively priced delivery of coal and petroleum coke to the clean coal generation facility, would reduce the fuel cost savings provided by clean coal generation.

Another key uncertainty factor that could affect the benefit that customers actually receive relates to currently unknown future changes in environmental regulations that could be implemented after the design of the clean coal plant is finalized, or during plant construction, or even after the plant has been placed in service. Complying with future environmental regulations could significantly increase the capital and O&M costs of clean coal generation, depending on the form, extent and timing of those new regulations, and the market's response to those regulations.

It is also important to note that because the clean coal facility contemplated by FPL will include steam generation greater than 75 MW, a Site Certification from the Governor's Siting Board will be required prior to construction, pursuant to the Power Plant Siting Act PPSA), in addition to local rezoning, conditional use and site plan approvals. Also, because there is very little recent experience regarding the addition of coal plants in Florida, and because of the dynamics specific to each permit process, there is uncertainty regarding the issues that may be raised by the various stakeholders and the requirements or conditions that may be imposed on FPL's clean coal facility by government agencies. Such requirements and conditions could affect the cost of compliance.

Yet another factor that affects the cost of clean coal generation more than it does gas-fueled generation is the longer lead time required to develop, permit, and construct a clean coal facility and place it in service. This longer lead time creates a greater potential for the costs of equipment, materials and labor to change significantly. Any increase in these costs would (all other things held equal) reduce the benefit of the clean coal unit to our customers.

It is essential that the Commission recognize the existence of these key areas of uncertainty, and the fact that possible future developments in these areas, or other factors, could cause delays or prevent the addition of clean coal capacity, or cause the total cost of these additions to be higher than projected. It is also important that the Commission recognize that the adverse effects of future outcomes relative to these areas of uncertainty, or other unforeseen factors, could become known only after construction of clean coal generation facilities has begun, or even after these facilities have been placed in service.

The addition of clean coal generation can only be achieved through the combined participation of many stakeholders, including the Florida Public Service Commission, for the benefit of our customers. Consequently, and in light of the key areas of uncertainty discussed above, it will be very important that, as part of the process leading to the addition of clean coal generation the Commission express its recognition that FPL's decision to pursue the addition of clean coal capacity is prudent, and in the best interest of its customers. FPL would ask for the Commission's concurrence that if, due to factors related to one or more of the areas of uncertainty discussed above or other unforeseen factors, the effort to implement clean coal generation were to be discontinued, or if during the time of construction or after clean coal generation has been placed in service such factors cause actual costs for clean coal generation to be greater than projected, or greater than they would be for an all-gas generation plan, FPL would be authorized to recover, through the normal cost recovery process, all prudently incurred costs.

As part of the process of adding clean coal generation to its portfolio, we will continue to examine all key areas of uncertainty to assess whether clean coal additions are reasonably likely to result in a net benefit to our customers.

C. Public Participation in Clean Coal Generation

A state-of-the-art clean coal facility would provide clean, economically stable generation to our customers for years to come. Any clean coal generation technology proposed by FPL would be designed to operate in a manner consistent with our environmental stewardship objectives. That means that such a facility would, at a minimum, fully meet the stringent requirements of the U.S. Environmental Protection Agency and the Florida Department of Environmental Protection, including all health-based air emission requirements. Twenty-first century emission control technologies and other design features ensure that today's clean coal generation facilities emit significantly less pollution and consume less water and fuel than any coal facilities that have come before.

However, FPL recognizes that its plans for new capacity to meet the growing needs of its customers are important to the communities it serves. Therefore, we will promote and maintain an active dialogue with communities and other stakeholders regarding clean coal generation in order to inform the public and learn about the communities' concerns, interests and priorities. FPL will take these concerns, interests and priorities in consideration along with the technical requirements FPL would need to address. In this

manner we can develop a plan that addresses technical, economic, environmental and community considerations.

Recent plans for new clean coal facilities in Florida and around the country have been met with a variety of responses and support. While many recognize the compelling economic and strategic benefits that can be offered through the efficient use of a plentiful fuel resource in today's clean coal generating plants, others maintain strong reservations regarding the impact that these facilities may have on surrounding environments, or generally question any energy policy that continues to rely on fossil fuels.

Any clean coal generation facility proposed by FPL would undoubtedly have supporters and opponents. In addition to the opportunities for public input afforded by the formal licensing process, as we proceed to bring the benefits of clean coal generation to our customers, we will continue to encourage and facilitate an open, positive dialogue with all stakeholders in order to provide information about the proposed facility and seek common ground on all areas. However, it is important to recognize that despite FPL's best efforts to facilitate an open dialogue with all stakeholders, some parties may pursue other avenues to block the development of a clean coal facility. Responding to such actions would require additional resources and may impact our ability to add clean coal generation within the time frame identified in this Report.

D. Request for Proposal Process for Clean Coal Generation

FPL intends to pursue a generation plan that includes clean coal generation in addition to gas-fired generation to meet our customer future needs. One step in that plan would be to define, by the first half of 2006 consistent with the Commissions Bid Rule, a specific clean coal facility that would be FPL's self-build alternative, or "Next Planned Generating Unit," to meet our capacity need in 2012, or in 2012 and 2013. Another step in the plan would be to issue, not later than July 2006, a Request for Proposals (RFP) to meet this need in 2012, or possibly for 2012 and 2013. Because one of the primary objectives of the capacity addition would be to reduce our reliance on natural gas, FPL will only consider those proposals submitted in response to this RFP that would provide clean coal generating capacity by the date(s) specified in the RFP.

Moreover, because there are significant differences between clean coal generation and gas-fired generation in areas such as fuel transportation and delivery systems, longer lead time for development, permitting and construction, greater uncertainty regarding future environmental requirements, plant-specific fuel procurement, transportation and delivery requirements, greater variability in the design, engineering and construction, etc., it will be necessary to develop an RFP process that will effectively address all clean coal generation-related issues and, therefore, would be somewhat different from the RFP process previously utilized for gas-fired generation.

For example, the longer lead time necessary for development, permitting and construction of clean coal facilities requires that cost estimates be developed well in advance. Because changes in economic factors that could occur during this long lead

time could affect the cost for equipment, material and labor, the actual capital cost of a completed clean coal facility could be much different from estimates prepared by bidders and FPL six or seven years earlier. If this concern is not addressed in the RFP process, bidders would likely submit conservatively high-priced proposals that reflect a risk premium related to the long lead time.

Another key difference related to an RFP for clean coal generation relates to fuel transportation and delivery. We currently do not have a coal purchasing, transportation and delivery infrastructure in place. Moreover, the fuel procurement, transportation and delivery requirements of each proposal would be specific to that proposal. Therefore it would not be feasible, nor practical for FPL to offer a tolling agreement to prospective suppliers of clean coal generation capacity and energy. We anticipate that the clean coal generation RFP would consider only those proposals that include, and reflect in the proposal pricing, the fuel procurement, transportation and delivery plans required by and consistent with those proposals, and that indicate that the bidding entity accepts responsibility for purchasing, transporting and delivering fuel to its clean coal generating plant.

Another important difference related to an RFP for clean coal generation is that there are more significant differences in design, engineering and construction among clean coal plants than among gas-fired combined cycle plants. Because of these differences, we would not be in a position to assume ownership of a generating facility designed, engineered and constructed by other entities. Therefore, we anticipate that a clean coal RFP would not consider "turnkey" proposals because accepting such a proposal would create an unacceptable operation and maintenance risk that would adversely affect our customers.

FPL will advise the Commission when it has completed development of its clean coal generation RFP process, and will communicate the details of that process to FPSC Staff.

It should be noted that there will also be generation capacity needs in FPL's system that must be met in 2009 through 2011. Because the lead times required to develop, permit and construct a clean coal generating plant are so long, it would not be feasible to place a clean coal technology unit in service before June 2012. Therefore, FPL's self-build alternative(s), or "Next Planned Generating Unit(s)" to meet these capacity needs in 2009 through 2011 are expected to utilize natural gas. An RFP that will solicit proposals to meet FPL's need in 2009, and perhaps 2010 and 2011 as well, will be issued in 2005. This RFP will not restrict the type of generation technology or fuel in the proposals.

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[Appendix C.1 Non-Tolling Draft PPA]

CONTRACT FOR THE PURCHASE OF

FIRM CAPACITY AND ENERGY

between

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and

FLORIDA POWER & LIGHT COMPANY

dated as of

_____, ___

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THIS CONTRACT is made and entered as of the __th day of _____, ____, by and between _____ ("Seller"), a _____ organized and existing under the laws of the State of _____ , having its principal place of business in _____, _____, and FLORIDA POWER & LIGHT COMPANY ("FPL"), a corporation organized and existing under the laws of the State of Florida, having its principal place of business in Juno Beach, Florida. Seller and FPL shall collectively herein be called the "Parties" and each may be individually identified herein from time to time as a "Party".

WITNESSETH:

WHEREAS, Seller will construct and be the owner and operator of an independent power production facility; and

WHEREAS, Seller desires to sell, and FPL desires to purchase, electricity to be generated by such facility;

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

1.0 DEFINITIONS; RULES OF CONSTRUCTION

1.1 **Definitions:** When used herein with initial or complete capitalization, whether in the singular or in the plural, the following terms shall have the following defined meanings; however, such defined terms shall not apply except as otherwise specified therein to Appendix D.

"**After-Tax Basis**" - shall mean, with respect to any payment to be received by any Party, the amount of such payment (the base payment) supplemented by a further payment (the additional payment) to that Party so that the sum of the base payment plus the additional payment shall, after deduction of the amount of all Federal, state and local Taxes required to be paid by such Party in respect of the receipt or accrual of the base payment and the additional payment (taking into account the net present value of any reduction in such Taxes resulting from Tax benefits realized by the recipient as a result of the payment or the event giving rise to the payment), be equal to the amount required to be received. Such calculations shall be made on the basis of the highest generally applicable Federal, state and local Tax rates applicable to the corporation for whom the calculation is being made for all relevant periods, and shall take into account the deductibility of state and local Taxes for Federal Income Tax purposes.

"Ancillary Services" – all commercial products produced by or related to the Facility, including spinning reserves, operating reserves, black start capability, black stop capability, balancing energy, reactive power, regulation service, emissions credits (including NOx, SO2, and CO2 credits), renewable energy credits, any other environmental or regulatory credits or allowance resulting from operation of the Facility or any similar benefit FPL otherwise would have realized from or related to the Facility if FPL rather than Seller had constructed, owned or operated the Facility.

"Annual Capacity Factor" or "ACF" – the arithmetic average of the last twelve Monthly Capacity Factors, expressed as a percentage. Until the first twelve Months of Monthly Capacity Factors of the Contract Term have been calculated, the arithmetic average of the Monthly Capacity Factors to date shall be used as the Annual Capacity Factor.

"Annual Peak Capacity Factor" or "APCF" – the sum of the last twelve Monthly Weighted Peak Capacity Factors, expressed as a percentage. Until the first twelve months of Monthly Peak Capacity Factors of the Contract Term have been calculated, the arithmetic average of the Monthly Peak Capacity Factors to date shall be used as the Annual Peak Capacity Factor.

"Applicable Laws" – any and all federal, state, regional or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, mandates, judgments, orders, decrees, Governmental Approvals, codes, licenses or permit requirements or other governmental requirements or restrictions, or any interpretation or administration of any of the foregoing by any governmental authority, that apply to the facilities, services or obligations of either Party under this Contract, whether now or hereafter in effect.

"Assignment of Firm TSA" – *[the Assignment of Firm TSA, to be entered into by and between Seller [, Seller's third-party transmission provider,] and FPL.]*

"Associated Facility" – as defined in Section 403.503 (12), Florida Statutes.

"Automatic Generation Control" or "AGC" – procedures and equipment which automatically adjust a control area's generation to maintain its net interchange schedule plus frequency bias.

"Available Capacity" or "AC" – The Continuous Capability less all Unscheduled Outages and Scheduled Reductions, expressed in the nearest whole megawatt ("MW") quantities, which shall be reported by Seller pursuant to Section 13.9. Available Capacity shall never be greater than Committed Capacity.

"Back-up Fuel" – *[No. 2 low-sulphur fuel oil].*

"Base Operation Mode" – the mode of operation which, under normal circumstances, achieves net generation levels in a range from minimum hourly net generation to maximum hourly net generation which can be obtained from the Facility while under FPL control. Base Operation Mode generation levels can be maintained for sustained periods without operating difficulties taking into account reference conditions (i.e., summer conditions). The maximum hourly net generation for the Base Operation Mode corresponds to the high generation limit set into the AGC by Seller under normal conditions. The minimum hourly net generation for the Base Operation Mode corresponds to the low generation limit set into the AGC by Seller under normal conditions.

"Business Day" - any Day on which Federal Reserve Member Banks in Miami, Florida are open for business. A Business Day shall begin at 0800 Eastern Prevailing Time "EPT" and end at 1700 EPT.

"Capacity" – net electrical power, in MW, generated by the Facility and delivered to or available for FPL's system at the Receipt Point.

"Capacity Billing Factor" or "CBF" – the product of the Annual Capacity Factor and 0.4 plus the product of the Annual Peak Capacity Factor and 0.6 (i.e., CBF = (0.4 * ACF) + (0.6 * APCF)). For purposes of determining the Capacity Billing Factor, neither the Annual Capacity Factor nor the Annual Peak Capacity Factor shall be greater than one hundred percent (100%).

"Capacity Delivery Date" – the date on which the Facility begins delivering Available Capacity hereunder, which shall be the later of (a) the Scheduled Capacity Delivery Date, (b) the calendar day immediately following the date of successful completion of the Initial Test in accordance with Section 9.0 as demonstrated by written test results and reports certified by a responsible officer of Seller and confirmed by FPL, or (c) the date on which the other conditions set forth in Section 9.1 shall have been satisfied.

"Capacity Test" – the Initial Test and each other test as described in Section 9.0 that is performed by Seller to determine the Continuous Capability and the incremental Capacity associated with each applicable mode of operation above the Base Operation Mode included in Appendix A of this Contract. *[Insert other modes of operation from Proposer's submission..]*

"Commencement Date" – the date on which both Parties shall have executed and delivered this Contract.

"Commit" or "Commitment" – to initiate (or the initiation of) the start-up sequence of the Facility at FPL's request.

"Committed Capacity" or "CC" – the firm Capacity of the Facility associated with the Base Operation Mode at Reference Conditions using the correction curves provided in the Test Protocol, equal to ___MW. *[Insert Guaranteed Firm Capacity associated with Base Operation at Reference Conditions from Proposer's submission.]*

"Completion Security" – the security provided by or on behalf of Seller for the benefit of FPL pursuant to Section 4.1.

"Completion Security Amount" – the aggregate amount of Completion Security, equal to [_____ Dollars ($_____)] *[Insert amount equal to the product of the Committed Capacity (in kW) multiplied by Three Hundred Nineteen Dollars ($319.00) per kW.].*

"Completion Security Liquid Amount" – the amount of Completion Security required to be satisfied through Liquid Security, equal to (i) the Completion Security Amount, minus (ii) the Seller Credit Limit, provided however, that the Completion Security Liquid amount shall be, at a minimum, ten percent (10%) of the Completion Security Amount if the entity providing credit support has a Credit Rating of BBB/Baa2 or lower. The Completion Security Liquid Amount shall be adjusted, if necessary, quarterly, within five (5) Days of the issuance of quarterly financial statements of Seller or Seller's Guarantor and within five (5) Days of a change in the Seller's or Seller's Guarantor's, as applicable, Credit Rating, in any such case to reflect any adjustment in the Seller's Credit Limit.

"Continuous Capability" – the highest sustained net Capacity associated with the maximum hourly net generation Base Operation Mode at which the Facility can operate consistent with Environmental Requirements without exceeding the design operating conditions, temperatures, pressures, etc. defined by the applicable manufacturer(s), as determined by a Capacity Test pursuant to Section 9.0.

"Contract" – this Contract for the Purchase of Firm Capacity and Energy, which is comprised of Sections 1.0 through 24.0 and Appendices A through P.

"Contract Term" – has the meaning given thereto in Section 2.4.

"Contract Year" – the twelve Monthly Billing Periods preceding each anniversary of the first day of the first full Monthly Billing Period following the Capacity Delivery Date.

"CPM Schedule" – the detailed, integrated schedule for the development, permitting, design, engineering, procurement, construction, testing and completion of the Facility, using the "critical path management" method, attached hereto as Appendix P, as revised from time to time as provided herein.

"Credit Limit" – the amount, in United States Dollars, equal to the percentage of an entity's Tangible Net Worth corresponding to its Credit Rating from time to time, as set forth below:

Credit Rating (S&P/Moody's)	Percent (%) of Tangible Net Worth
AAA+/Aaa1 to AA-/Aa3	20%
A+/A1 to A-/A3	15%
BBB+/Baa1 to BBB-/Baa3	10%
BB+/Ba1 and below or unrated	0%

"Credit Rating" –the credit rating assigned to an entity's unsecured debt (or the issuer rating if an unsecured rating is not available) by Standard & Poor's ("S&P"), a division of The McGraw-Hill Companies, Inc. or the equivalent rating assigned by Moody's Investors Service ("Moody's). In the event an entity is assigned a rating by both S&P and Moody's and one rating is lower than the other, the lower rating will be considered the "Credit Rating" of such entity.

"Creditworthy Guarantor" – an affiliate of Seller having an Investment Grade Credit Rating.

"Decommit" or "Decommitment" – to initiate (or the initiation of) the shutdown sequence of the Facility at FPL's request.

"Deferred Governmental Approvals" – those Governmental Approvals, including Environmental Licenses, which are required under Applicable Law for Seller to own, operate, or maintain the Facility, but which cannot be obtained under Applicable Law prior to the Capacity Delivery Date, all of which Governmental Approvals are listed on Appendix B.

"Determination of Need" – a determination made by the FPSC under Section 403.519, Florida Statutes, that there is a need for the Facility.

"Dispatch and Control Rights" – the absolute and sole right of FPL in any manner, for any reason it deems appropriate, or for no reason at all, in FPL's unfettered discretion, solely in FPL's own interest, without regard to Seller's interest, and without any liability or obligation in connection therewith, (a) to Commit and Decommit the Facility and (b) through supervisory equipment (e.g., AGC) or otherwise, to control the Capacity and Energy output of the Facility pursuant to this Contract, subject only to the Facility Operating Capabilities. These rights also extend to control of the reactive power output of the Facility, voltage, frequency and other characteristics of such Energy output, including all Ancillary Services. FPL's exercise of its Dispatch and Control Rights as defined herein shall not give rise to any liability on the part of FPL, including any claim for breach of contract and/or for breach of any covenant of good faith and fair dealing.

"Energy" – electrical energy in MWh generated by the Facility and delivered to FPL at the Receipt Point.

"Environmental License/Licensing" – any and all Governmental Approvals applicable to the Facility, the Facility Site, or Associated Facility relating to environmental protection, natural resource protection, land use or zoning.

"Environmental Requirements" – any and all requirements applicable to the Facility, the Facility Site, or Associated Facility under any Environmental License or any Applicable Laws relating to environmental protection, natural resource protection, land use or zoning.

"Event of Default" – for Seller, any of those occurrences specified in Section 19.1 and, for FPL, any of those occurrences specified in Section 19.2.

"Facility" – *[Insert description of Proposer's facility.]*

"Facility Operating Capabilities" – certain operating capabilities of the Facility which shall be available to FPL pursuant to this Contract as set forth in Appendix F. *[To include, among other things, types of information in Proposer's submission.]*

"Facility Site" – the real property described in Appendix K.

"FERC" – the Federal Energy Regulatory Commission and any successor thereto.

"Final Capacity Delivery Date" – 6 months after unit in-service date (e.g., December 1, 2009 for unit with June, 2009 in-service date.)

"Firm TSA" – the agreement between Seller and Seller's third-party transmission provider entered into pursuant to Section 10.3.1 for firm point-to-point transmission service on a third party system to deliver all Capacity and Energy required to be provided by Seller hereunder to the Receipt Point by Seller pursuant to this Contract.

"Force Majeure" – an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including Governmental Authority); acts of God; war, riot or insurrection; blockades; embargoes; sabotage; epidemics; explosions and fires not originating in the Facility or caused by its operation; hurricanes; floods; general strikes, lockouts or other labor disputes or difficulties affecting the electric power industry or the State of Florida generally (and excluding, for avoidance of doubt, strikes, lockouts or other labor disputes or difficulties located solely at the Facility or Facility Site or solely with respect to Seller or its affiliates or Seller's vendors, suppliers or contractors). Normal climactic conditions (including normal inclement weather) affecting construction, testing, start-up, operation or maintenance of the Facility or related facilities, equipment breakdown (or inability to use equipment) caused by its design, engineering, construction, operation, or maintenance, or otherwise caused by an event originating at the Facility, or the inability of Seller, for any reason to obtain or maintain adequate transmission service or inability of Seller or the Facility to meet the requirements of Applicable Law, to obtain required environmental allowances, offsets or credits, or to obtain, maintain, or comply with all Governmental Approvals required under Applicable Law, including Environmental Requirements and Environmental Licenses (whether such Applicable Law is in effect on the Commencement Date or is subsequently amended, modified, enacted, or

promulgated) shall not be considered Force Majeure. Seller's failure to perform during hurricane conditions shall not be excused as Force Majeure in the event Seller has not acted in a diligent and prudent manner to adopt and/or implement a hurricane preparedness plan. In addition, interruption in supply or transportation of fuel to the Facility shall not be considered Force Majeure except to the extent caused by an event that otherwise would constitute Force Majeure hereunder.

"Force Majeure Aggregate Allowance" – has the meaning given thereto in Section 19.3.

"FPL Control" – FPL's Dispatch and Control Rights with respect to Committing and Decommitting the Facility and controlling the Capacity and Energy output of the Facility.

"FPL Entities" – FPL, its parent, present and future subsidiaries and affiliated entities and any other entity which directly or indirectly controls, is controlled by or under common control with any of the foregoing, and each of their respective officers, directors, employees, and agents.

"FPL's Avoided Cost" – the "Standard Rate for Purchase of As-Available Energy from Qualifying Cogeneration and Small Power Production Facilities," as described in Appendix A of FPL's COG-1 Tariff and as calculated each hour for the Power Production Pricing Area corresponding to the Receipt Point.

"FPL's Cost of Cover" – has the meaning given thereto in Section 19.6.

"FPL's Lien" – has the meaning given thereto in Section 5.2.

"FPSC" – the Florida Public Service Commission and any successor thereto.

"FRCC" – the Florida Reliability Coordinating Council and any successor thereto.

"Fuel" – Primary Fuel or Back-up Fuel, as applicable.

"Fuel Contracts" – has the meaning given thereto in Section 13.5.

"GAAP" – generally accepted accounting principles in the United States.

"Good Engineering and Operating Practices" – generally accepted and sound electric utility generation industry practices, methods and acts applicable to similarly situated regulated electric utility owned generation facilities in the United States which at a particular time, in the exercise of reasonable judgment in light of the facts known or that reasonably should be known at the time a decision is made, would be expected to accomplish the desired result in a manner consistent with Applicable Laws, reliability, safety, environmental protection, economy and expedition. With respect to the Facility, Good Engineering and

Operating Practices include, but are not limited to, taking reasonable steps to ensure that:

(a) Adequate materials, equipment redundancy, spare parts, resources and supplies, including Fuel in sufficient reliable volumes and quality, are available to meet the Facility's needs under normal conditions and reasonably anticipated abnormal conditions;

(b) Sufficient qualified operating, maintenance and supervisory personnel are available and adequately experienced and trained to operate, maintain and supervise the Facility properly, efficiently and within manufacturer's guidelines and specifications and are capable of responding to emergency conditions;

(c) Preventive, routine and non-routine maintenance and repairs are performed on a basis that ensures reliable long-term and safe operation, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment, tools and procedures;

(d) Appropriate monitoring and testing are done periodically to ensure that equipment and systems are functioning as designed and to provide assurance that equipment and systems will function properly under normal conditions and emergency conditions; and

(e) Equipment and systems are operated in a safe manner and in a manner safe to workers, the general public and the environment and with regard to design and operating limitations such as steam pressure, temperature and moisture content, chemical content and quality of make-up water, operating voltage range, current, frequency, rotational speed, polarity, synchronization, control system limits, etc.

"Governmental Approval" – any and all licenses, permits, franchises, agreements, approvals, authorizations, consents, waivers, rights, exemptions, releases, variances, exceptions, or order of or issued by, or filings with, or notice to, any Governmental Authority under Applicable Laws.

"Governmental Authority" – any national, state, regional or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, executive, legislative, administrative, public or statutory instrumentality, authority, body, agency, department, bureau or entity or any arbitrator with authority to bind a party at law.

"Guarantor" – shall mean an Affiliate of Seller or other entity providing credit support having an Investment Grade Credit Rating.

"Guaranty" – shall mean credit support in the form of a guaranty agreement from a Guarantor in a form substantially the same as that set out in Appendix C.

"Hourly Capacity Factor" or "HCF" – (a) during any hour that the Facility is not undergoing a Scheduled Reduction, a figure (expressed as a percentage) calculated by (i) dividing the Available Capacity in such hour by the Committed Capacity, and (ii) multiplying by 100 (provided that for purposes of this definition the Available Capacity of the Facility shall be subject to reduction pursuant to Section 13.11); or (b) during any hour during which the Facility is undergoing a Scheduled Reduction or is decommitted by FPL, the Hourly Capacity Factor shall be equal to the ACF of the preceding Monthly Billing Period. *[Note: This definition would be later modified to reflect the modes of operation of the facility submitted by the Proposer.]*

"Hourly Peak Capacity Factor" or "HPCF" – (a) in any Peak Hour that the Facility is not undergoing a Scheduled Reduction, a figure (expressed as a percentage) calculated by (i) dividing the Available Capacity in such hour by the Committed Capacity, and (ii) multiplying by 100 (provided that for purposes of this definition the Available Capacity of the Facility shall be subject to reduction pursuant to Section 13.11); or (b) during any Peak Hour during which the Facility is undergoing a Scheduled Reduction or is decommitted by FPL, the Hourly Peak Capacity Factor shall be equal to the APCF of the preceding Monthly Billing Period. *[Note: This definition would be later modified to reflect the modes of operation of the facility submitted by the Proposer.]*

"Initial Synchronization Date" – the first date upon which (a) Energy is generated by the Facility, and (b) such Energy is delivered to FPL and metered by the FPL-owned or FPL-approved metering equipment, all pursuant to Section 12.6.

"Initial Test" – the first Capacity Test of the Facility completed successfully as described in Section 9.0.

"Interconnection Agreement" – the contract between FPL and Seller which principally delineates and governs (a) the interconnection of FPL's electrical system and the Facility, (b) Seller's responsibility for the costs of installing, operating, maintaining, repairing, upgrading and removing the interconnection facilities and related equipment necessary to safely and effectively connect the Facility to FPL's electrical system, and (c) the Parties' respective ownership rights and other obligations with respect to the interconnection.

"Intercreditor Agreement" – the Intercreditor Agreement to be entered into by FPL and the Lenders, in form and substance satisfactory to FPL, with respect to FPL's Lien and any lien of the Lenders on the Facility or Facility Site.

"Investment Grade Credit Rating" – with respect to (a) a corporation, limited liability company, partnership, or other entity other than a financial institution, a long-term unsecured, general obligation bond rating of BBB- or above from Standard & Poor's Corporation ("S&P") or Baa3 or above from Moody's Investors Services ("Moody's") with, in the case of a rating of BBB-/Baa3, a "stable"

outlook, and (b) with respect to a financial institution, a Credit Rating of A- or above from S&P or A3 or above from Moody's.

"Lenders" – any entity or group of entities (including, upon prior notice to FPL, any and all successors pursuant to refinancing but excluding Seller or any affiliate thereof) providing all or substantially all of the debt financing, in any form (including lease financing), for the development, construction or improvement of the Facility.

"Level 1 Available Capacity" or "L1AC" – the highest sustained Capacity associated with the Level 1 Mode of Operation at which the facility can operate consistent with Environmental requirements without exceeding the design operating conditions, temperatures, pressures etc. for Level 1 Mode of Operation defined by the applicable manufacturer(s), as determined by the Capacity Test pursuant to Section 9.0.

"Level 1 Capability" or "L1C" – the highest sustained Capacity associated with the Level 1 Mode of Operation at which the facility can operate consistent with Environmental requirements without exceeding the design operating conditions, temperatures, pressures etc., for Level 1 Mode of Operation defined by the applicable manufacturer(s), as determined by the Capacity Test pursuant to Section 9.0.

"Level 1 Committed Capacity" – the incremental maximum Capacity for Level 1 Mode of Operation equal to _____MW at Reference Conditions using applicable manufacturers' correction curves. *[Insert incremental capacity, at Reference Conditions, for Level 1 Mode of Operations, from Proposer's submission.]*

"Level 1 Mode of Operation" – *[Insert description, from Proposer's submission, of Level 1 Mode of Operation, which must be capable of being placed under FPL's Automatic Generation Control and must not have additional operating limitations.]*

"Level 1 Unscheduled Outage" – a whole or partial interruption or reduction of the Facility's Capacity to a level below the Level 1 Committed Capacity, whether the Facility is on-line or off-line, expressed in the nearest whole MW, that does not qualify as a Scheduled Reduction. During any and all hours during which a Level 1 Unscheduled Outage has occurred the heat rate adjustment factor shall be equal to 1.0 as provided in Exhibit 1 to Appendix A .

"Liquid Security" – security in the form of one or more of the following: (a) direct obligations of (other than obligations issued or held in book entry form on the books of) the Department of the Treasury of the United State of America deposited with a depositary bank acceptable to FPL, (b) a cash deposit in United States dollars, or (c) an unconditional, irrevocable, stand-by letter of credit issued by an issuer acceptable to FPL capable of issuing letters of credit and having an

Investment Grade Credit Rating, in form and substance acceptable to FPL (including, in the case of a letter of credit, provisions (i) for partial draws, and (ii) permitting FPL to draw upon such letter of credit in full, if such letter of credit is not renewed or replaced at least twenty (20) business days prior to its expiry date (or as otherwise required by Section 4.0), without further notice to or action by any party).

"Maintenance Outage" – has the meaning given thereto in Section 13.12.

"Major Equipment" – the *[combustion turbine generator set, heat recovery steam generator, and steam turbine]. [Insert additional major equipment from Proposer's submission.]*

"Major Milestone" – a Milestone specified as a Major Milestone in Part A of Appendix M.

"Market Rules" – has the meaning given thereto in Section 13.20.

"Maximum Sustained Rate" – the maximum safe and continuous load-following capability of the Facility, expressed in MW per minute, to which the Facility can be raised or lowered to meet FPL's dispatch instructions.

"Milestone" – has the meaning given thereto in Section 3.1.

"Milestone Date" – has the meaning given thereto in Section 3.1.

"Minimum Capacity"– a Capacity equal to *[_____ MW]* which is equal to ninety-five percent (95%) of the Committed Capacity.

"Minimum Load" – the minimum MW level below which FPL shall not dispatch the facility to without Decommitting the Facility, which minimum shall be equal to ____ *MW* net of internal electrical requirements of the Facility.*[Insert number of MW from Proposer's submission.]*

"Month" – a calendar month.

"Monthly Billing Period" – the period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Initial Synchronization Date and ending with the last calendar day of such month.

"Monthly Billing Statement" – a monthly summary prepared by Seller in accordance with Section 8.1.

"Monthly Capacity Factor" or "MCF" – in any Month, the arithmetic average of the Hourly Capacity Factors for the Monthly Billing Period, expressed as a percentage.

"Monthly Capacity Payment" or "MCP" – monthly payments for Committed Capacity calculated in accordance with Appendix A.

"Monthly Energy Payment" or "MEP" – monthly payments for Energy calculated in accordance with Appendix A.

"Monthly Peak Capacity Factor" or "MPCF" – in any Month, the arithmetic average of the Hourly Peak Capacity Factors for the Monthly Billing Period, expressed as a percentage.

"Monthly Weighted Peak Capacity Factor" or "MWPCF" – the product of the Monthly Peak Capacity Factor and a monthly weight factor, where the monthly weight factor is equal to 0.1 for the Peak Months and 0.06 for the Non-Peak Months.

"Mortgage and Security Agreement" – the Mortgage and Security Agreement to be entered into between Seller and FPL, securing the FPL Lien and substantially in the form of Appendix N.

"NERC" – North American Electric Reliability Council, including any successor thereto and subdivisions thereof.

"Net Energy Output" or "NEO" – in any Monthly Billing Period, the Energy in such Monthly Billing Period.

"Non-Peak Months" – those Months which are not Peak Months.

"Operating Representatives" – the Parties' representatives designated pursuant to Section 11.0, who act in matters pertaining to detailed operating arrangements for the delivery of Capacity and Energy provided under this Contract.

"Other Operating Mode" – *[Insert description of each other operating mode included in Proposer's submission.]*

"Peak Hour" – those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. FPL shall have the right to change such Peak Hours by providing Seller a minimum ninety (90) calendar days notice. The total number of Peak Hours shall not exceed thirty eight percent (38.0%) of the total hours during a calendar year.

"Peak Months" – the Months of January, February, June, July, August, September and December, as such Peak Months may be modified in accordance with Section 13.12.

"Peaking Capability" – the maximum Capacity the Facility can achieve for a period of at least *[_____]* continuous hours and at least *[____ hours]* per year, without exceeding the design pressures and temperatures recommended by the

Major Equipment manufacturers. *[To include limitations from Proposer's submission.]*

"Performance Security" – the security provided by or on behalf of Seller for the benefit of FPL pursuant to Section 4.2.

"Performance Security Amount" – the aggregate amount of Performance Security, equal to *[_____ Dollars ($_____)] [Insert amount equal to the product of the Committed Capacity (in kW) multiplied by One Hundred Sixty Dollars ($160.00) per kW.].*

"Performance Security Liquid Amount" – the amount of Performance Security required to be satisfied through Liquid Security, equal to (i) the Performance Security Amount, minus (ii) Seller's Credit Limit, provided however, that the Performance Security Liquid Amount shall be, at a minimum ten percent (10%) of the Performance Security Amount if the entity providing credit support has a Credit Rating of BBB/Baa2 or lower. The Performance Security Liquid Amount shall be adjusted, if necessary, quarterly, within five (5) Days of the issuance of quarterly financial statements of Seller or Seller's Guarantor and within five (5) Days of a change in Seller's or Seller's Guarantor's, as applicable, Credit Rating, in any such case to reflect any adjustment in the Seller's Credit Limit.

"Plant RTU" – has the meaning given thereto in Section 14.1.

"Primary Fuel" – natural gas which conforms to the tariff quality specifications of the pipeline through which the natural gas is shipped.

"Ready for Control" – a point in time, for the most part to start at the top of the hour, when the Facility is turned over to FPL's system control center for Automatic Generation Control or manual control.

"Receipt Point" – (a) prior to the date service over the FPL transmission system is available under an RTO or ISO or similar organization open-access transmission tariff, (i) if the Facility is directly interconnected with the FPL system, the point where the Facility interconnects with the FPL system, or (ii) if the Facility is not directly interconnected with the FPL system, the location where the transmission system of the transmission provider under the Firm TSA interconnects with FPL's transmission system, or (b) beginning on the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, for a Facility directly or indirectly interconnected to the FPL system, load bus or group of buses that represents FPL's electrical load center (i.e., North Broward County or South Palm Beach County service area), to be specifically designated solely by FPL at the time of the implementation of an RTO or ISO or a similar organization.

"Reference Conditions" – the ambient dry-bulb temperature, ambient relative humidity, and ambient atmospheric pressure set forth on Appendix L.

"Records" – has the meaning given thereto in Section 15.1.

"RTO or ISO or a similar organization" – an independent entity authorized by FERC to operate the FPL transmission system or the transmission system of the third party to which the Facility is directly interconnected.

"RTU" – has the meaning given thereto in Section 14.1.

"Scheduled Capacity Delivery Date" – June 1, __ as such date may be extended pursuant to Section 3.3. *[Insert date from Proposer's submission.]*

"Scheduled Outages" – has the meaning given thereto in Section 13.12.

"Scheduled Reduction" – any reduction in generating capability of the Facility, expressed in the nearest whole MW, as a result of a Scheduled Outage or a Maintenance Outage.

"Security Account" – has the meaning given thereto in Section 4.3.

"Seller's Cost of Cover" – has the meaning given thereto in Section 19.4.

"Start-up Cost" – a one-time payment, payable once per Successful Start-up, in the applicable amount set forth in Appendix E.

"Start-up Time" – the time it takes from the moment the Facility is Committed until it is on-line and Ready for Control.

"Step-In Rights" – has the meaning given thereto in Section 5.1.1.

"Successful Start-up" – a start-up of the Facility pursuant to an FPL Commitment of the Facility, which start-up (a) is not undertaken in connection with a Capacity Test (whether or not such Capacity Test is requested by FPL), (b) follows a shutdown of the Facility pursuant to an FPL-initiated Decommitment of the Facility, (c) results in the Facility achieving Ready for Control status, and (d) results in the Facility reaching the level of dispatch and/or commitment requested by FPL.

"Summer Period" – the seven (7) Month period beginning immediately after 12:00 midnight on March 31 and ending at 12:00 midnight on the following October 31.

"Tangible Net Worth" – at any time, an amount as set forth in an entity's most recent annual audited or quarterly financial statements, equal to (a) the total assets of an entity and its subsidiaries which would be shown as assets on a consolidated balance sheet of such entity and its subsidiaries as of such time prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries, minus (b) the total liabilities of such entity and its subsidiaries which would be shown as

liabilities on a consolidated balance sheet of such entity and its subsidiaries as of such time prepared in accordance with GAAP, minus (c) the net book value of all assets, after deducting any reserves applicable thereto, which would be treated as intangible under GAAP, including good will, trademarks, trade names, service marks, brand names, copyrights, patents and unamortized debt discount and expense, organizational expenses and the excess of the equity in any subsidiary over the cost of the investment in such subsidiary.

"Tax" – any or all ad valorem, property, net income, gross receipts, net worth, franchise, occupational, severance, emissions, generation, first use, conservation, energy, transmission, utility, privilege, sales, use, excise and other taxes, governmental charges, licenses, fees, permits and assessments. Tax is meant to include any other similar taxes or charges levied by a Governmental Authority. Tax also includes any penalties and interest that may be imposed for underreporting, failure to report or late filing of returns or reports for any Tax.

"Test Protocol" – has the meaning given thereto in Appendix I.

"Unscheduled Outage" – a whole or partial interruption or reduction of the Facility's Capacity to a level below Committed Capacity, whether the Facility is on-line or off-line, expressed in the nearest whole MW, that does not qualify as a Scheduled Reduction. During any and all hours during which an Unscheduled Outage has occurred the heat rate adjustment factor shall be equal to 1.0 as provided in Exhibit 1 to Appendix A .

"Winter Period" – the five (5) Month period beginning immediately after 12:00 midnight on October 31 and ending at 12:00 midnight on the following March 31.

1.2 **Rules of Construction**: In this Contract: (a) words denoting any gender include each other gender; (b) the singular includes the plural and the plural includes the singular; (c) the word "or" is not exclusive; (d) a reference to an Applicable Law includes any amendment or modification to such Applicable Law, and all regulations, rulings and other Applicable Laws promulgated under such Applicable Law; (e) a reference to a person or entity includes its successors and permitted assigns; (f) the words "include", "includes" and "including" are not limiting; (g) exhibits, schedules, annexes or appendices to any document shall be deemed incorporated by reference in such document; (h) references to any document, instrument or agreement (i) shall include all exhibits, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time; and (i) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Contract as a whole and not to any particular provision, unless otherwise indicated.

2.0 CONDITIONS PRECEDENT; CONTRACT TERM

2.1 **Condition Precedent to Purchase and Sale:** The obligations of Seller to generate, deliver and sell, and of FPL to accept delivery of and purchase, Capacity and Energy hereunder shall be subject to the satisfaction of the conditions precedent that: (a) the FPSC shall have issued a final Determination of Need for the Facility, which order is not subject to appeal, (b) the FPSC shall have issued a final order approving this Contract, and finding that FPL is entitled to recover from its customers all payments for Energy and Capacity, which order is no longer subject to appeal, (c) the FERC shall have issued a final order authorizing Seller to make the sales of electrical energy and capacity contemplated by this Contract, which order is no longer subject to appeal, and (d) each other Governmental Authority having jurisdiction over this Contract shall have issued a final order approving this Contract or otherwise authorizing sales of electrical energy and capacity under this Contract, as applicable, which orders are no longer subject to appeal. FPL and Seller shall be co-petitioners on the application for such Determination of Need, and each Party shall cooperate in making such application (and each other application for a Governmental Approval under this Section 2.1) promptly after execution of this Contract, and shall prosecute such application diligently and in good faith; provided, that nothing in this Section 2.1 shall be construed to require FPL to consent to any modification of this Contract or any other condition or requirement imposed on FPL relating to such application, which modifications, conditions or requirements may be rejected by FPL in its sole and absolute discretion.

2.2 **Completion Security:** All obligations and liabilities of FPL hereunder, and all rights of Seller hereunder, shall be subject to the satisfaction of the condition precedent that Seller shall have delivered the Completion Security to FPL not later than the Commencement Date.

2.3 **Failure of Conditions Precedent:**

2.3.1 If the condition precedent set forth in Section 2.1 shall not have been satisfied on or prior to the first anniversary of the Commencement Date, (a) FPL by thirty (30) days notice to Seller may terminate this Contract without penalty or further liability, and (b) FPL shall return any undrawn Completion Security to Seller within thirty (30) days of the effective date of such termination.

2.3.2 If the condition precedent set forth in Section 2.2 shall not have been satisfied on or prior to the Commencement Date, FPL by notice to Seller may terminate this Contract without penalty or further liability for FPL.

2.4 **Contract Term:** The term of this Contract (the "Contract Term") shall commence on the Commencement Date and shall expire on_____ 20__, *[Insert term, of not less than ten (10) years nor more than twenty-five (25) years*

from Scheduled Capacity Delivery Date, from Proposer's submission.] unless sooner terminated in accordance with Section 3.0 or Section 19.0 hereof.

3.0 CONTRACT MILESTONES

3.1 **Contract Milestones**: Seller shall achieve each of the milestones set forth in Parts A and B of Appendix M in connection with its ownership, development and construction of the Facility (a "Milestone") on or (except in the case of Capacity Delivery Date) prior to the milestone date set forth on Appendix M corresponding to such Milestone (a "Milestone Date"). Time is of the essence of this Contract with respect to Seller's obligation to meet each Milestone (including each Major Milestone).

3.2 **Failure to Achieve Milestone(s)**:

3.2.1 If Seller fails to achieve any Milestone (including any Major Milestone) by the corresponding Milestone Date, then (a) Seller shall give FPL notice of such failure as provided in Section 12.2, and (b) FPL shall have the right, but not the obligation, to exercise Step-In Rights as provided in Section 5.0.

3.2.2 If Seller fails to achieve any Major Milestone by the corresponding Milestone Date (including failure to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date) or upon any other Seller Event of Default prior to the Capacity Delivery Date, then, except as provided in Section 3.3 (and provided that FPL is not then exercising Step-In Rights with respect to such failure and that Seller is not paying delay liquidated damages as provided in Section 3.2.3), FPL shall be entitled to terminate this Contract by notice to Seller as provided in Section 19.0. Upon such termination, Seller shall pay to FPL, on demand, in immediately available funds (or if not so paid, FPL shall be entitled to draw upon the Completion Security or to exercise its remedies under the Mortgage and Security Agreement), liquidated damages at the rate set forth on Appendix M with respect to such Major Milestone (or, in the case of an Event of Default other than failure to achieve a Major Milestone by the corresponding Milestone Date, at the rate set forth therein with respect to the next unmet Major Milestone).

3.2.3 Notwithstanding the provisions of Section 3.2.2, if Seller fails to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date, then, except as provided in Section 3.3, and provided that FPL is not then exercising Step-In Rights with respect to such failure, Seller may extend the Scheduled Completion Date day-for-day to a date not later than the Final Capacity Delivery Date by paying to FPL delay liquidated damages at a rate equal to *[_____ Dollars ($_____)] [Insert amount equal to product of Committed Capacity (in kW) multiplied by $0.230 per kW] per day.* FPL shall not be

entitled to terminate this Contract with respect to such failure unless Seller shall have failed to pay such liquidated damages, shall have failed to comply with the security requirements set forth in Section 4.0, or shall have failed to achieve the Capacity Delivery Date by the Final Capacity Delivery Date, whereupon FPL shall be entitled to terminate this Contract as provided in Section 19.0. Upon such termination, Seller shall pay to FPL, on demand, in immediately available funds (or if not so paid, FPL shall be entitled to draw upon the Completion Security or to exercise its remedies under the Mortgage and Security Agreement), liquidated damages at the rate set forth on Appendix M with respect to such failure.

3.3 **Effect of Force Majeure; Final Capacity Delivery Date**:

3.3.1 The Milestone Dates (including, for avoidance of doubt, the Scheduled Capacity Delivery Date) may be extended upon the occurrence of an event of Force Majeure as and to the extent provided in Section 18.0; provided, that in no event shall the total number of days of all the extensions made pursuant to this Section 3.3 and Section 18.0 as a result of Force Majeure exceed one hundred eighty (180) days in the aggregate; provided, further, that if Seller shall fail to achieve the Capacity Delivery Date on or prior to the Final Capacity Delivery Date, then regardless of the extent to which such failure is excused for Force Majeure as provided in Section 18.0, such failure shall be deemed an Event of Default by Seller, and in addition to FPL's right to terminate this Contract as provided in Section 19.3 and in addition to any delay liquidated damages paid or owed by Seller to FPL, Seller shall also pay FPL the sum of _____*($_____)* as liquidated damages for failure to achieve the Final Capacity Delivery Date.

3.3.2 The Final Capacity Delivery Date shall not be extended for any reason, including payment of liquidated damages, renewal or replenishment of Completion Security, or Force Majeure.

4.0 COMPLETION SECURITY; PERFORMANCE SECURITY

4.1 **Completion Security**: Not later than the Commencement Date, and as a condition thereto, Seller shall provide FPL security for completion of the Facility when and as required hereunder, and for performance of all of Seller's other obligations hereunder to be performed on or prior to the Capacity Delivery Date (the "Completion Security"). Such Completion Security shall be in an amount equal to the Completion Security Amount, and may be provided in the form of one or both of a Guaranty or Liquid Security; provided, that the amount of Liquid Security provided by Seller with respect thereto shall not at any time be less than the Completion Security Liquid Amount at such time.

4.2 **Security for Performance**: Not later than Capacity Delivery Date, and as a condition thereto, Seller shall provide FPL security for performance of all of Seller's obligations hereunder to be performed after the Capacity Delivery Date (the "Performance Security"). Such Performance Security shall be in an amount equal to the Performance Security Amount, and may be provided in the form of one or both of a Guaranty or Liquid Security; provided, that the amount of Liquid Security provided by Seller with respect thereto shall not at any time be less than the Performance Security Liquid Amount at such time.

4.3 **Security Account**: All cash deposits or other Liquid Security shall be held in an account designated by FPL (the "Security Account") for the benefit of FPL, free and clear of all liens (including the liens of the Lenders) of any person or entity other than FPL. Any Security Account shall be established and maintained at the expense of Seller and held by a depositary bank or securities intermediary acceptable to FPL pursuant to a control agreement in form and substance acceptable to FPL. Prior to the establishment of any Security Account, or to the entering into or refinancing of any loan, credit, or reimbursement agreement, indenture, other debt or security arrangement with any Lender, Seller shall obtain the express written waiver of the Lenders (in form and substance satisfactory to FPL) which are entitled to liens at that time, to any and all rights in and to the Completion Security or Performance Security, as applicable, and the proceeds there from.

4.4 **Replacement of Security**:

4.4.1 Seller shall maintain the applicable security required under this Contract as set forth herein at all times during the Contract Term. Seller shall give FPL notice thirty (30) days prior to the date, if any, on which any Completion Security or Performance Security is due to expire, advising FPL of the scheduled expiration of such security. Seller shall replace any such security not later than ten (10) business days prior to such expiration with security meeting the requirements of this Contract. Seller shall replenish any amount drawn by FPL against the Completion Security or the Performance Security within five (5) business days of such draw.

4.4.2 FPL shall have the right to monitor the financial condition of Seller and of the issuer of any Guaranty or letter of credit, and Seller shall notify FPL within three (3) business days of becoming aware that any such entity's Credit Rating has been downgraded or its outlook changed. In addition, Seller shall provide to FPL, no later than the Commencement Date and at the beginning of each calendar quarter thereafter until the Capacity Delivery Date, and again on the Capacity Delivery Date and at the beginning of each calendar quarter thereafter, evidence satisfactory to FPL sufficient to establish that Seller is in compliance with the security requirements set forth in this Section 4.0, including such evidence sufficient to establish that Seller, any

Creditworthy Guarantor, or any issuer of a letter of credit as set forth herein has the required Credit Rating, as applicable, and sufficient to establish the Credit Limit of Seller and any Creditworthy Guarantor, as applicable.

4.4.3 In the event that the financial condition of any such entity has deteriorated to a level below Investment Grade Credit Rating or its Credit Limit has been reduced, such that the amount of Liquid Security provided by Seller to or for the benefit of FPL is less than the Completion Security Liquid Amount or the Performance Security Liquid Amount, as applicable, Seller shall replace such Completion Security or Performance Security, or shall provide additional Liquid Security, such that the aggregate amount of Liquid Security is not less than the Completion Security Liquid Amount or the Performance Security Liquid Amount, as applicable, which replacement security shall be issued by an entity with an Investment Grade Credit Rating, as applicable, and otherwise shall meet the requirements of this Section 4.0, within five (5) business days following the date Seller becomes aware of such failure to maintain an Investment Grade Credit Rating or reduction in Credit Limit or the date of any public announcement of such failure or reduction in Credit Limit.

4.5 **Achievement of Capacity Delivery Date**: If the Capacity Delivery Date occurs on the Scheduled Capacity Delivery Date (as extended pursuant to Section 3.0) and Seller has provided the Performance Security as provided herein, then Seller shall be entitled to require FPL to terminate and refund or release to Seller any undrawn portion of the Completion Security. Any refund of Completion Security pursuant to this Section 4.5 shall be made at within thirty (30) calendar days after Seller's application for such release is received and accepted by FPL.

5.0 STEP-IN RIGHTS; FPL'S LIEN

5.1 **Operation by FPL Following Missed Milestone or Event of Default by Seller**:

5.1.1 Upon the occurrence of (a) the failure of Seller to meet any Milestone by the corresponding Milestone Date, or (b) any Event of Default by Seller (whether before or after the Capacity Delivery Date) and the failure of Seller to cure such Event of Default within the applicable cure period, FPL or its designee shall have the right, but not the obligation, to enter upon and complete the licensing, permitting, construction, start-up, testing and commissioning of, or operate and maintain, the Facility as agent for Seller ("Step-In Rights"), until the earliest of (x) the date upon which Seller shall provide to FPL a certificate of an independent engineer reasonably acceptable to FPL or otherwise demonstrate to FPL's reasonable satisfaction that the circumstance which gave rise to such Event of Default no longer exists, (y) the date FPL in its sole discretion elects by notice to Seller

to cease exercising Step-In Rights, or (z) the expiration or earlier termination of this Contract.

5.1.2 Subject to Section 5.1.3, during any period of exercise of Step-In Rights by FPL, FPL (a) shall exercise good faith efforts to complete the licensing, permitting, construction, start-up, testing and commissioning of the Facility as provided herein, or operate and maintain the Facility in accordance with Seller's obligations hereunder, and in accordance with all existing agreements to which Seller is a party and all applicable Governmental Approvals, and (b) shall continue to pay Monthly Capacity Payments and Monthly Energy Payments to the extent otherwise required to be paid hereunder.

5.1.3 Seller shall reimburse, indemnify and hold harmless FPL, within fifteen (15) days of submission of a reimbursement request by FPL, for the reasonable and necessary costs and expenses incurred by FPL or its designee in exercising Step-In Rights, including costs and expenses incurred in completing the licensing, permitting, construction, start-up, testing and commissioning of the Facility, or in the operation and maintenance of the Facility, on behalf of Seller, costs and expenses (including reasonable fees and expenses of counsel) in enforcing its Step-In Rights, and the cost of funds with respect to such all costs and expenses at FPL's overall cost of capital, in each case supported by reasonable documentation. FPL shall provide ten (10) days notice in reasonable detail to Seller of the need for any capital expenses, or any other extraordinary expenses in excess of Five Hundred Thousand Dollars ($500,000.00) not approved by the Operating Representatives, and shall obtain the consent of Seller for such capital expenses or other extraordinary expenses, such consent not unreasonably to be withheld or delayed. Without limiting any other right or remedy of FPL with respect thereto, FPL shall be entitled to draw amounts to which it is entitled to be reimbursed for or indemnified or held harmless against under this Section 5.1 from the Completion Security or the Performance Security, as applicable, or by set-off of amounts due to Seller hereunder; provided, that any amounts due to Seller hereunder after payment of such amounts and Seller's debt service to the Lenders shall be remitted to Seller.

5.1.4 In connection with the exercise of Step-In Rights, FPL and its employees and representatives designated in writing to Seller shall be entitled to access Seller's agreements, books and records, operating manuals, and other documents relating to the Facility and the Facility Site, and shall have access to the Facility and the Facility Site, for the purpose of exercising Step-In Rights, subject to reasonable safety and confidentiality requirements. FPL shall notify Seller of any documents or actions by Seller reasonably necessary for FPL to exercise its Step-

In Rights, which shall be subject to the consent of Seller, such consent not unreasonably to be withheld or delayed.

5.1.5 During any period that FPL or its designee is in possession of the Facility and the Facility Site upon exercise of Step-In Rights, Seller shall retain legal title to and ownership and risk of loss of the Facility and the Facility Site, and FPL or its designee shall complete the licensing, permitting, construction, start-up, testing and commissioning of, or operate and maintain, the Facility as an agent of Seller in accordance with this Contract. Upon the termination of FPL's exercise of its Step-In Rights pursuant to Section 5.1.1, FPL or its designee shall relinquish the Facility and the Facility Site to Seller.

5.1.6 FPL's exercise of its Step-In Rights shall not be deemed a termination of this Contract or an assumption, release, or waiver by FPL of any liability of Seller to third parties or of any obligation or liability of Seller to FPL or (except as expressly provided in Section 3.2 or Section 19.5) any right or remedy of FPL with respect thereto; provided, that this Section 5.1.6 shall not excuse any liability of FPL expressly assumed in writing or incurred by FPL in its own right and not in its capacity as Seller's agent or attorney-in-fact in acting in Seller's stead and on Seller's behalf in connection with the exercise of its Step-In Rights.

5.1.7 Seller hereby constitutes and appoints FPL or its designee its agent and true and lawful attorney-in-fact to exercise Step-In Rights, and to act thereafter in Seller's stead and on Seller's behalf, as provided in this Section 5.0. This power is a power coupled with an interest and is irrevocable for the Contract Term.

5.2 **FPL's Lien**:

5.2.1 As security for Seller's performance of all of its obligations hereunder, including payment of any amounts owed by Seller to FPL pursuant to this Contract, Seller or FPL shall execute and record, as appropriate, the Mortgage and Security Agreement and all other agreements, documents, or instruments required or useful to provide FPL with a fully perfected subordinated security interest and mortgage lien in the Facility, the Facility Site, and any and all real and personal property rights, contractual rights, or other rights that Seller acquires or requires in order to develop, procure, construct, operate and maintain the Facility ("FPL's Lien"). FPL's Lien shall be subordinate in right of payment, priority and remedies only to the interests of the Lenders in accordance with the terms of the Intercreditor Agreement. The collateral secured by the Mortgage and Security Agreement shall not include the pledge, assignment, or other interest in any stock or ownership interest in Seller; provided, that Seller shall not pledge or

assign, or cause or permit to be pledged or assigned, any stock or ownership interest in Seller as collateral to any party other than the Lenders party to the Intercreditor Agreement.

5.2.2 FPL and Seller shall confirm, define, and perfect FPL's Lien by executing, filing, and recording, at the expense of Seller, the Mortgage and Security Agreement no later than the Milestone Date set forth at the Major Milestone A.1 on Appendix M. In addition, Seller agrees to execute and to authorize FPL to file such financing statements under the Uniform Commercial Code, and to take such further action and execute such further instruments, as reasonably shall be requested by FPL to confirm and continue the validity, priority, and perfection of FPL's Lien. The granting of FPL's Lien shall not be to the exclusion of, nor be construed to limit, the amount of any further claims, causes of action or other rights accruing to FPL by reason of any breach or default by Seller under this Contract or the termination of this Contract prior to the expiration of its term. FPL's Lien and the Mortgage and Security Agreement shall be discharged and released, and FPL shall take any steps reasonably required by Seller to effect and record such discharge and release, upon the expiration of the Contract Term and satisfaction by Seller of all of its obligations hereunder. Seller shall reimburse FPL for its reasonable costs associated with the discharge and release of the Mortgage and Security Agreement and any other documents evidencing FPL's Lien.

5.3 **Permits and Contracts**: Seller shall (a) use all reasonable efforts to ensure that all Governmental Approvals and environmental emission allowances, credit or approvals required for the construction and operation of the Facility and powers of attorney related to such Governmental Approvals and environmental emission allowances, credits or approvals are transferable to FPL or its designee or exercisable by FPL or its designee upon exercise of Step-In Rights or upon exercise of remedies by FPL with respect to FPL's Lien, (b) shall ensure that such Step-In Rights and FPL's Lien are recognized by Seller's Lenders, vendors, suppliers and subcontractors and are recognized in any employment or labor contract respecting the Facility's work force, and that FPL's exercise thereof will not cause a breach, default, or lien under, or permit the termination of, any material contract relating to the Facility or the Facility Site, and (c) shall use its best efforts to effect the transfer of such Governmental Approvals, emissions allowances, credits, or approvals, powers of attorney, and contracts to FPL or its designee upon such exercise to the extent requested by FPL.

6.0 SALE OF ENERGY AND CAPACITY

6.1 **Test Energy**: Commencing on the Initial Synchronization Date and until the Capacity Delivery Date, Seller shall sell to FPL, and FPL shall purchase from Seller, all Energy, but no Capacity, in excess of Seller's internal consumption of electric energy in accordance with Section 7.0, except to the extent that FPL is not obligated to purchase such Energy under the terms of this Contract other than

Section 6.3; provided, that FPL shall not be required to accept delivery of or purchase such Energy to the extent FPL would be required to back down its own base load generation or base load generation under firm contract to accommodate such deliveries, and Seller shall schedule all tests accordingly.

6.2 **Energy and Capacity**: Commencing on the Capacity Delivery Date, Seller shall sell to FPL and FPL shall purchase from Seller all Energy and Capacity in excess of Seller's internal consumption of energy and capacity, in accordance with Section 7.0, except to the extent that FPL is not obligated to purchase such Energy and Capacity under the terms of this Contract.

6.3 **Purchase Obligation Excused**:

6.3.1 FPL shall not be obligated to purchase, and may require interrupted or reduced deliveries of, Energy for any reason, or for no reason at all, whenever FPL deems it appropriate, in its sole and absolute discretion.

6.3.2 FPL shall not be obligated to purchase any Capacity in excess of the Committed Capacity for any reason, or for no reason at all, whenever FPL deems it appropriate, in its sole and absolute discretion.

6.3.3 FPL in the exercise of its Dispatch and Control Rights shall not be obligated to accept delivery of any Energy or Capacity not dispatched by FPL pursuant thereto or to pay for such energy if delivered.

6.4 **Exclusivity; Specific Performance**:

6.4.1 Except to the limited extent of unintentional sales of imbalance energy upon formation of an RTO or ISO or similar organization as contemplated by Section 13.20, or upon an Event of Default by FPL under Section 19.2, Seller shall have no right to sell electrical Energy or Capacity or Ancillary Services from the Facility to anyone other than FPL. Seller expressly agrees that it shall have no right to sell electrical Energy or Capacity or Ancillary Services from the Facility to anyone other than FPL, except in the limited circumstances provided in this Section 6.4.1, notwithstanding any default by FPL, any event of Force Majeure, or any other circumstances whatsoever.

6.4.2 Seller acknowledges that, throughout the term of this Contract, FPL will have a need for the Capacity, Energy, and Ancillary Services required to be provided by Seller hereunder, will be relying on the Facility to meet those needs and, notwithstanding the provisions of Section 4.0, would have no adequate remedy at law in the event Seller were to supply such Capacity, Energy, or Ancillary services to any person or entity other than FPL in breach of this Contract; and Seller therefore agrees that, in such event, FPL would be entitled to specific performance of Seller's obligations to supply Capacity, Energy, and Ancillary Services to FPL as provided herein.

7.0 PAYMENT BY FPL

7.1 **Test Energy**: Prior to the Capacity Delivery Date, subject to Section 6.1, FPL shall pay Seller for each MWh of Energy delivered by the Facility at the Receipt Point and agreed to be accepted by FPL at a rate equal to seventy percent (70%) of FPL's Avoided Cost.

7.2 **Payments for Energy**: Beginning on the Capacity Delivery Date, and thereafter for the Contract Term, FPL shall pay Seller for each MWh of Energy delivered and dispatched by FPL pursuant to this Contract at the Receipt Point during each hour as provided in Appendix A; provided, that without limiting the generality of Section 6.3, FPL shall not be required to accept delivery of or to pay Seller for any Energy produced by the Facility during any periods which FPL has Decommitted the Facility pursuant to Section 13.7.

7.3 **Payments for Capacity**:

7.3.1 Beginning on the Capacity Delivery Date, and thereafter for the Contract Term, FPL shall pay to Seller the Monthly Capacity Payments for the Committed Capacity at rates set forth in Appendix A; provided, that FPL shall have no obligation to make any Monthly Capacity Payments for the period(s),if any, of an Event of Default. Monthly Capacity Payments when applicable shall be prorated for the Monthly Billing Period.

7.3.2 For the Monthly Billing Period in which the Capacity Delivery Date occurs, the Monthly Capacity Payment shall be prorated by multiplying (a) the Monthly Capacity Payment calculated as set forth in Appendix A, times (b) the ratio calculated by dividing the number of hours from the commencement of the day after the Capacity Delivery Date through the end of the month by the total number of hours in the month.

7.4 **Start-up Costs**: FPL shall pay Seller the Start-up Costs for each Successful Start-up in the Monthly Billing Period.*[Insert start-up costs from Proposer's submission]*

7.5 **Ancillary Services**: The Energy and Capacity purchased by FPL hereunder pursuant to Section 6.0 shall include all Ancillary Services produced, or capable of being produced ,by or related to the Facility, and Seller shall be entitled to no separate payment with respect thereto. All financial or other benefits relating to such Ancillary Services shall accrue to and be the property of FPL.

7.6 **Transmission**: *[FPL shall pay Seller for transmission costs incurred under the Firm TSA, as provided in Section 10.3.]*

7.7 **Payment by FP&L**: The payment with regard to the sale and purchase of Capacity and Energy and Ancillary Services by FPL pursuant to the Contract shall

be computed based upon the components listed in Sections 7.1 through Section 7.6. Notwithstanding the itemization of these components, payment from FP&L represents a combined charge solely for the sale and purchase of Capacity, Energy and Ancillary Services.

8.0 BILLING AND PAYMENT

8.1 **Timing and Method of Payment**: Seller will submit to FPL, as promptly as practicable after the first of each Billing Month, an invoice (by mail, facsimile or electronic means) for the amounts due under the terms of this Contract for the preceding Month. Amounts due pursuant to such invoice shall be due and payable on the later of the 10th Day after the Day on which FPL receives the invoice or the 20th Day of the Month ("Payment Due Date"). Such invoice shall include adjustments (either a charge or a credit, as applicable) as expressly provided pursuant to Appendix A. If the Payment Due Date falls on a Day that is not a Business Day, the Payment Due Date shall be the next Business Day. Payment shall be made, on or before the due date, to Seller in accordance with the invoice in immediately available funds through wire transfer, or other mutually agreeable method.

8.2 **Late Payment**: If either Party is late in making any payment due under this Contract, and the reason for such delay is solely and exclusively within the control of such Party, such payment shall accrue interest at a per annum rate equal to the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in the Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%), and (b) the maximum rate permitted by applicable law.

8.3 **Disputed Billings**: In the event that either Party has a bona fide dispute with any invoice submitted hereunder, such Party shall inform the other Party in writing of its grounds for disputing such invoice. In the event of a disputed invoice amount(s), the Party receiving the invoice shall be entitled to withhold the disputed amount if such Party first provides the invoicing Party with a detailed explanation of the basis for the dispute, including calculations demonstrating the disputing Party's position regarding the correct amount that should have been invoiced. Upon resolution of the dispute, any overpayment or underpayment shall be refunded or paid (as appropriate) with interest as calculated pursuant to Section 8.2 accruing from and after the date such overpayment was made until the date on which such refund is paid.

8.4 **Adjustments**: If any overcharge or undercharge in any form whatsoever shall at any time be found and the invoice therefore has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge to the other Party, and the Party that has been undercharged shall pay the amount of the undercharge to the other Party, within thirty (30) Days after final determination thereof; provided, however, that no retroactive adjustment shall be made for any overcharge or undercharge unless written notice of the same is provided to the

other Party within a period of 12 Months from the date of the invoice in which such overcharge or undercharge was first included. Any such adjustments shall be made with interest calculated in accordance with Section 8.2 from the date that the undercharge or overcharge actually occurred.

8.5 **Taxes**:

8.5.1 Taxes. Except as otherwise provided in this Contract, in addition to all other amounts due and payable under this Contract: (i) Seller shall be responsible for all Taxes of any kind relating to the delivery of Energy, Capacity, and/or related services (including but not limited to Ancillary Services) prior to the Receipt Point; and (ii) FPL shall be responsible for all Taxes of any kind relating to the delivery of Energy, Capacity, and/or related services (including but not limited to Ancillary Services) at and after the Receipt Point (by way of clarification of the foregoing, Taxes include any taxes incurred in connection with downstream sales of the Energy). Each Party shall provide the other Party upon written request a certificate of exemption or other reasonably satisfactory evidence of exemption if any exemption from or reduction of any Tax is applicable. Each Party shall exercise commercially reasonable efforts to obtain and to cooperate in obtaining any exemption from or reduction of any Tax.

8.5.2 Facility Taxes. Except as specified in Section 8.5.1, the payment of any and all present or future Taxes on or respecting the Facility, in connection with the development, permitting, design, engineering, procurement, construction, testing, completion, ownership, leasing, operation or maintenance of the Facility or any related infrastructure, transmission or transportation facilities shall be the sole and exclusive responsibility and obligation of Seller. FPL shall provide to Seller for payment by Seller any invoice or assessment for any such Tax received by FPL from any Governmental Authority.

8.5.3 Tax Indemnification. Nothing in Section 21 or any other provision of this Agreement will be deemed to limit the After-Tax Basis portion of the Indemnifications provided in Section 20. Nothing in this Agreement shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

8.5.4 Cooperation. The Parties agree to oppose by all reasonable lawful means any federal, state, county or municipal Tax that is sought to be imposed upon the purchase or sale of Energy, Committed Capacity , or Ancillary Services from the Facility

9.0 TESTING AND CAPACITY RATING

9.1 **Capacity Delivery Date; Available Capacity**:

9.1.1 The Capacity Delivery Date shall not occur before the Scheduled Capacity Delivery Date. In addition, in order to achieve the Capacity Delivery Date, Seller shall (or shall cause the Facility to) satisfy the following conditions and the same shall have been accepted by FPL:

(a) the Initial Synchronization Date shall have occurred, the Facility shall be in compliance with the Interconnection Agreement and shall have met FPL's requirements for AGC, and the Facility shall have demonstrated the reliability of its communication systems with FPL;

(b) the Facility shall have demonstrated a Continuous Capability equal to or greater than the Minimum Capacity in an Initial Test completed successfully in accordance with Section 9.0 prior to the Capacity Delivery Date, as set forth in Seller's certified test report;

(c) Seller shall have delivered to FPL a certificate of a responsible officer of Seller certifying that Fuel Contracts meeting the requirements of Section 13.5 are in full force and effect as of the Capacity Delivery Date, such certificate to attach true and complete copies of such Fuel Contracts;

(d) Seller shall have provided to FPL certificates of insurance coverage, dated as of the Capacity Delivery Date, and copies of the insurance policies required to be maintained by Seller under Section 16.0;

(e) each of the representations and warranties of Seller set forth in Section 23.1 shall be true and correct as of the Capacity Delivery Date, and Seller shall have provided to FPL a certificate of a responsible officer of Seller to such effect;

(f) no Event of Default by Seller, and no event which, with the passage of time or giving of notice would become an Event of Default, shall have occurred and be continuing;

(g) Seller shall have provided to FPL the Performance Security;

(h) Seller shall have provided to FPL a certificate dated no later than the Capacity Delivery Date from an independent, registered engineer, reasonably acceptable to FPL, stating that the Facility has been designed, engineered and constructed in accordance with Good Engineering and Operating Practices and the terms of this Contract; and

(i) a certificate of a responsible officer of Seller, dated no later than the Capacity Delivery Date, shall have been delivered to FPL,

certifying that Seller has obtained all Governmental Approvals (other than the Deferred Governmental Approvals) required under Applicable Law for the ownership, operation and maintenance of the Facility.

9.1.2 The initial Available Capacity and the initial Level 1 Available Capacity of the Facility shall be effective on the Capacity Delivery Date, and shall be determined by Seller upon completion of such Initial Test as provided in Section 9.2.

9.1.3 The Available Capacity and the Level 1 Available Capacity shall be designated upon completion of the Initial Test or of any Capacity Test to the nearest whole MW unit of Capacity, and shall be effective on the date of such test (or the Capacity Delivery Date, in the case of the Initial Test).

9.1.4 The maximum Capacity associated with each incremental mode of operation will be designated upon completion of the Initial Test or any other subsequent Capacity Test.

9.2 **Initial Test**:

9.2.1 Seller shall provide to FPL a proposed Test Protocol not less than one hundred twenty (120) days before the Initial Test for FPL's review and approval. Such Test Protocol shall be consistent with the capacity demonstration testing guidelines attached as Appendix I. The Parties shall meet promptly to address any FPL concerns about the Test Protocol and shall endeavor to agree on the Test Protocol by the date forty-five (45) days prior to the Initial Test.

9.2.2 The Parties shall agree on the date and time when Seller will attempt the Initial Test for the Facility; provided, that the date for such Initial Test shall be no earlier than the date *[_____ (___) days]* prior to the Scheduled Capacity Delivery Date. *[Fill in date to be agreed.]* FPL shall not unreasonably withhold its agreement. If the Initial Test for the Facility is completed successfully in accordance with this Section 9.0, Seller shall set the Available Capacity at any level not less than the Minimum Capacity and not greater than the lesser of (a) the Continuous Capability demonstrated by the most recent run of the Initial Test, or (b) Committed Capacity. If such test is not completed successfully, Seller shall provide notice to FPL as to when the Facility will be ready to reconduct the Initial Test. Subject to Section 9.4, Seller may perform the Initial Test any number of times prior to the Capacity Delivery Date until the Initial Test is completed successfully in accordance with this Section 9.0; provided, that nothing in this Section 9.0 shall be construed to extend the Scheduled Capacity Delivery Date.

9.2.3 The Level 1 Available Capacity shall be the lesser of (a) the Level 1 Committed Capacity or (b) the incremental Capacity associated with the Level 1 Mode of Operation demonstrated in the Initial Test.

9.2.4 The maximum Capacity associated with each incremental mode of operation will not exceed the maximum incremental Capacity demonstrated by the most recent run of Capacity Tests for each operating mode.

9.3 **Retesting**:

9.3.1 Subject to Section 9.4, after the Capacity Delivery Date, in order to establish a new level of Available Capacity, Seller may perform up to a maximum of four Capacity Tests per Contract Year.

9.3.2 FPL may require Seller to perform Capacity Tests:

(a) Once per each Summer Period and once per each Winter Period at FPL's sole discretion;

(b) At any time Seller claims it is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure;

(c) At any time Seller fails two consecutive times to meet the operating level prescribed by FPL, as described in Section 13.11.

9.3.3 Upon completion of such Capacity Test(s), if any, Seller shall set the following:

(a) the new Available Capacity, at a level not less than the Minimum Capacity and not greater than the lesser of (i) the Continuous Capability demonstrated by the most recent Capacity Test, or (ii) Committed Capacity. Seller may not establish a new level of Available Capacity except upon completion of a Capacity Test;

(b) the Level 1 Available Capacity at the lesser of (i) the Level 1 Committed Capacity, or (ii) the incremental Capacity associated with Level 1 Mode of Operation demonstrated by the most recent Capacity Test; and

(c) the maximum level of incremental Capacity associated with each Other Operating Mode at the maximum level demonstrated by the most recent Capacity Test for each applicable Other Operating Mode.

9.4 **Conduct of Tests**: Seller shall perform each Capacity Test at a time approved by FPL (such approval not to be unreasonably withheld) not less than five (5) business days nor more than fourteen (14) calendar days after receipt of notice of such test by the Party not requesting such test. FPL may be present on-site to monitor each such Capacity Test. Seller shall provide to FPL a complete written report of all test results of each such test certified by a responsible officer of Seller, for FPL's review and verification, promptly upon becoming available to Seller. (including all pertinent "raw " data, written and electronic and all pertinent calibration records of test instrumentation,).Each Capacity Test shall be performed in compliance with all Environmental Requirements and in accordance with the capacity demonstration testing guidelines in Appendix I and the Test Protocol agreed under Section 9.1.

9.5 **FPL's Right to Observe Testing:** FPL shall have the right to observe site tests and the right to receive copies of the results of such tests. FPL may have representative(s) attend and be present during such testing.

9.6 **Effectiveness of Capacity Tests**:

9.6.1 No Capacity Test shall be successful unless such Capacity Test demonstrates a Continuous Capability equal to or greater than the Minimum Capacity. At any time, the last Capacity Test performed (whether or not successful and whatever the Continuous Capability demonstrated) shall be the effective test as of such time.

9.6.2 If any Capacity Test demonstrates a Continuous Capability less than the Minimum Capacity, then Seller shall promptly take corrective action to restore the Continuous Capability to a level equal to or greater than the Minimum Capacity, and shall reschedule a Capacity Test to demonstrate such Continuous Capability at a time approved by FPL (such approval not to be unreasonably withheld) as soon thereafter as practicable but in any event not less than five (5) business days nor more than fourteen (14) calendar days after receipt of notice of such rescheduled test by FPL. Any period following an unsuccessful Capacity Test until a successful Capacity Test is completed as provided herein shall be deemed to be an Unscheduled Outage.

10.0 INTERCONNECTION AND DELIVERY OF ENERGY, COMMITTED CAPACITY, AND ANCILLARY SERVICES; METERING

10.1 **Interconnection**:

10.1.1 Seller shall make all arrangements necessary to interconnect the Facility to the system of a third party or to the FPL system, as applicable.

10.1.2 As between FPL and Seller, Seller shall (a) be solely responsible for all costs of interconnection to a third party system, (b) be solely responsible for obtaining any credits against transmission charges available from the third party related to such interconnection costs, and (c) retain all rights to any such credits.

10.1.3 If the Facility is directly interconnected to the FPL system, the costs of such interconnection, including any transmission credits for such costs, shall be determined in accordance with FPL's open-access transmission tariff or an RTO or ISO or a similar organization open-access transmission tariff, as applicable.

10.2 **Delivery of Energy, Committed Capacity**:

10.2.1 This Section 10.2.1 shall apply (a) if the Facility is directly interconnected with the FPL system, prior to the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, or (b) if the Facility is not directly interconnected with the FPL system, prior to the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff:

10.2.1.1 Seller shall deliver all Energy and Capacity required to be provided by Seller hereunder to the Receipt Point. Seller shall be responsible for all costs (including, losses pursuant to Section 10.2.1.2, balancing energy pursuant to Section 13.20 and congestion costs) associated with the delivery of such Energy and Capacity to the Receipt Point.

10.2.1.2 Seller shall be paid hereunder based upon the amount of Capacity and Energy delivered to the Receipt Point. Seller shall be responsible for all losses incurred to deliver such Energy and Capacity to the Receipt Point.

10.2.2 This Section 10.2.2 shall apply (a) if the Facility is directly interconnected with the FPL system, beginning on the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, or (b) if the Facility is not directly interconnected with the FPL system, beginning on the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff:

10.2.2.1 FPL shall designate the Facility as a network resource or its replacement or equivalent under the RTO or ISO or a similar organization open-access transmission tariff, and shall pay the applicable access charge under the RTO or ISO or a similar

organization open-access transmission tariff, provided that FPL only shall be responsible for such charge to the extent it recovers the applicable transmission owner's or owners' transmission revenue requirements. If an access charge includes costs over and above the amount FPL is responsible for because of the Facility, such costs shall be allocated to Seller.

10.2.2.2 Seller shall deliver all Energy and Capacity required to be provided by Seller hereunder to the Receipt Point. Seller shall be responsible for all costs (including losses pursuant to Section 10.2.2.2, balancing energy pursuant to Section 13.20 and congestion costs) associated with the delivery of such Energy and Capacity to the Receipt Point.

10.2.2.3 Seller shall be paid hereunder based upon the amount of Capacity and Energy delivered to the Receipt Point. Seller shall be responsible for all losses incurred to deliver such Energy and Capacity to the Receipt Point.

10.3 **Third Party TSA**: If the Facility is not directly interconnected with the FPL system:

10.3.1 Seller shall within thirty (30) days of the date this Contract is executed apply for any firm point-to-point transmission service required on a third party system to deliver all Energy and Capacity required to be provided by Seller hereunder to the Receipt Point. Seller shall use best efforts to obtain any firm point-to-point transmission service required on a third party system to deliver such Energy and Capacity to the Receipt Point, and to obtain or have the third party transmission provider obtain any necessary Governmental Approvals of the Firm TSA, within one year of the date this Contract is executed. Prior to executing the Firm TSA, or seeking or requesting the third party transmission provider to seek any necessary Governmental Approval of the Firm TSA, Seller shall seek FPL approval of the Firm TSA in the form to be executed or filed, such approval not unreasonably to be withheld or delayed . Prior to execution or filing, Seller shall use best efforts to revise the Firm TSA in such manner specified by FPL in its reasonable discretion, as provided in writing by FPL to Seller, provided that Seller shall not execute the Firm TSA or consent to any filing of the Firm TSA until such time as FPL grants approval of such execution or filing, such approval not unreasonably to be withheld or delayed. The Firm TSA shall provide Seller a right to terminate the Firm TSA effective on such date that transmission service over the third party's transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff.

10.3.2 Upon execution of the Firm TSA, Seller shall assign all scheduling, dispatch, and operational rights under the Firm TSA to FPL, including all rights to transmit all Energy and Capacity required to be provided by Seller hereunder to alternate points of delivery, pursuant to the Assignment of Firm TSA. As between FPL and Seller, FPL shall have the right to resell any unused transmission rights under the Firm TSA, and shall retain all revenues associated with any such sale.

10.3.3 Seller shall be responsible for all payment obligations under the Firm TSA and any additional payment obligations incurred for transmission service on the third party system. Subject to Section 10.3.4, Seller shall have the right to charge FPL for all costs incurred under the Firm TSA. Seller shall separately invoice FPL for all such costs charged to FPL for inclusion on the monthly invoice prepared by FPL under Section 7.0.

10.3.4 Upon receiving notice from FPL, Seller shall terminate the Firm TSA on such date that transmission service over the FPL transmission system or the third party transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, or any other subsequent date specified by FPL. Upon the termination of the Firm TSA, (a) Seller shall not charge, and FPL shall not pay, any costs subsequently incurred by Seller for transmission service on the third-party system, and (b) FPL shall retain all scheduling, dispatch, and operational rights associated with the Facility under the RTO or ISO or a similar organization open-access transmission tariff.

10.4 **Metering**: Metering equipment necessary for determining the Energy and Capacity (real and reactive) for billing purposes shall comply with FPL's metering requirements for this installation and Contract. Metering equipment shall include, but not be limited to, MWh and kvar meters, metering cabinets, metering panels, conduits, cabling, metering units, current transformers and potential transformers directly or indirectly providing input to meters or transducers, meter recording devices, telephone circuits, signal or pulse dividers, transducers, pulse accumulators and any other equipment necessary to implement the provisions of this Contract. All energy meters for billing purposes will be revenue billing grade devices that meet Good Engineering and Operating Practices standards. All instrument transformers used for metering will be metering class devices with an accuracy of at least +/- 0.3%. Current transformer ratios will be chosen to measure minimum power within the devices accuracy range. FPL shall, at Sellers expense, design, own, purchase, install and maintain such metering equipment unless FPL agrees in writing to allow another party to design, own, purchase, install or maintain the metering equipment. FPL shall have approval rights over design and location of such installations. Seller shall be responsible for securing adequate space for such installations and shall assure FPL reasonable access to all metering equipment if installed at a facility other than a facility owned by FPL.

10.4.1 A primary meter and associated recording device shall measure and record the flow of Energy and Capacity (real and reactive) associated with the Facility. The meter shall measure the unidirectional watt-hour and var-hour quantities (or other quantities required by FPL) and shall be used to determine the amount of Energy and Capacity received by FPL from the Seller.

10.4.2 A complete set of equivalent continuously operating redundant, back-up metering and recording devices shall be installed, at Seller's expense, and used for billing purposes only if the primary meters fail or are out of service for any reason.

10.4.3 FPL shall test, at Seller's expense, all metering equipment used to measure and record the receipt by FPL of Energy and Capacity for payment purposes. In those cases where FPL is not the owner of metering equipment used for measurement of Energy and Capacity for payment purposes, Seller shall test all such equipment in the presence of an FPL representative.

10.4.4 All metering equipment used by FPL for billing purposes pursuant to this Contract shall be sealed and shall be opened only by FPL in the presence of a representative of Seller, provided Seller elects to be present pursuant to Section 10.4.6.

10.4.5 Seller shall be responsible for the costs incurred by FPL in maintaining and upgrading the metering equipment required pursuant to this Contract.

10.4.6 At least every twelve months and, in addition, upon reasonable prior notice by Seller or FPL, meter tests will be conducted in accordance with the provisions for meter testing in FPL's approved Terms and Conditions for Supplying Electricity as filed with the FPSC. Seller may have a representative present during any metering inspection, test, or adjustment made by FPL. FPL shall provide Seller reasonable notice prior to such test, inspection, or adjustment. When, as a result of such a test, a meter is found to be no more than three tenths of one percent (0.3%) fast or slow because of incorrect calibration, no adjustment will be made in the amount paid to Seller for Energy and Capacity delivered to FPL. If the meter is found to be more than three tenths of one percent (0.3%) fast or slow, FPL will calculate the correct amount delivered to FPL for the actual period during which inaccurate measurements were made or, if the actual period cannot be determined to the mutual satisfaction of the Parties, for a period equal to one-half of the time elapsed since the most recent test, but in no case for a period in excess of twelve (12) months. The previous payments by FPL for this period shall be subtracted from the amount of payments that were calculated to have been owed under this

Contract. The difference shall be offset against or added to the next payment to either Party as appropriate under this Contract.

10.5 Seller shall be entitled to any physical or financial transmission rights allocated by an RTO or ISO or a similar organization associated with any transmission rights Seller obtained from a third party transmission provider for the delivery of Energy and Capacity from the Facility to the Receipt Point. FPL shall be entitled to all other physical or financial transmission rights allocated by an RTO or ISO or a similar organization associated with the delivery of Energy and Capacity.

11.0 OPERATING REPRESENTATIVES

11.1 **Operating Representatives**: At least nine months prior to the Scheduled Capacity Delivery Date, each Party shall appoint a member and an alternate member as Operating Representatives, and provide notice of such appointments to the other Party. Such appointments may be changed at any time by similar notice. The respective Operating Representatives shall meet as necessary at a mutually agreeable time and place upon prior notice. Each Operating Representative and alternate shall be a responsible person working with the day-to-day operations of each respective power system. Seller's Operating Representative shall be in direct contact with the Facility Site if the Facility's operator is a different entity than Seller. The Operating Representatives shall represent the Parties in all matters arising under this Contract which may be delegated to them by mutual agreement of the Parties.

11.2 **Duties**: The duties of the Operating Representatives shall include those specifically identified elsewhere in this Contract, plus the following consistent with the provisions of this Contract:

11.2.1 Coordinate operation outage schedules;

11.2.2 Establish control and operating procedures;

11.2.3 Provide a list of Operating Representatives of each Party; and

11.2.4 Such other duties as may be conferred upon them by mutual agreement of the Parties.

11.3 **Decisions/Disputes**: Each Party shall cooperate in providing to the Operating Representatives all information required in the performance of their duties. If the Operating Representatives are unable to agree on any matter falling under their jurisdiction, such matter shall be referred by the Operating Representatives to their principals for decision. All decisions and agreements made by the Operating Representatives or principals shall be evidenced in writing. The Operating Representatives shall have no authority to amend, modify, or waive this Contract, and no such decision or agreement of the Operating Representatives shall be considered an amendment, modification or waiver of this Contract, which only may be amended, modified, or waived as provided in Section 24.2.

12.0 PRE-OPERATION PERIOD

12.1 **Design, Engineering, Procurement, and Construction of Facility**: Seller shall design, engineer, procure, and construct the Facility in accordance with Good Engineering and Operating Practices, including Environmental Requirements, and shall ensure that all equipment to be installed in the Facility shall be suitable for the use intended, and shall meet the requirements of applicable codes and standards. During the design, engineering, procurement and construction of the Facility, Seller shall provide to FPL such information as FPL may reasonably request regarding the design, engineering, procurement, and construction of the Facility.

12.2 **Provision of Information**:

12.2.1 Seller shall update and maintain the CPM Schedule as a detailed, integrated schedule for the development, permitting, design, engineering, procurement, construction, testing, and completion of the Facility, which shall identify key milestone dates and activities consistent with the Milestones and Milestone Dates set forth on Appendix M.

12.2.2 Seller shall submit to FPL a start-up and test schedule for the Facility, at least one year prior to start-up and testing of the Facility, identifying key start-up and testing dates and activities and gas fuel quantity and schedule requirements and energy schedules.

12.2.3 Promptly after becoming aware that a Milestone Date reasonably could be expected to be missed, and in any event no later than five (5) business days after any missed Milestone Date, Seller shall notify FPL and shall submit to FPL for its review and comment a written recovery plan setting forth in reasonable detail, and with reasonable supporting documentation, (a) the causes and expected duration of the delay, and (b) Seller's plan to recover lost time and achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date.

12.2.4 Each calendar month until the Capacity Delivery Date, Seller shall submit progress reports in a form reasonably satisfactory to FPL, attaching reasonable supporting documentation and including an updated CPM Schedule, indicating percentage completion of each major task, including each Milestone, and reporting on any potentially significant developments that may delay the construction schedule, including the achievement of any Milestone (including the Capacity Delivery Date) and, if Seller shall have missed a Milestone Date and FPL shall not have exercised Step-In Rights or, with respect to a Major Milestone, terminated this Contract, updating FPL on Seller's progress in returning to the Milestone Date schedule set forth on Appendix M and in achieving the Capacity Delivery Date by the Scheduled Capacity Delivery Date.

12.3 **Development of Operating Procedures**: Seller and FPL shall mutually develop written system operating procedures no later than sixty calendar days prior to the Initial Synchronization Date. The operating procedures shall be consistent with the requirements of this Contract and will be intended as a guide for how to integrate the Facility's Energy and Capacity into FPL's electrical system. Topics covered shall include, but not necessarily be limited to, dispatch procedures, including dispatch procedures during system emergencies; deliveries of Energy during start-up and testing of the Facility; the method of day-to-day communications between the Facility operators and the FPL system operators; key personnel lists for both Seller and FPL operating centers; clearance and switching practices; outage scheduling; daily Available Capacity and Energy reports; and Facility operations log and reactive power output. The Operating Representatives, designated pursuant to Section 11.1, shall be responsible for developing and modifying, from time to time, these operating procedures in writing to reflect agreed upon changes.

12.4 **Submission of Operation and Maintenance Plans**: Prior to the Initial Synchronization Date, Seller shall deliver an initial schedule and operation and maintenance plan covering the first five Contract Years. Such plan shall address ongoing maintenance, reliability, environmental compliance, spare parts inventory, and shall include an operation and maintenance plan for less frequent major overhaul work when required on the Facility's generator, turbine, boilers and auxiliary equipment, including spare parts replacements. Seller shall, at Seller's expense, cause an independent party with recognized experience in the electrical generation industry as may be chosen by Seller and approved by FPL (which approval shall not be unreasonably withheld or delayed) to conduct a review of the proposed operation and maintenance plan to ascertain whether such plan is (a) effective and consistent with Good Engineering and Operating Practices and (b) adequate to allow the Facility to operate reliably in accordance with this Contract. Seller shall provide FPL an updated plan meeting the requirements of this Section 12.4 by the last day of each May with respect to the succeeding five Contract Years or the remaining Contract Term, if less.

12.5 **Approval of Operation and Maintenance Plan**: The evaluation of the initial operation and maintenance plan by the independent party specified in Section 12.4 shall be provided to FPL, in writing, at least sixty calendar days prior to the Initial Synchronization Date. Seller shall make all changes to the proposed operation and maintenance plan developed pursuant to Section 12.4, which the independent party determines are necessary for such plan to be (a) effective and consistent with Good Engineering and Operating Practices, (b) consistent with the requirements of this Contract, and (c) adequate to allow the Facility to operate as specified in this Contract, unless (i) Seller disagrees with such determination(s), (ii) Seller provides FPL with a written explanation of the basis for such disagreement and the basis for Seller's belief that the proposed change is not needed to assure the reliable operation of the Facility as specified in Section 12.4 or is inconsistent with Good Engineering and Operating Practices or this Contract, and (iii) (A) FPL concurs, or (B) a second qualified independent engineering firm

which shall be chosen by Seller and approved by FPL (which approval shall not be unreasonably withheld or delayed) concludes, and provides a reasonable explanation thereof, that the change recommended by the first qualified independent engineering firm (x) is not needed under Good Engineering and Operating Practices, (y) is inconsistent with this Contract, or (z) is not needed to assure the reliable operation of the Facility as specified in this Contract. Seller shall perform Facility maintenance in accordance with such plan; provided, that Seller may vary from such plan when necessary due to changed circumstances, if said variance is required by Good Engineering and Operating Practices. Seller shall notify FPL within five business days any such change, including a detailed explanation of the change, the reasons for the change, and the expected impact on Facility operations or maintenance, and shall provide to FPL such supporting documentation as FPL reasonably may require.

12.6 **Initial Synchronization Date**: Seller shall provide notice to FPL confirming the Initial Synchronization Date no less than six calendar months prior to such date, which synchronization shall not occur before the date on which all protective equipment shall have been installed and tested and is operating as required by this Contract or the Interconnection Agreement. FPL shall have the right to have representatives present and witness the synchronization at such time. Seller shall notify FPL immediately upon any change in the Initial Synchronization Date, and in no event shall synchronization occur without FPL's prior approval, which shall not be unreasonably withheld or delayed.

12.7 **Public Notice and Outreach**:

12.7.1 Seller shall use commercially reasonable efforts to undertake public outreach activities with the local community. Such outreach activities shall be designed to enhance, and implemented in a manner which reasonably could be expected to enhance, the likelihood that the Facility will receive all local Governmental Approvals required to construct, test, operate and maintain the Facility in a timely manner. FPL, in its sole and absolute discretion, may elect to review and assist with such outreach activities, but such assistance, if undertaken, shall not be construed to limit Seller's obligations hereunder or to create any liability on the part of FPL.

12.7.2 Seller shall comply with all public notice and publication requirements under Applicable Laws.

13.0 DISPATCH, CONTROL, OPERATION AND MAINTENANCE OF THE FACILITY

13.1 **Technical Requirements**: Power supplied by Seller hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of *[_____ kV]* and power factor dispatchable and controllable in the range of 85% lagging to 90% leading as measured at the high side of the generator step-up transformer to maintain system operating parameters, as specified by FPL, with a

net generation Capacity equal to the Committed Capacity. *[Insert voltage appropriate to interconnection point.]*

13.2 **System Protection**: Seller shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system. Seller shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal operation, testing and repair. Seller shall have qualified personnel test and calibrate all system protective equipment at regular intervals not to exceed two (2) years. A unit functional trip test shall be performed after each overhaul of a turbine, generator or boilers prior to returning the equipment to service. The specifics of the unit functional trip test shall be as recommended by the manufacturers, in accordance with applicable codes and standards (e.g., NFPA 85) and otherwise consistent with Good Engineering and Operating Practices and as agreed by the Parties. If, at any time, FPL has reason to doubt the integrity of the Facility's system protective equipment and reasonably suspects that such loss of integrity would in any way jeopardize the reliability of the FPL system or FPL's supply of electric energy to its customers, Seller shall be required to demonstrate to FPL's satisfaction the correct calibration and operation of the equipment in question.

13.3 **Additions, Deletions and Alterations**: Seller shall not, without prior written approval of FPL, make or cause to be made any additions, deletions or alterations to the Facility's protective equipment, which equipment is necessary for or would affect the safety, reliability or integrity of FPL's system or FPL's supply of electric energy to its customers.

13.4 **Reconnection with FPL System**: If the Facility is separated from the FPL system for any reason, under no circumstances shall Seller reclose into FPL's system without first obtaining FPL's specific approval in each instance, in the appropriate form, as determined by the Operating Representatives. Seller has no right of connection to the FPL system absent FPL's express direction to do so.

13.5 **Fuel**:

13.5.1 Subject to the provisions of this Contract, Seller shall, commencing on the Milestone Date set forth at Major Milestone A.2 on Appendix M and until the expiration of the Contract Term, execute and maintain (and shall deliver copies to FPL within thirty (30) days of execution) long-term contract(s) for any required firm transportation or associated service contract(s) for the Primary Fuel between Seller and its Primary Fuel supplier and transporter, which: (a) have a term of at least until the end of the Contract Term, (b) provide for firm transportation of at least ninety percent (90.0%) of the Facility's Fuel daily design maximum fuel requirements during such term, and (c) include remedies to address protracted inadequate deliverability or poor

quality performance (such contracts, collectively, the "Fuel Contracts").

13.5.2 Seller shall maintain at all times in on-site storage facilities at the Facility Site sufficient quantities of Back-up Fuel to operate the Facility solely on Back-up Fuel for a minimum of one hundred and eight (108) continuous hours at the Committed Capacity. Seller shall replace any Back-up Fuel so consumed promptly and in no event in more than ten (10) business days. For avoidance of doubt failure to comply with this clause 13.5.2 shall constitute a material breach of this Contract.

13.6 **Control of Facility**:

13.6.1 Seller shall operate the Facility consistent with FPL's Dispatch and Control Rights. Control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL. FPL shall have Dispatch and Control Rights to control the Facility within the Facility Operating Capabilities up to *[___ MW]* above the Level 1 Available Capacity so as to be able to receive the Level 1 Available Capacity on an integrated hourly basis and to schedule the voltage desired by FPL for the Facility to maintain. *[Insert number of MW appropriate to Proposer's facility.]*

13.6.2 FPL may at times request that the real power output be equal to the Peaking Capability of the Facility but shall not require the real power output of the Facility to be below the Minimum Load without Decommitting the Facility. Seller shall meet this request or, within ten calendar days, notify FPL of the engineering or operational circumstances which prevented Seller from complying with FPL's request. FPL's request shall be made orally with as much prior notice to Seller as practicable. Failure to operate at any point above the highest operating level specified in Appendix A pursuant to such request shall not be deemed to be an Unscheduled Outage.

13.6.3 FPL's exercise of its rights under this Section 13.6 shall not give rise to any liability on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing.

13.7 **Notice of Shutdown**: Seller shall decommit the Facility whenever directed to do so by FPL, whether orally or in writing. Whenever FPL requests Seller to Decommit the Facility, such requests should not cause the Facility to exceed the Facility Operating Capabilities, except as provided in this Section 13.7. For purposes of exercising its Dispatch and Control Rights, FPL agrees that the minimum notice period between an FPL request to Decommit and the time at which the Facility shall have completed shutdown shall be *[___ hours]* and the

minimum run time between Successful Start-up and shutdown shall be *[____ hours] [Insert minimum shutdown notice and minimum run time from Proposer's submission.]*. Such notice and reference to the Facility Operating Capabilities shall not apply (a) to the extent determined by FPL to be necessary for safe and reliable operation and maintenance of any part of FPL's system, or (b) if FPL determines that a failure to interrupt or reduce deliveries of Energy is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. In the event FPL requests Seller to Decommit the Facility with less than *[____ hours] [Insert minimum notice and minimum run time from Proposer's submission.];* Seller shall make all reasonable efforts to comply with such request.

13.8 **Startup of Facility**: Seller shall commit the Facility whenever directed to do so by FPL, whether orally or in writing. Whenever FPL requests Seller to Commit the Facility, such requests should not cause the Facility to exceed the Facility Operating Capabilities except as provided in this Section 13.8. For purposes of exercising its Dispatch and Control Rights, FPL agrees that the minimum notice period between an FPL request to Commit and the time at which the Facility shall have met its assigned Ready for Control shall be *[____ hours]* and the minimum run time between Successful Start-up and shutdown shall be *[_____ hours] [Insert minimum shutdown notice and minimum run time from Proposer's submission,]*. Such notice and reference to the Facility Operating Capabilities shall not apply (a) to the extent determined by FPL to be necessary for safe and reliable operation and maintenance of any part of FPL's system, or (b) if FPL determines that a failure to start up the Facility is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. In the event FPL requests Seller to Commit the Facility with less than *[_____ hours] [Insert minimum startup notice and minimum shutdown time from Proposer's submission.]*; Seller shall make all reasonable efforts to comply with such request.

13.9 **Projections of Available Capacity**: During the term of this Contract, Seller shall provide FPL, on a daily basis, projections of the Available Capacity, Level 1 Available Capacity, and the Capacity associated with any Other Operating Mode, for each hour of the current day and the next six (6) days. Such estimates shall be furnished by 8:00 A.M., EPT, each day, unless otherwise agreed in writing by the Parties, and shall be updated on a daily basis by 3:00 p.m. each day. Notwithstanding the above, Seller shall keep FPL informed at all times including but not limited to periods of Decommitment as to any change in the generation capability of the Facility, including Available Capacity, Level 1 Available Capacity, any Unscheduled Outages, including Level 1 Unscheduled Outages, or any unscheduled outages associated with any Other Operating Mode and applicable Scheduled Outages, as well as any Fuel-related operating, or maintenance concerns that could affect the generation capability of the Facility.

13.10 **Estimated Schedule of Operations**: FPL shall, by 10:00 A.M, EPT each day, provide Seller with an estimated schedule of operations for the next calendar day,

consistent with the Facility Operating Capabilities, including a Ready for Control, if applicable. FPL shall have the right to change such time by giving Seller a minimum of thirty (30) days notice. If the Facility fails to meet the Ready for Control specified by FPL, Seller shall declare the difference between the scheduled Ready for Control and the actual Ready for Control an Unscheduled Outage of the Facility, provided the specified Ready for Control was within the Facility Operating Capabilities of the Facility and consistent with Section 13.7 and Section 13.8.

13.11 **Failure to Achieve Operating Levels**:

13.11.1 For purposes of calculating the Capacity payment for each instance where Seller fails, after oral notification from FPL, or the Facility fails through automatic control while under Automatic Generation Control, to achieve the operating level requested by FPL up to the Available Capacity, the difference between Available Capacity and the actual operating level shall be designated an Unscheduled Outage for the Facility for the previous twenty-four (24) hour period.

13.11.2 For purposes of calculating the Capacity payment for each instance where Seller fails, after oral notification from FPL, or the Facility fails through automatic control while under Automatic Generation Control, to achieve the Level 1 Available Capacity, the difference between the Level 1 Available Capacity and the actual incremental Capacity provided above the Base Operation Mode shall be designated an Unscheduled Outage for the Facility for the previous twenty-four (24) hour period.

13.11.3 For purposes of calculating the Energy payment during each hour where Seller fails, after oral notification from FPL, or the Facility fails through automatic control while under Automatic Generation Control, to achieve the operating level requested by FPL the heat rate adjustment factor shall be equal to1.0.

13.12 **Outages**: No later than April 1 of the calendar year prior to unit in-service date (e.g., April 1, 2008 for a unit with in service date of June 2009), and no later than April 1 of each year thereafter during the term of this Contract, Seller shall submit to FPL, in writing, Seller's preliminary desired scheduled outages for the following five calendar years and a detailed plan for the first calendar year of the five calendar year schedule ("Scheduled Outages"); provided, that under no circumstances shall Seller be permitted to request Scheduled Outages during the Peak Months. The Facility shall be treated as being subject to a Scheduled Outage only for the period(s) of time it actually experiences a reduction in Capacity due to the work being performed on the Facility by Seller. Following the Capacity Delivery Date, Seller may request FPL's approval for additional outages for the purpose of performing work on specific components of the Facility that would limit the Facility's output and which should not, in the

reasonable opinion of Seller, be postponed until the next Scheduled Outage (a "Maintenance Outage"). In no event shall the total of requested Scheduled Outage Hours and Maintenance Outage Hours exceed the total number of Planned and Maintenance Outage Hours included in (and as defined in) Appendix G in any calendar year. The preliminary outage schedule submitted April 1 of each year may be revised by Seller by August 15 of each year. By October 31 of each year, FPL shall notify Seller whether the requested Scheduled Outages are acceptable. If FPL cannot accept any of the requested Scheduled Outages or Maintenance Outages, FPL shall advise Seller of the time period closest to the requested period(s) when the outage(s) can be scheduled. Such approval of Scheduled Outages and Maintenance Outages shall not be withheld unreasonably. In the event FPL requests Seller to change a Scheduled Outage or Maintenance Outage after November 1 for the following year, Seller shall make all reasonable efforts to comply with such request. Except as may be specified within this Section 13.12, Seller shall perform Facility maintenance in accordance with such plan.

FPL shall have the right, upon giving twelve (12) months prior notice to Seller, to change the Months that shall be treated as Peak Months, provided, however, the total number of Peak Months in a calendar year shall never be greater than seven.

13.13 **Maintenance of Records**: Each Party, respectively, shall keep and maintain complete and accurate records and all other data required by each of them for the purposes of proper administration of this Contract.

13.13.1 Seller shall maintain an accurate and up-to-date operating log at the Facility with records of (a) real and reactive power production for each clock hour; (b) changes in operating status, Scheduled Outages, and outages and deratings using the latest version of the NERC operating guidelines; and (c) any unusual conditions found during inspections.

13.13.2 Seller shall maintain accurate maintenance records showing work history and schedule for all scheduled and unscheduled maintenance work performed.

13.13.3 Starting with the second (2nd) calendar month immediately following the Initial Synchronization Date, Seller shall provide a report to FPL by the fifteenth (15th) calendar day of each calendar month, utilizing the format detailed in Appendix D, as may be revised by FPL from time to time.

13.13.4 Either Party shall have the right from time to time, and upon at least fourteen (14) calendar days' notice to the other Party, to examine the records and data of the other Party relating to this Contract during the period the records are required to be maintained.

13.14 **Reports, Etc.**: During the financing term and to the extent that Seller has access, Seller will ensure that FPL receives copies of any construction progress reports, maintenance evaluations or maintenance reports and environmental compliance reports to be provided to any third party with a financial security interest in or lien on the Facility, including evaluations or reports generated at the request of such third party or performed by a consultant engaged by such third party.

13.15 **Qualified Personnel**: During the term of this Contract, Seller shall employ qualified and trained personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. Seller shall ensure that such personnel are on duty at the Facility Site at all times, twenty-four (24) hours every calendar day during the term of this Contract.

13.16 **Compliance with Reliability Requirements**: The Parties recognize that FPL is a member of NERC and FRCC, and that, to ensure continuous and reliable electric service, FPL operates its system in accordance with the operating criteria and guidelines of NERC and/or FRCC or to the extent applicable an RTO or ISO or a similar organization If an emergency is declared by FPL, FPL shall verbally notify Seller's personnel and, if requested by FPL, Seller's personnel shall place the Capacity of the Facility within exclusive control of FPL or its designee for the duration of such emergency.

13.17 **Emergency Plans**: Seller shall cooperate with FPL in establishing emergency plans, including recovery from a local or widespread electrical blackout, or a voltage reduction, in order to effect load curtailment, and other plans which may be necessary. Seller shall make technical references available concerning Start-up Times, black-start capabilities, black-stop capabilities and minimum load carrying ability. . In addition, Seller shall develop a hurricane preparedness plan . Such plan shall include but not be limited to operation of the Facility before, during and after experiencing hurricane conditions. FPL shall have the right to approve such hurricane preparedness plan prior to its implementation which approval shall not be unreasonably withheld. Seller agrees that FPL's approval of such hurricane preparedness plan shall in no way create any liability for FPL nor shall such approval eliminate the need for Seller to perform its own due diligence to determine the adequacy of its hurricane preparedness plans.

13.18 **Cooperation During Emergency**: Seller shall, during an emergency, supply Energy to FPL as required by FPL orally or in writing up to the Facility's Peaking Capability that FPL is able to receive. If the Facility has any Unscheduled Outages or Scheduled Outages during such an emergency, Seller shall make all good faith efforts to reschedule the outage(s) or, if the outage(s) has begun, expedite the completion thereof.

13.19 **Operation of Facility**:

13.19.1 Seller shall operate and maintain the Facility in accordance with Good Engineering and Operating Practices, including Environmental

Requirements, and shall ensure that all equipment to be installed in the Facility shall be suitable for the intended purpose, and shall meet the requirements of applicable codes and standards.

13.19.2 Seller shall operate the Facility with all automatic controls (except the Automatic Generation Control) and protection equipment, speed governors and voltage regulators and safety interlock controls at the Facility in service whenever the Facility is connected to, or operated in parallel with, the FPL system. The Automatic Generation Control shall be operated pursuant to FPL's Dispatch and Control Rights.

13.19.3 For avoidance of doubt, in no event shall Seller be entitled to compensation for any Energy generated by the Facility in excess of the level requested by FPL during any hour that the Facility's actual output exceeds the output level requested by FPL. All Energy payments shall be in accordance with Section 7.0.

13.20 **Responsibility for Imbalance Payments under RTO or ISO or a similar organization or Standard Electric Market Rules**: In the event that: (i) an RTO or ISO or a similar organization is established that owns or exercises operational control over FPL's transmission system; or (ii) FERC establishes or approves electric market rules ("Market Rules") that apply to FPL's system, then responsibility for imbalance or other payments associated with imbalances required to be paid by or to the RTO or ISO or a similar organization or under the Market Rules shall be as follows:

13.20.1 Seller shall be responsible for imbalance payments associated with Seller's failure to follow FPL's dispatch instructions issued pursuant to Section 13.0 or dispatch instructions of an RTO or ISO or a similar organization in an amount equal to the sum of (a) the product of (i) the difference between Facility's actual output during each applicable hour and the output level requested by FPL or an RTO or ISO or a similar organization multiplied by (ii) the positive difference, if any, of (x) price required to be paid by FPL to the RTO or ISO or a similar organization for any imbalance during such hour, minus (y) the price FPL would have paid Seller for the energy that Seller failed to deliver which caused the imbalance, plus (b) any other associated penalties, amounts or costs to FPL.

13.20.2 If Seller operates at the levels specified in FPL's dispatch instructions issued pursuant to Section 13.0, then Seller shall not be responsible for any imbalance payments.

13.21 **Seller as Operator**: Except with the prior written consent of FPL, Seller or an affiliate thereof shall be the sole operator of the Facility; provided, that Seller shall be entitled to appoint a qualified third-party operator in its place, with FPL's consent, such consent not to be unreasonably withheld. No appointment of an

affiliate or third-party operator by Seller shall relieve Seller of any obligation or liability under this Contract.

13.22 **Dispatch, Control, Operation and Maintenance of the Facility**: With respect to control, operation, and maintenance of the Facility, it is agreed by the Parties that Seller and not FP&L is solely responsible for implementation of all control, operating and maintenance procedures which relate to the possession, control, use or custody of the Facility.

14.0 DATA ACQUISITION

14.1 **Installation of Equipment**: Except as may be provided in this Section 14.1 and Section 14.3, Seller shall, at its own expense, design, engineer, purchase, install, connect, operate, repair, maintain and own all telemetering equipment, the generator control unit and the generator control panel for the Facility as may reasonably be required in compliance with the specifications for such equipment and software set forth in Appendix J or as updated from time to time by FPL by notice to Seller in order to receive telemetry and to control the Energy and Capacity from the Facility as required to dispatch the Facility and to provide for the safe and reliable operation of FPL's electric system. Such equipment shall meet FPL's reasonable specifications for transmission of telemetered data to and from locations specified by FPL. Telemetering equipment shall include, but not be limited to, transducers, meters, test switches for transducers and meters, alternating current and direct current sources, telephone lines and interconnecting wiring with proper identification for supervisory and communication equipment. FPL shall, at Seller's expense, own, design, engineer, purchase, install, connect, terminate, repair, maintain, replace, relocate and remove a work station and/or remote terminal unit ("RTU") to link the Facility and FPL's system control center ("Plant RTU"). Seller shall provide adequate space for the FPL work station and/or Plant RTU, coordinate planning and installation of the FPL work station and/or Plant RTU and provide FPL twenty-four hour access each day to the FPL work station and/or Plant RTU.

14.2 **Data Acquisition Equipment**: The data acquisition equipment shall monitor analog and digital signals deemed necessary and shall meet FPL specifications set forth in Appendix J or otherwise reasonably determined as necessary from time to time by FPL to implement the provisions of this Contract. Such data acquisition equipment and software shall be state-of-the-art at the time it is purchased, be compatible at all times with the computer master equipment and software receiving the telemetry signals (including Automatic Generation Control) and supply status information, MWh, voltage, MW and MVAR analog information, certified site data (at locations as agreed to by FPL) including dry bulb, wet bulb, or relative humidity and barometric pressure, as well as any other data reasonably required by FPL or Seller from time to time, with respect to the Facility. Such data acquisition equipment and software shall be separate from or capable of operating independently of, any equipment and software of any person or entity other than Seller or any equipment and software of Seller other than the Facility located at the Facility Site. Data available on such data acquisition equipment

shall not be accessible to any person or entity other than Seller without the prior written approval from FPL. Seller agrees to treat as proprietary to FPL and confidential any and all data available on such data acquisition equipment.

14.3 **FPL Switchyard RTU:** If required by FPL, the FPL switchyard RTU shall be installed by FPL to provide interconnection telemetry exclusively to the FPL system control center. The FPL switchyard RTU shall be in addition to the Plant RTU provided for in Section 14.1, and any other RTUs which may be installed in the future to supply data to or from FPL. The FPL switchyard RTU shall, at Seller's expense, be owned, designed, engineered, purchased, installed, repaired, maintained, replaced, relocated or removed by FPL, subject to Seller approval.

15.0 RECORDS AND AUDITS

15.1 **Books and Records**: Seller's books, records and accounts, correspondence, accounting procedures and practices and any other supporting evidence pertaining to the Facility or this Contract (all the foregoing hereinafter referred to as "Records") shall be open to inspection, audit and reproduction, during normal working hours by FPL or its authorized representative on ten (10) calendar days prior notice, to the extent necessary to permit adequate evaluation and verification of any invoices, payments or claims based on Seller's actual costs incurred. For the purpose of evaluating or verifying such actual or claimed costs incurred or units expended, FPL and its authorized representatives shall have access to said Records from the Commencement Date until seven (7) years after the close of each Contract Year to which such Records relate.

15.2 **Inspection; Construction; Environmental and Operating Records**:

15.2.1 Subject to Seller's reasonable safety and security requirements, FPL employees or its agents shall have the right to monitor the licensing, permitting, construction, start-up, testing , and commissioning of the Facility, either onsite or off-site. Seller shall comply with all reasonable requests of FPL for information resulting therefrom.

15.2.2 FPL-authorized representatives may, from time to time during normal business hours and with reasonable advance written or verbal notice, have access to the Facility to inspect the environmental and operation and maintenance records of the Facility or for other purposes necessary to determine Seller's performance under the terms of this Contract, provided that FPL's inspections do not unreasonably interfere with Seller's operation and maintenance of the Facility.

15.3 **FPL Audit Rights**: Seller shall cooperate in such physical inspections of the Facility as may be reasonably required by FPL during and after completion of construction. FPL or its authorized representative shall have access during normal working hours to all necessary facilities of Seller, and shall be provided adequate and appropriate work space, in order to conduct the audits in compliance with the provisions of this Section 15.0.

15.4 **FPL Access to Records**: Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require FPL to evaluate whether the Seller must be consolidated, as a variable interest entity (as defined in FIN 46R), in the financial statements of FPL. Seller agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R.

If the result of the evaluation under FIN 46R indicates that Seller must be consolidated in the financial statements of FPL, Seller agrees to provide financial statements, together with other required information, as determined by FPL, for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission (SEC). This information must be received by FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at the sole discretion of FPL. Additionally, Seller agrees to fully cooperate with FPL and their independent auditors in completing an assessment of Seller's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of FPL

16.0 INSURANCE

16.1 **Liability Insurance**: Seller shall procure or cause to be procured a policy or policies of liability insurance issued by an insurer satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form, or an Associated Electric and Gas Insurance Services ("AEGIS") form or other industry form acceptable to FPL. Said policy(ies) shall cover liabilities which might arise under, or in the performance or nonperformance of, this Contract. A Certificate of Insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, said policy(ies) shall contain (i) an endorsement providing coverage, including products liability/completed operations coverage for the term of the Contract, and (ii) a broad form contractual liability endorsement for FPL Entities. Effective at least fifteen (15) calendar days prior to the Initial Synchronization Date, the policy(ies) shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

16.2 **Coverage Required**: The policy(ies) described in Section 16.1 shall have a limit of not less than Ten Million Dollars ($10,000,000.00) per occurrence, combined single limit, for personal injury, bodily injury (including death), and property damage; provided, that in the event that such insurance becomes totally unavailable or procurement becomes commercially impracticable, such unavailability or impracticability shall not constitute an Event of Default under this Contract, but FPL and Seller shall enter into negotiations to develop substitute protection for FPL Entities which FPL, in its reasonable judgment,

deems adequate. Any premium assessment or deductible shall be for the account of Seller and not FPL Entities.

16.3 **Conditions of Coverage**: In the event that the policy(ies) is on a "claims made" basis, the retroactive date(s) of the policy(ies) shall be the Commencement Date or such other date as to protect the interests of FPL Entities. Furthermore, if the policy(ies) is on a "claims made" basis, Seller's duty to provide such coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort; if coverage is on an "occurrence" basis, such insurance shall be maintained by Seller during the entire period of interconnection and performance by the Parties under this Contract. The policy(ies) shall not be canceled or materially altered without at least thirty (30) calendar days' written notice from the insurer to FPL. Coverage must be reasonably acceptable to FPL.

16.4 **FPL as Additional Insured, Etc**: Depending on the policy procured by Seller, and with FPL's concurrence, FPL Entities shall be designated either as an additional named insured or as an additional insured for all policies specified in Section 16.1, and each policy(ies) shall be endorsed to be primary to any insurance which may be maintained by, or on behalf of, FPL Entities. All policies shall include waivers of subrogation in favor of FPL Entities.

16.5 **Property Insurance**: Seller shall procure or cause to be procured "All Risk" property insurance, including boiler and machinery insurance, in an amount equal to the replacement cost of the Facility to provide comprehensive coverage for the Facility. Such policy(ies) shall include waivers of subrogation in favor of FPL Entities.

16.6 **Environmental Pollution Liability Insurance**: Seller shall procure or cause to be procured environmental pollution liability insurance, which shall include clean up, bodily injury and property damage for existing and new pollution conditions both on and offsite. Such insurance shall be in an amount of no less than Ten Million Dollars ($10,000,000.00) per occurrence and in the policy aggregate and contain a deductible of no more than One Million Dollars ($1,000,000.00) per occurrence. Environmental pollution liability may be written on claims made form. FPL Entities shall be designated as an additional insured for such policy(ies), and such policy(ies) shall be endorsed to be primary to any insurance which may be maintained by, or on behalf of, FPL Entities. Such policy(ies) shall include waivers of subrogation in favor of FPL Entities.

16.7 **Copies of Policies:** Certificates of insurance or a copy of the policy(ies) referenced in Sections 16.1, 16.5, and 16.6 shall be made available for inspection by FPL at Seller's offices upon reasonable advance notice to Seller.

17.0 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

17.1 **Compliance with Applicable Laws**: Seller shall operate and maintain the Facility in compliance with all Applicable Laws.

17.2 **Governmental Approvals**: Seller hereby agrees to seek, obtain, maintain, comply with and, as necessary, renew, replace, or modify from time to time, at Seller's sole expense, and in a timely manner, any and all Governmental Approvals, including Environmental Licenses, which are required by Applicable Law as prerequisites to engaging in the activities envisioned by this Contract.

17.3 **Design and Permitting**:

17.3.1 Seller shall design, engineer, procure, construct, operate and maintain the Facility, and shall obtain and maintain Governmental Approvals and environmental emission allowances, credits or approvals on terms and conditions, such that Seller will be in compliance with, and the Facility will be designed, engineered, constructed, procured, operated and maintained, in accordance with the requirements of this Contract (including pursuant to FPL's Dispatch and Control Rights) without violating Applicable Laws, including Environmental Requirements, and Seller shall not be excused from any obligation under this Contract nor shall any right of FPL (including FPL's Dispatch and Control Rights) be limited because of any conflict between the requirements hereof and the requirements of Applicable Law, including Environmental Requirements, or because of any failure to obtain or maintain any Governmental Approval or environmental emissions allowance, credit or approvals. Any Governmental Approvals or permits that can not be transferred due to sale or transfer of ownership shall be noted.

17.3.2 Without limiting the generality of Section 17.1, 17.2, or 17.3.1, Seller shall design, engineer, procure, construct, test, operate and maintain the Facility, and shall obtain and maintain Governmental Approvals on terms and conditions, such that:

(a) at the point in time when the Facility is Ready for Control, the Facility shall have full load-following capability equal to the Maximum Sustained Rate;

(b) the Peaking Capability shall be not less than *[____ MW]* in the Winter Period and *[___ MW]* in the Summer Period *[Insert numbers of MW from Proposer's submission]*; and

(c) the Facility shall operate in accordance with the Facility Operating Capabilities.

17.3.3 Seller shall use commercially reasonable efforts to obtain and maintain all Governmental Approvals required to allow, and shall design, engineer, procure, construct, and, subject to receipt of such Governmental Approvals, test, operate and maintain the Facility, such that:

(a) the Facility shall be capable of operating on Back-up Fuel at the Committed Capacity for up to five hundred (500) hours per calendar year;

(b) the Facility shall be capable of operating for a minimum of one hundred and eight (108) continuous hours at the Committed Capacity using Back-up Fuel stored at the Facility Site without replenishment;

(c) the Facility shall be capable of achieving Successful Start-up operating solely on Back-up Fuel; and

(d) the Facility shall be capable of switching from the Primary Fuel to the Back-up Fuel without interruption or diminution in output and without disconnecting from the transmission system.

17.4 **Environmental Reporting**:

17.4.1 Seller shall submit to FPL an annual environmental summary report describing the Facility's status and stating whether or not Seller is in compliance with all applicable Environmental Requirements and Environmental Licenses, including certification conditions under the Florida Electrical Power Plant Siting Act and the National Environmental Policy Act, if necessary. Such report shall be submitted annually, on or before the anniversary of the Commencement Date, or coincident with periodic reports to Governmental Authorities.

17.4.2 Seller shall notify FPL within five (5) business days of any violations or alleged violations of Environmental Requirements (as evidenced by agency warning letters, notices of violations, or similar written or verbal communications to or from any environmental agency), describing the matter in reasonable detail, including the anticipated resolution, and attaching copies of such communications and Seller's responses, if any.

17.5 **Environmental Allowances**: Seller shall be responsible for obtaining, at its expense, all applicable environmental allowances, offsets or credits, if any, necessary under Applicable Law and Governmental Approvals for the construction or operation of the Facility as required by this Contract.

17.6 **EEO Compliance**: Seller shall conform to the requirements of the Equal Employment Opportunity clause in Section 202, Paragraphs 1 through 7 of Executive Order 11246, as amended; applicable portions of Executive Orders 11701 and 11758, relative to Equal Employment Opportunity; Section 503 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act, as amended; the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended;

and the Implementing Rules and Regulations of the Office of Federal Contract Compliance Programs; and shall impose such requirements on its applicable contractors, subcontractors, vendors and suppliers.

17.7 **Rate Regulation**:

17.7.1 Notwithstanding anything to the contrary in this Contract, if FPL, at any time during the term of this Contract, fails to obtain or is denied the authorization of the FPSC, or the authorization of any other legislative, administrative, judicial or regulatory body which now has, or in the future may have, jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to Seller under the terms of this Contract or any subsequent amendment hereto, FPL may, at its sole option, adjust the payments made under the Contract to the amount(s) which FPL is authorized to recover from its customers. In the event that FPL so adjusts the payments to which Seller is entitled under this Contract, then, Seller may, at its sole option, terminate this Contract upon ninety (90) days notice to FPL. If such determination of disallowance is ultimately reversed and such payments previously disallowed are recovered, FPL shall pay all withheld payments. Seller acknowledges that any amounts initially received by FPL from its customers, but for which recovery is subsequently disallowed and charged back to FPL, may be offset or credited, against subsequent payments to be made by FPL to Seller under this Contract.

17.7.2 If, at any time, FPL receives notice that the FPSC or any other legislative, administrative, judicial or regulatory body seeks or will seek to prevent full recovery by FPL from its customers of all payments required to be made under the terms of this Contract or any subsequent amendments to this Contract, then FPL shall, within thirty (30) days of such notice, give notice thereof to Seller. FPL shall use reasonable efforts to defend and uphold the validity of this Contract and its right to recover from its customers all payments required to be made by FPL hereunder, and will cooperate in any effort by Seller to intervene in any proceeding challenging, or to otherwise be allowed to defend, the validity of the Contract and the right of FPL to recover from its customers all payments to be made by it hereunder.

The Parties do not intend this Section 17.7 to grant any rights or remedies to any third party(ies) or to any legislative, administrative, judicial or regulatory body; and this Section 17.7 shall not operate to release any person from any claim or cause of action which Seller may have relating to, or to preclude Seller from asserting, the validity or enforceability of any obligation undertaken by FPL under this Contract.

17.8 **No Application to FERC**: This Contract shall not be subject to change through application to the FERC pursuant to the provisions of Sections 205 or 206 of the Federal Power Act absent the prior written agreement of each of the Parties.

17.9 **Community Relations**: Seller shall maintain good relations with labor, suppliers, vendors, Governmental Authorities, and the local community.

18.0 FORCE MAJEURE

18.1 **Force Majeure Relief**: Except as otherwise provided in this Contract, each Party shall be excused, pursuant to the procedures set forth in this Section 18.0, from performance to the extent its nonperformance is caused by Force Majeure.

18.2 **Notice of Force Majeure, Etc**:

18.2.1 In the event of any delay or nonperformance resulting from Force Majeure, the Party suffering an occurrence of Force Majeure shall notify the other of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any date(s) for performance may be affected thereby. Such notice shall be given to the other Party as soon as practicable but in no event later than five (5) business days after the claiming Party's awareness of the Force Majeure, i.e., the effect of such event or circumstance, and in no event later than fifteen (15) days after the occurrence of such event or circumstance, and shall provide such substantiating documentation as may be required to verify such event or circumstances and its effects within fifteen (15) days of such notice. The Party claiming Force Majeure shall endeavor in good faith to notify the other Party earlier than five (5) business days but shall not be in breach of this Contract for any failure to provide such notice any sooner than five (5) business days, and shall notify the other Party of the status of its efforts in such form and with such frequency as the other Party reasonably may request under the circumstances (but not less than weekly). When the Party claiming Force Majeure is able to resume performance of its obligations under this Contract, such claiming Party shall give the other Party prompt notice to such effect.

18.2.2 The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. Prior to the Capacity Delivery Date, no event of Force Majeure shall be deemed to extend, or to excuse failure of Seller to achieve, any Milestone under Section 3.0, to extend the Schedule Capacity Delivery Date, or to excuse failure to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date, except to the extent such event of Force Majeure (a) substantially impairs a critical-path item on the CPM Schedule, and (b) cannot be overcome by revising, rearranging, expediting, or accelerating such CPM Schedule or by the payment of money to expedite or accelerate such CPM Schedule.

18.3 **Mitigation of Force Majeure**: Any Party suffering an occurrence of Force Majeure shall use commercially reasonable efforts to remedy the cause(s) preventing its performance of this Contract as promptly as possible.

18.4 **Effect of Force Majeure on Capacity Payments**: If in any Month the Available Capacity of the Facility is decreased with respect to any hour or Peak Hour as a result of Force Majeure, then:

18.4.1 Without limiting the generality of Section 18.3, Seller shall endeavor diligently to cause the Available Capacity of the Facility to be restored promptly to a level not less than the Minimum Capacity, and Seller shall cause a Capacity Test to be conducted as promptly thereafter as possible as provided in Section 9.0. Any whole or partial interruption or reduction in the Facility's Capacity to a level below Committed Capacity until the conclusion of such Capacity Test shall be deemed to be an Unscheduled Outage.

18.4.2 Upon conclusion of the Capacity Test, if the Continuous Capability is less than the Minimum Capacity, and if Seller provides to FPL evidence reasonably satisfactory to FPL that such shortfall is a direct consequence of such event of Force Majeure, and that Seller, notwithstanding Seller's efforts to mitigate the effects of such Force Majeure, has not been able to restore the Facility, then, until the earlier of the demonstration by Seller in a Capacity Test that the Continuous Capability is not less than the Minimum Capacity or the expiration of the Force Majeure Aggregate Allowance:

(a) the Committed Capacity shall be deemed to be equal to the Continuous Capability demonstrated by the most recent Capacity Test;

(b) Seller shall set the Available Capacity at a level not more than such Continuous Capability; and

(c) FPL's Dispatch and Control Rights, and its payment obligations hereunder, shall be prorated accordingly.

18.5 **Limitation**: FPL at its option may terminate this Contract as provided in Section 19.3 to the extent that (a) performance by Seller of its obligations hereunder shall have been excused pursuant to this Section 18.0 for a period in excess of the Force Majeure Aggregate Allowance, or (b) Seller shall have been excused pursuant to this Section 18.0 from achieving the Capacity Delivery Date by the Final Capacity Delivery Date.

19.0 DEFAULT AND TERMINATION

19.1 **Seller Events of Default**: Each of the following shall constitute an Event of Default by Seller:

19.1.1 Seller abandons construction or operation of the Facility;

19.1.2 Seller fails to achieve a Major Milestone by the corresponding Milestone Date (other than failure to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date) and Seller has failed to cure such failure within thirty (30) days of such Milestone Date;

19.1.3 Seller (a) fails to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date and fails to pay delay liquidated damages or otherwise fails to comply with the provisions of Section 3.2.3; or (b) fails to achieve the Capacity Delivery Date by the Final Capacity Delivery Date;

19.1.4 After the Capacity Delivery Date, the Facility fails to maintain a Capacity Billing Factor of at least sixty-four percent (64%);

19.1.5 The Facility fails to demonstrate a Continuous Capability at least equal to the Minimum Capacity in three successive Capacity Tests after the Capacity Delivery Date;

19.1.6 Seller sells electrical capacity or energy or Ancillary Services from the Facility to a third party other than as expressly provided in Section 13.20;

19.1.7 Seller (a) fails to make a payment to FPL that is not subject to a good-faith dispute within thirty (30) days after notice from FPL that such payment is due under this Contract, or (b) fails to pay any liquidated damage amount as and when due hereunder;

19.1.8 If (a) a receiver or liquidator or trustee of Seller or Seller's guarantor or of a substantial part of the assets of Seller or Seller's guarantor is appointed by order of a court of competent jurisdiction, and such receiver or liquidator or trustee is not discharged within a period of sixty calendar days; (b) by decree of such a court, Seller or Seller's guarantor is adjudicated bankrupt or insolvent or a substantial part of the assets of Seller or Seller's guarantor are sequestered, and such decree continues undischarged and unstayed for a period of sixty (60) calendar days after the entry thereof; (c) a petition to declare bankruptcy or to reorganize a party pursuant to any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Seller or Seller's guarantor, as now or hereafter in effect, is filed against Seller or Seller's guarantor and is not dismissed within sixty (60) calendar days after such filing; (d) Seller or Seller's guarantor files a voluntary petition to declare bankruptcy or to reorganize pursuant to any bankruptcy law or insolvency law, or consents to the filing of any bankruptcy or reorganization petition against it under any

similar law; or (e) without limitation of the generality of the foregoing, Seller or Seller's guarantor files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Seller or Seller's guarantor, as now or hereafter in effect, or Seller or Seller's guarantor files an answer admitting the material allegations of a petition filed against it in such a proceeding;

19.1.9 Seller is in default of any material provision of this Contract not specifically mentioned in this Section 19.1 and Seller has failed to cure such default within thirty (30) days after notice of such default from FPL to Seller; provided, that so long as such default of Seller is not a failure to pay money, (a) if it is not feasible to correct such default within thirty (30) days after FPL has delivered notice of such default to Seller, but it remains feasible to correct within sixty (60) days, and (b) if within ten days after said notice from FPL, Seller provides FPL notice of its intention to cure such default and evidence that it remains feasible to correct such default within sixty (60) days after such notice from FPL, it shall not constitute an Event of Default hereunder until the earliest feasible date within such sixty (60) day period when a cure could be effected so long as (w) corrective action by Seller is instituted within ten days following the notice from FPL, (x) such corrective action is diligently pursued, (y) Seller provides FPL bi-weekly written reports as to the nature and progress of such corrective action, and (z) such cure is effected within sixty (60) days of the notice from FPL; or

19.1.10 Seller fails to provide and maintain the Completion Security or the Performance Security required under Section 4.0, or FPL shall have made a drawing on any Liquid Security and such Liquid Security shall not have been replaced or replenished when and as required by Section 4.0.

19.1.11 Seller fails to comply with the requirements of section 15.4 of this Contract.

19.2 **FPL Events of Default:** Each of the following shall constitute an Event of Default by FPL:

19.2.1 FPL fails to make a payment due to Seller that is not subject to a good-faith dispute within thirty (30) days after notice from Seller that such payment is due under this Contract; or

19.2.2 If (a) a receiver or liquidator or trustee of FPL or of a substantial part of the assets of FPL is appointed by order of a court of competent jurisdiction, and such receiver or liquidator or trustee is not discharged within a period of sixty calendar days; (b) by decree of such a court,

FPL is adjudicated bankrupt or insolvent or a substantial part of the assets of FPL are sequestered, and such decree continues undischarged and unstayed for a period of sixty (60) calendar days after the entry thereof; (c) a petition to declare bankruptcy or to reorganize a party pursuant to any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to FPL, as now or hereafter in effect, is filed against FPL and is not dismissed within sixty (60) calendar days after such filing; (d) FPL files a voluntary petition to declare bankruptcy or to reorganize pursuant to any bankruptcy law or insolvency law, or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or (e) without limitation of the generality of the foregoing, FPL files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to FPL, as now or hereafter in effect, or FPL files an answer admitting the material allegations of a petition filed against it in such a proceeding.

19.3 **Termination for Prolonged Force Majeure**: To the extent any event or events of Force Majeure (a) excuse Seller from achieving the Capacity Delivery Date by the Final Capacity Delivery Date pursuant to the provisions of Section 18.0, or (b) after the Capacity Delivery Date, excuse Seller from performing any of its material obligations hereunder pursuant to the provisions of Section 18.0 for four thousand, three hundred twenty (4,320) hours in the aggregate (whether resulting from the same or multiple events or circumstance and whether or not continuous) (the "Force Majeure Aggregate Allowance"): (i) FPL may terminate this Contract without penalty or further liability for either Party upon thirty (30) days notice to Seller, and (ii) upon such termination, FPL shall return any undrawn Completion Security or Performance Security within sixty (60) days of the effective date of such termination.

19.4 **Remedies**: Upon the occurrence of any Event of Default, the non-defaulting Party may, at its option:

19.4.1 Terminate this Contract without penalty or further obligation by the non-defaulting Party, by notice to the defaulting Party, and, if prior to the Capacity Delivery Date, Seller shall pay FPL liquidated damages as provided in Section 3.0;

19.4.2 Offset from any payment(s), due from the non-defaulting Party to the defaulting Party, any amount otherwise due from the defaulting Party to the non-defaulting Party;

19.4.3 In the case of an Event of Default by Seller, draw on the Completion Security or the Performance Security, as the case may be, in the

amount of the non-defaulting party's damages (including liquidated damages payable under Section 3.0);

19.4.4 In the case of an Event of Default by Seller, FPL, at its option, may apply to any court of competent jurisdiction for the appointment of a receiver to take charge of, manage, preserve, protect, complete construction of, and operate the Facility, to make all necessary and needed repairs to the Facility, and to pay all taxes and assessments against the Facility and insurance premiums for insurance thereof, it being hereby agreed that, upon occurrence of an Event of Default, (a) FPL shall be entitled to such appointment; (b) upon application by FPL, the court may forthwith appoint such receiver with the usual powers and duties thereof; (c) Seller consents, and Seller shall not object to such appointment; and (d) appointment of a receiver under this Section 19.4 shall not in and of itself terminate this Contract;

19.4.5 In the case of an Event of Default by Seller, if (and only if) FPL shall have terminated this Contract pursuant to Section 3.0 or Section 19.0 as a consequence of such Event of Default, FPL may, at its option, but subject to the Intercreditor Agreement, exercise any or all of its remedies under the Mortgage and Security Agreement;

19.4.6 In the case of an Event of Default by FPL, then, notwithstanding the exclusivity requirement set forth in Section 6.4, Seller may cover FPL's obligations to pay for Capacity under this Contract by selling such capacity to a third party, in which event FPL shall pay to Seller, within ten (10) days after Seller's invoice (with such supporting documentation as may be required to verify such failure and the amounts set forth on such invoice), an amount equal to the amount, if any, by which the amount received by Seller from reselling such Capacity at the Receipt Point, acting in a commercially reasonable manner, is less then the amount required to be paid by FPL to Seller hereunder with respect to such Capacity ("Seller's Cost of Cover");

19.4.7 In the case of default by Seller under Section 19.1.6 "Sales to third parties" FPL will receive the higher of the profits from such unauthorized sale or FPL's costs to cover.

19.4.8 Exercise any other right or remedy available to it in equity or, subject to Section 19.5, any other right or remedy available to it hereunder or at law or in equity.

19.5 **Liquidated Damages**: The Parties acknowledge and agree that the damages which FPL would actually suffer as a result of (a) delay by Seller in achieving the Capacity Delivery Date by the Scheduled Capacity Delivery Date, or (b) termination of this Contract upon Seller's failure to achieve a Major Milestone under Section 3.0, including failure to achieve the Capacity Delivery Date as

provided therein, or upon any other Seller Event of Default prior to the Capacity Delivery Date, are now, and will in the future remain, incapable of determination with any mathematical precision or certainty, and that the mutually agreed liquidated damages required to be paid upon such failure hereunder (i) are in the nature of liquidated damages, (ii) are not unconscionable, (iii) do and will not constitute a conversion by or unjust enrichment of FPL, (iv) are unequivocal, fair and reasonable under the circumstances and not a penalty, (v) shall constitute FPL's sole and exclusive damages upon such delay or termination (FPL hereby waiving, in consideration of the right to such liquidated damages in such events, any rights it may have to seek damages in excess of such agreed delay or termination liquidated damages), and (vi) were bargained for and derived through mutual negotiations and agreement between Seller and FPL and constitute a material and integral part of the agreement between the Parties; provided, that nothing herein shall limit FPL's rights to seek any equitable remedies otherwise available to FPL; provided, further, that such liquidated damages shall not be FPL's sole and exclusive damages with respect to any default or Event of Default not expressly described in Section 3.2, with respect to which FPL shall continue to have all rights and remedies described herein; and provided, further, that during any period in which FPL has exercised Step-In Rights and has not relinquished possession of the Facility and the Facility Site to Seller or terminated this Contract as provided in Section 5.1 or this Section 19.0, Seller shall not be obligated to pay such liquidated damages.

19.6 **FPL's Cost of Cover**:

19.6.1 If Energy or Capacity is not delivered or made available from the Facility at the Receipt Point due to Unscheduled Outage(s) or for any reason in breach of Seller's obligations hereunder, and FPL in its absolute and sole discretion, for any reason it deems appropriate, or for no reason at all, elects to cover Seller's obligations to deliver Capacity and Energy under this Contract by obtaining deliveries of electrical capacity and electrical energy from a third party:

(a) unless Seller's failure is excused pursuant to Section 18.0, Seller shall pay to FPL, within ten business days of Seller's receipt of the Monthly Billing Statement, an amount equal to the amount, if any, by which the cost to FPL of obtaining such deliveries at the Receipt Point, acting in a commercially reasonable manner (including without duplication brokerage or other transaction costs, generation charges, fuel charges, reservation charges, start-up costs, transmission charges, transmission losses, and charges for ancillary services) exceeds the amount required to be paid by FPL to Seller hereunder with respect to such Energy or Capacity ("FPL's Cost of Cover");

(b) any capacity used in the production of such replacement capacity or energy shall not be treated as Committed Capacity,

or Available Capacity for purposes of this Contract unless purchased by FPL from an entity with an Investment Grade Credit Rating (or which has provided security equivalent to the security required to be provided by Seller hereunder) pursuant to a firm contract with a term not less than the remaining portion of the Contract Term, which means, in any hour or Peak Hour, that neither such capacity nor the energy delivered by such capacity in replacement of Energy or Capacity shall be treated as Committed Capacity, Available Capacity or as Energy delivered in such hour or Peak Hour hereunder, including for purpose of clauses (a)(i) or (b)(i) of the definition of "Hourly Capacity Factor" or "Hourly Peak Capacity Factor"; and

(c) for avoidance of doubt, FPL shall not have any obligation to obtain or continue such deliveries.

19.6.2 For avoidance of doubt, Seller shall have no right to substitute electrical capacity or energy, at the Receipt Point or otherwise, generated at any facility other than the Facility, for Capacity or Energy which Seller has failed for any reason to generate at the Facility and to deliver or make available at the Receipt Point.

19.7 **Survival of Rights**: Remedies Cumulative. No termination under this Section 19.0 (or otherwise under this Contract) shall affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from breach of this Contract. Except as expressly provided in Section 19.5, the rights and remedies of the Parties hereunder shall not be exclusive of any other right or remedy available hereunder or at law or in equity and shall be cumulative.

20.0 INDEMNIFICATION

20.1 **Indemnification**: FPL and Seller shall each be responsible for its own facilities, for protection of its own generating system, and for ensuring adequate safeguards for FPL customers, and the personnel and equipment of Seller and FPL. Seller shall indemnify and save FPL Entities harmless, on an After-Tax Basis and FPL shall indemnify and save Seller Entities harmless, on an After-Tax Basis from any and all claims, demands, costs or expenses (including court costs and attorneys' fees related to any claim, administrative proceeding, pretrial, trial or appellate proceeding), for loss, damage or injury to persons or property caused by, arising out of, or resulting from (a) any act or omission by the respective Party or that Party's contractors, agents, servants and employees in connection with the installation or operation of that Party's generation system or Facility, or the operation thereof in connection with the other Party's system or Facility, (b) any defect in, failure of, or fault related to, a Party's system or Facility, or (c) the negligence of the respective Party or negligence of that Party's contractors, agents, servants or employees.

20.2 **Environmental Indemnity**: Seller agrees to hold FPL Entities harmless on an After-Tax Basis from any liability associated with on-site or off-site contamination or other environmental damage resulting from any prior uses or from construction and operating activities except as and to the extent such contamination or other environmental damage was the direct result of FPL actions, other than actions performed pursuant to FPL's rights under this Contract.

21.0 LIMITATIONS OF LIABILITY

21.1 **Limitation on Seller's Liability**: No Seller Entity shall be liable (in contract or in tort, including negligence, or otherwise) to FPL for indirect, incidental or consequential damages resulting from Seller's performance, nonperformance or delay in performance of its obligations under this Contract; provided, that this Section 21.1 shall not be construed to limit any liability Seller otherwise may have for liquidated damages under this Contract, any liability of any Seller Entity due to its gross negligence or willful misconduct, or any other right or remedy of FPL Entities expressly set forth in this Contract.

21.2 **Limitation on Liability of FPL Entities**: No FPL Entity shall be liable (in contract or in tort, including negligence, or otherwise) to Seller or its suppliers or its subcontractors for indirect, incidental or consequential damages resulting from FPL's performance, nonperformance or delay in performance of its obligations under this Contract; provided, that this Section 21.2 shall not be construed to limit any liability of any FPL Entity due to its gross negligence or willful misconduct, or any other right or remedy of Seller Entities expressly set forth in this Contract.

21.3 **Effect of Security**: The liability of Seller hereunder shall not be affected by the existence, amount, waiver, or release of, or exercise or failure to exercise remedies with respect to, FPL's Lien, Step-In Rights, any Completion Security, any Performance Security, or any other security for Seller's obligations hereunder. FPL may draw on or exercise other rights or remedies with respect to, all or any part of such security to the extent available hereunder, and from all such forms, and in any sequence, as FPL in its sole discretion may elect, except as such rights are specifically limited in the express provisions of this Contract.

21.4 **Cost of Cover**: Seller and FPL acknowledge and agree that among other things, FPL's Cost of Cover and Seller's Cost of Cover constitute direct damages and shall not be limited by Section 21.1 or Section 21.2, respectively.

22.0 NOTICES

22.1 **Notices**: All notices required under this Contract shall be in writing unless expressly specified otherwise herein, and shall be delivered in person, by certified mail or by a nationally recognized overnight courier, return receipt requested, or by facsimile transmission with confirmation by voice or automatic answer-back service, as specified below:

To Seller: _____

_____
_____
_____
Fax _____ - _____ - _____
Telephone _____ - _____ - _____

To FPL:

_____
_____
_____
Fax _____ - _____ - _____
Telephone _____ - _____ - _____

22.2 **Notices Effective:** Notices shall be effective upon receipt; provided, that in the event a Party fails to notify the other of the correct person and address for notices pursuant to Section 22.3 below, any notice to that Party shall be deemed effective on the third day following the date such notice is sent to the person and address last provided by such Party.

22.3 **Designation of New Notice Recipients**: Either Party may, at any time, by notice designate any different person(s) or different address(es) or phone number(s) for receipt of notices and correspondence.

23.0 REPRESENTATIONS AND WARRANTIES

23.1 **Seller's Representations and Warranties**: Seller hereby represents and warrants as follows:

23.1.1 Seller is a *[type of entity]* duly organized, validly existing and in good standing under the laws of the State of *[State]* and is qualified in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of Seller; and Seller has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under this Contract.

23.1.2 The execution, delivery, and performance of its obligations under this Contract by Seller have been duly authorized by all necessary *[corporate, company, partnership]* company action, and do not and will not:

(a) Require any consent or approval of Seller's *[governing body or owners]*, other than that which has been obtained and is in full force and effect;

(b) Violate any provision of Applicable Law or violate any provision in any *[constitutive documents]* of Seller, the violation of which could have a material adverse effect on the ability of Seller to perform its obligations under this Contract;

(c) Result in a breach or constitute a default under Seller's *[constitutive documents]*, or under any agreement relating to the management or affairs of Seller or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which Seller is a party or by which Seller or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this Contract; or

(d) Result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature upon or with respect to any of the assets or properties of Seller now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligation under this Contract.

23.1.3 This Contract is a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the rights of creditors, or by general principles of equity).

23.1.4 The execution, delivery, and performance of this Contract will not conflict with or constitute a breach or default under any contract or agreement of any kind to which Seller is a party or any judgment, order, statute, or regulation that is applicable to Seller or the Facility.

23.1.5 All approvals, authorizations, consents, or other action required by any Governmental Authority to authorize Seller's execution, delivery, and performance under this Contract have been duly obtained and are in full force and effect, except for those approvals described in Section 2.1 or the Deferred Governmental Approvals.

23.2 **FPL's Representation and Warranties**: FPL hereby represents and warrants the following:

23.2.1 FPL is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of FPL; and FPL has all requisite power and authority to conduct its business, to own its properties, and to execute, delivery, and perform its obligations under this Contract.

23.2.2 The execution, delivery, and performance of its obligations under this Contract by FPL have been duly authorized by all necessary corporate action, and do not and will not:

(a) Require any consent or approval of FPL's Board of Directors, or shareholders, other than that which has been obtained and is in full force and effect;

(b) Violate any provision of Applicable Law or violate any provision in any corporate documents of FPL, the violation of which could have a material adverse effect on the ability of FPL to perform its obligations under this Contract;

(c) Result in a breach or constitute a default under FPL's corporate charter or bylaws, or under any agreement relating to the management or affairs of FPL or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which FPL is a party or by which FPL or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of FPL to perform its obligations under this Contract; or

(d) Result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Contract) upon or with respect to any of the assets or properties of FPL now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of FPL to perform its obligation under this Contract.

23.2.3 This Contract is a valid and binding obligation of FPL, enforceable against FPL in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the rights of creditors or by general principles of equity).

23.2.4 The execution, delivery, and performance of this Contract will not conflict with or constitute a breach or default under any contract or agreement of any kind to which FPL is a party or any judgment, order, statute, or regulation that is applicable to FPL.

23.2.5 Except for those approvals described in Section 2.1, all Governmental Approvals required by any Governmental Authority to authorize FPL's execution, delivery, and performance under this Contract have been duly obtained and are in full force and effect.

24.0 MISCELLANEOUS

24.1 Assignment or Sale, Etc.:

24.1.1 Seller may not (a) assign any of its rights or obligations under this Contract (whether directly or through the assignment, sale, lease, transfer or other disposition of any direct or indirect interest in Seller by any direct or indirect owner of Seller) or (b) sell, lease, assign, transfer or otherwise dispose of all or a portion of the Facility (whether directly or through the assignment, sale, lease, transfer or other disposition of any direct or indirect interest in Seller by any direct or indirect owner of Seller) without the prior written consent of FPL, which consent shall not be unreasonably withheld; provided, that (subject to the Mortgage and Security Agreement and the Intercreditor Agreement) without the prior consent of FPL, Seller may assign its rights and interests under this Contract to the Lenders as collateral security, or create a security interest in favor of the Lenders over its rights and interests in this Contract; provided, further, that it shall be a condition to any such assignment, sale, lease, transfer, or other disposition (including any collateral assignment or any exercise of remedies by the lenders pursuant thereto) that all security required under Section 4.0 or Section 5.0, as applicable, shall be, or shall remain, in place notwithstanding such disposition, or that replacement security in form, substance and amount reasonably satisfactory to FPL shall have been provided prior to such disposition.

24.1.2 Prior to any assignment, sale, lease, transfer, or other disposition (a) by Seller of all or any portion of the Facility (other than sales of surplus or used equipment no longer required for operation of the Facility in accordance with this Contract), or (b) any assignment, sale, lease, transfer, or other disposition by any direct or indirect owner of Seller of its direct or indirect ownership interest in Seller, Seller shall (or shall cause such owner to) give FPL at least thirty (30) days prior written notice of the complete, material proposed terms and conditions of such disposition. FPL at its sole and absolute option shall have the exclusive right to acquire the Facility or such portion thereof, or such direct or indirect ownership interest, proposed to be transferred for the same consideration and on terms and conditions no less favorable to Seller than those offered by the proposed transferee. To give effect to this right of first refusal, FPL shall notify Seller of its intent to purchase (together with a proposed purchase contract) within ten (10) business days after the expiration of the thirty (30) day notice of proposed terms and conditions required above, and the resulting transaction shall close within thirty (30) days after such notice of intent to purchase from FPL; provided, that failure by FPL to give the notice of intent to purchase within ten business days shall be deemed to be an election by FPL not to exercise such right. In the event FPL notifies Seller that regulatory approval is useful or required for the

close of the transaction, FPL shall take all actions required to seek approval of such closing within the second thirty (30) day period including the submittal of all necessary applications, and the second thirty (30) day period shall be extended for the period of time necessary to obtain final and non-appealable approvals. Seller shall cause all contracts, agreements, or other understandings with respect to any such assignment, sale, lease, transfer or other disposition described in this Section 24.1 to specifically set forth and acknowledge FPL's exclusive right of first refusal set forth in this Section 24.1.2. Seller immediately shall notify (or shall cause such direct or indirect owner to notify) FPL of any material change to the terms or conditions set forth in Seller's notice to FPL of such proposed disposition, and upon receipt of such notice the time periods set forth in this Section 24.1.2 shall be extended and shall be deemed to have begun on the effective date of such second notice from Seller or such owner.

24.1.3 Seller shall not be released from its obligations hereunder by virtue of any assignment, sale, lease, transfer, or other disposition described in this Section 24.1 unless such release is expressly agreed upon by FPL in writing.

24.1.4 Any attempt by Seller to make any assignment, sale, lease, transfer or other disposition described in this Section 24.1 in violation of this Section 24.1 shall be void ab initio and shall not be effective.

24.2 **Amendments**: This Contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed by the Parties and, if requested by FPL, approved by the FPSC. This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and permitted assigns.

24.3 **Conflict in Provisions**: In case of conflict between this Contract's Sections 1.0 through 24.0 and appendices to this Contract, Sections 1.0 through 24.0 shall take precedence.

24.4 **Survival**: The obligations, rights, and remedies of the Parties hereunder, which by their nature survive the termination of this Contract, shall survive such termination and inure to the benefit of the Parties.

24.5 **No Waiver**: Any waiver by either Party of its rights with respect to a default (including Events of Default) under this Contract, or with respect to any other matters arising in connection with this Contract, shall not be deemed a waiver with respect to any subsequent default (including Events of Default) or other matter. The failure of either Party to enforce strict performance by the other Party of any of the provisions of this Contract or to exercise any rights under this Contract shall not be construed as a waiver or relinquishment to any extent of

such Party's right to assert or rely upon any such provisions or rights in that or any other instance.

24.6 **Section Headings**: Section headings appearing in this Contract are inserted for convenience only and shall not be construed as interpretations of text.

24.7 **Service Agreement**: This Contract is intended to strictly provide services which are not subject to Florida sales/use Tax and is not intended and shall not be construed, interpreted, or applied to create a lease, license or similar arrangement for the use, possession, custody or control of property.

24.8 **Review, Approval, Etc. by FPL**: The Parties explicitly acknowledge and agree that FPL's reviews, agreement, comment, approvals, disapprovals and authorizations pursuant to this Contract are administrative in nature and do not relieve Seller of its obligations for the design, engineering, procurement, construction, operation, or maintenance of the Facility including Environmental Licensing and compliance with Environmental Requirements or other Applicable Laws or Governmental Approvals, or impose any such obligations on FPL, and that FPL's technical review and inspections of the Facility, or of drawings, plans, or other technical data, whether before or after the Capacity Delivery Date, and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility or relieve Seller of any of its obligations, duties or responsibilities hereunder.

24.9 **Construction of Contract**: The Parties expressly agree that no provision of this Contract should be construed against or interpreted to the disadvantage of any Party by any court or other governmental or judicial authority by reason of such Party having been deemed to have structured or dictated such provision.

24.10 **Complete Agreement**: This Contract is intended as the complete and exclusive statement of the agreement between the Parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Contract and recourse may not be had to alleged prior drafts, negotiations, prior dealings, usage of trade, course of dealing or course of performance to explain or supplement the express terms of this Contract.

24.11 **Counterparts**: This Contract may be executed and delivered in counterparts, and may be delivered by facsimile transmission.

24.12 **Severability**: In the event that any provision of this Contract shall be held invalid or unenforceable by a court of competent jurisdiction, the remainder of this Contract or the application of the provisions hereof to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

24.13 **Good Faith**: The Parties agree to act in accordance with the principles of good faith and fair dealing in the performance of this Contract.

24.14 **No Partnership**: Nothing contained in this Contract shall be construed to create an association, trust, partnership or joint venture between Seller and FPL or, except as expressly set forth in Section 5.0, an agency relationship between Seller and FPL. Each Party shall be individually and severally liable for its own obligations under this Contract.

24.15 **GOVERNING LAW; SUBMISSION TO JURISDICTION**

24.15.1 THIS CONTRACT AND THE RIGHTS AND THE OBLIGATIONS OF THE PARTIES HEREUNDER (OTHER THAN APPENDIX C) SHALL BE CONSTRUED UNDER, AND IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA.

24.15.2 ANY LITIGATION BETWEEN THE PARTIES SHALL BE CONDUCTED IN THE COURTS OF THE STATE OF FLORIDA OR IN FEDERAL COURTS SITUATED IN FLORIDA AND THE PARTIES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS; PROVIDED, THAT IF A FLORIDA COURT OR FEDERAL COURT SITUATED IN FLORIDA SHALL HAVE DETERMINED THAT IT CANNOT ACCEPT JURISDICTION OVER ANY ACTION BECAUSE OF THE FAILURE TO JOIN AN INDISPENSABLE PARTY, THEN ANY PARTY HERETO MAY BRING AN ACTION IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION.

24.15.3 EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS CONTRACT OR ANY MATTER ARISING HEREUNDER.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed by their respective duly authorized officers

[SELLER]	**FLORIDA POWER & LIGHT COMPANY, a Florida corporation**
By: _____	By: _____
Date: _____	Date _____
Asst: _____ [Secretary] (Corporate Seal)	Asst: _____ [Assistant Secretary] (Corporate Seal)
Date: _____	Date _____

APPENDIX A

MONTHLY CAPACITY AND ENERGY PAYMENT CALCULATION

I. Monthly Capacity Payment (MCPTotal)

The Monthly Capacity Payment for each Monthly Billing Period shall be determined according to the following formula:

MCPTotal = MCPBase - MCD Level 1 + MCPother

A. Calculation of MCPBase

In the event that the CBF<64%, then no MCP shall be due

MCPBase = 0

In the event that the CBF is greater than or equal to 64% but less than 94%, then

MCPBase = CC* [B $/MW-Month] * [(98 – 2*(94-CBF))/100]

In the event that the CBF is equal to or greater than 94% but less than 98%, then

MCPBase = CC* [B $/MW-Month] * [(100 – 0.5 *(98 - CBF))/100]

In the event that the CBF is equal to or greater than 98%, then

MCPBase = CC* [B $/MW-Month]

Where:

CC = Committed Capacity, expressed in MW

B = $/MW-Month *[Insert the adjusted price of the capacity, measured in $/MW-Month, taking into account the Base and Level 1 mode of operation (i.e., (Base $/MW-Month * CC in MW) + (Level 1 $/MW-Month * Level 1 Incremental Capacity in MW) / (CC in MW), from Proposer's submission.]*

CBF = Capacity Billing Factor for such Monthly Billing Period

B. Calculation of MCDLevel 1

In the event that the L1BF is equal to or greater than 98%, then

MCDLevel 1 = 0; i.e., no dollars are to be subtracted from MCP Base

In the event that the L1BF is equal to or greater than 94% but less than 98%, then

MCDLevel 1 = L1CC * [$ X/MW-Month] * [(98 - L1BF)/100]

In the event that the L1BF is greater than or equal to 75% but less than 94%, then

MCDLevel 1 = L1CC * [$ X /MW-Month] * [.04 + (3*(94 - L1BF))/100]

In the event that the L1BF<75%, then all of the dollars associated with operating the Facility Level 1 Mode of Operation are to be subtracted from MCPBase, and

MCDlevel 1 = L1CC * [$ X /MW-Month]

Where:

L1CC = Level 1 Incremental Committed Capacity, expressed in MW.

X = __ $/MW-Month *[Insert the price per MW-Month submitted by Proposer for Level 1 Mode of Operation]*

L1BF = Level 1 Capacity Billing Factor calculated based on the performance for such Monthly Billing Period, as follows:

$$L1BF = \Sigma^{n}_{k=1} (L1AC/L1CC)/ n$$

L1AC = the Level 1 Available Capacity for Level 1 Mode of Operation for such Monthly Billing Period, expressed in MW. L1AC shall never be greater than L1CC.

n = number of hours in the Monthly Billing Period

k = each hour, for the Monthly Billing Period

C. Calculation Of Payments Associated With Other Modes Of Operation (MCPother)

[Payments for incremental capacity provided from other operating modes included in Proposer's submission, which include additional operating limitations and/or are not able to be placed under FPL'S AGC, to be inserted here, taking account of the following:

1. *The amount of the incremental capacity associated with the specific operating mode proposed in the Submittal.*

2. *The availability of the incremental capacity.*

3. *The operating limitations associated with supplying the incremental level of capacity (e.g., notice period, continuous capability, limitations per cycle etc.).*

4. *Actual measured performance associated with incremental capacity.*

5. *The incremental heat rate will be taken into account for the pricing of energy.*

Corresponding changes will be made to definitions and to substantive provisions of PPA, to address such matters as testing, dispatch, etc.]

II. Energy Payment

The Energy Payment for each Monthly Billing Period shall be determined according to the following formula:

$$EP = [\Sigma^{n}_{k=1} (NEO1_{k} * GHR1_{k} * HAF1_{k} * FP1)] + [\Sigma^{n}_{k=1} (NEO2_{k} * GHR2_{k} * HAF2_{k} * FP2)] + [\Sigma^{n}_{k=1} (NEO1_{k} + NEO2_{k}) * VOM] + SP$$

Where:

EP = the Energy Payment, expressed in dollars, for the Monthly Billing Period;

NEO1 = the hourly Net Energy Output generated using the Primary Fuel for hour k of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

NEO2 = the hourly Net Energy Output generated using the Back-up Fuel for hour k of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

GHR1 = Guaranteed Heat Rate, expressed in mmBtu/MWh, equal to *[To be inserted from Proposer's submission based on heat rate data associated with the Primary Fuel.];*

GHR2 = Guaranteed Heat Rate, expressed in mmBtu/MWh, equal to *[To be inserted from Proposer's submission based on heat rate data associated with the Back-up Fuel.];*

HAF1 = heat rate adjustment factor associated with the Primary Fuel for hour k of the Monthly Billing Period, calculated pursuant to Exhibit 1 to Appendix A

HAF2 = heat rate adjustment factor associated with the Back-up Fuel for hour k of the Monthly Billing Period, calculated pursuant to Exhibit 1 to Appendix A

FP1 = Fuel (commodity and transportation) Price, expressed in dollars per mmBtu, equal to *[To be inserted from Proposer's submittal[1] based on the Facility's Primary Fuel type];*

FP2 = Fuel (commodity and transportation) Price, expressed in dollars per mmBtu, equal to *[To be inserted from Proposer's submittal[1] based on the Facility's Back-up Fuel type];*

VOM = Variable Operations and Maintenance charge, expressed in dollars per MWh, equal to *[To be inserted from Proposer's submission.];*

n = number of hours in the Monthly Billing Period;

k = each hour, for the Monthly Billing Period: and

SP = any Start-up Cost(s) for such Monthly Billing Period for which Seller is entitled to payment.

[1] Fuel Prices may be as guaranteed in the proposal or indexed to a mutually acceptable benchmark.

A sample calculation of the Monthly Capacity Payment and the Energy Payment is attached hereto as Exhibit 2 for illustrative purposes only

Exhibit 1
to Appendix A

HEAT RATE ADJUSTMENT FACTOR TABLE FOR PRIMARY FUEL

NEO/CC Range	HAF1[1,2]
> 1.0	1.?
0.81- 1.0	1.0
0.61 – 0.8	1.?
0.41 – 0.6	1.??
0.21 – 0.4	1.???

HEAT RATE ADJUSTMENT FACTOR TABLE FOR BACK-UP FUEL

NEO/CC Range	HAF2[1,2]
> 1.0	1.?
0.81- 1.0	1.0
0.61 – 0.8	1.?
0.41 – 0.6	1.??
0.21 – 0.4	1.???

1. Anytime there is an Unscheduled Outage the heat rate adjustment factor shall be equal to 1.0.

2.[The heat rate Adjustment Factors to be calculated based on a weighted average of the Guaranteed Base Load Heat Rate and the Guaranteed Heat Rate for other Operating Modes based on Proposer's submission]

Exhibit 2
to Appendix A

SAMPLE PAYMENT CALCULATION

Capacity Payment Calculation for a Monthly Billing Period

Assumptions
CC = 100 MW
L1CC = 30 MW
CBF = 98%
L1BF = 94%
Base $/MW-Month = 8,000
Level 1 $/MW-Month = 5,000
B = adjusted price = [(100 * 8,000) + (30 * 5,000)] / 100 = 9500 $/MW-Month
Calculation
MCPTotal = MCPBase - MCD Level 1
MCPBase = 100*9500
MCPBase = $950,000
MCD Level 1 = 30*5,000*[(98-94)/100]
MCD Level 1 = $6,000
MCPTotal = 950,000 – 6,000 = $944,000

Energy Payment Calculation
Assumptions
NEO1 = 74,100 MWh
NEO2 = 0 MWh
GHR = 7 mmBtu/MWh
HAF1 = 1.1 for 70 hours Facility was dispatched to Level 1 AC *
HAF1 = 1 for all other hours Facility was available during the Monthly Billing Period (i.e., 650 hours)
FP1 = 5 $/mmBtu
VOM = 3 $/MWh
SP = $ 0
Calculation
$EP = [\Sigma^{n}_{k=1} (NEO1*GHR1*HAF1*FP1)] + [\Sigma^{n}_{k=1} (NEO1 + NEO2) *VOM] + SP$
EP = 650 (100 * 7 * 1.0 * 5) + 70 (130* 7*1.1*5) + (74,100*3) + 0
EP = 2,275,000 + 350,350 + 222,300 + 0
EP = $2,847,650

* 1.1 value is used for illustrative purposes only. It represents the weighted average Guaranteed Heat Rate for Base Load and Level 1 modes of operation.

APPENDIX B

DEFERRED GOVERNMENTAL APPROVALS

[Seller to provide]

APPENDIX C

[FORM OF] GUARANTY

This Guaranty (the "Guaranty") is given as of this ___ day of _____, 20__, by *[Creditworthy Guarantor,]* a _____ *[type of entity]* ("Guarantor") to Florida Power & Light Company, a Florida corporation ("FPL").

WHEREAS, Guarantor [owns, directly or indirectly, *[all]* of the outstanding *[shares of capital stock]]* of [*Seller]* ("Seller");

WHEREAS, Seller [wishes to enter][has entered] into [a Contract] with FPL *[, dated as of _____, 20__,]* for the purchase and sale of electrical energy and capacity from Seller's *[Facility]* located at *[_____]* (as the same may be amended, modified or supplemented from time to time in accordance with its terms, the "Contract");

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Contract;

WHEREAS, *[FPL is willing to enter into the Contract on the condition that Guarantor enters into this Guaranty] [pursuant to the terms of the Contract, Seller is required, under the circumstances set forth therein, to provide Completion Security or Performance Security to FPL, which security may include a guaranty from a Creditworthy Guarantor, substantially in the form of this Guaranty];*

WHEREAS, Guarantor will benefit from the transactions contemplated by the Contract;

NOW, THEREFORE, in consideration of the foregoing, *[and as an inducement to FPL to enter into the Contract,]* Guarantor hereby agrees as follows:

1. **Guaranty**: Guarantor does hereby absolutely, unconditionally and irrevocably guarantee to FPL, as primary obligor and not merely as a surety, the due and punctual payment and performance by Seller of all obligations to be paid or performed by Seller under the Contract, all as and when required to be paid or performed under the Contract, in all respects strictly in accordance with the terms, conditions and limitations contained in the Contract (the "Obligations"). This Guaranty is a continuing guarantee of the full and punctual payment and performance of the Obligations and is in no way conditioned upon any requirement that FPL first attempt to enforce any of the Obligations against Seller, any other guarantor of the Obligations, or any other person or entity, or resort to any other means of obtaining payment or performance of any of the Obligations. This Guaranty is a guarantee of performance and payment and not of collection.

2. **Guaranty Absolute**: This Guaranty shall continue in full force and effect until Seller or Guarantor shall have performed or discharged all of the Obligations in

full. Further, this Guaranty shall remain in full force and effect without regard to, and shall not be affected or impaired by, any of the following:

(a) any invalidity, irregularity or unenforceability in whole or in part of this Guaranty or the Contract;

(b) the existence of any claim, setoff, defense or other right which Guarantor or Seller may have against FPL or any other person or entity;

(c) any release or discharge (whether by operation of law or otherwise) of Seller, Guarantor, or any other person or entity from its obligations under the Contract;

(d) the occurrence or continuance of any event of bankruptcy, reorganization or insolvency with respect to Seller, Guarantor, or any other person or entity, or the dissolution, liquidation or winding up of Seller, Guarantor, or any other person or entity;

(e) any amendment, supplement, reformation or other modification of the Contract;

(f) the exercise, non exercise or delay in exercising, by FPL or any other person or entity of any of its rights or remedies under this Guaranty or the Contract;

(g) any assignment or other transfer of this Guaranty by FPL, or any assignment or other transfer of the Contract in whole or in part;

(h) any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in Seller;

(i) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses; or

(j) any other event, occurrence or circumstance that might otherwise constitute or give rise to a defense to performance by a surety or a guarantor.

3. **Waivers by Guarantor**: In addition to waiving any defenses to which clauses (a) through (j) of Section 2 may refer, Guarantor hereby unconditionally and irrevocably waives, as a condition precedent to the performance of its obligations hereunder, (a) notice of acceptance hereof, (b) notice of any action taken or omitted to be taken by FPL in reliance hereon, (c) any requirement that FPL be diligent or prompt in making demands hereunder or giving notice to Guarantor of any default by Seller, (d) any requirement that FPL exhaust any right, power or remedy or proceed against Seller under the Contract or any other agreement or instrument referred to therein, or against any other person or entity under any

other guarantee of any of the Obligations, and (e) any claim or defense that FPL shall have impaired any right of Guarantor against Seller, any other guarantor of any of the Obligations, or any other person or entity, by way of reimbursement, subrogation or otherwise. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder:

(i) at any time or from time to time, without notice to Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of the Contract or any other agreement or instrument referred to therein shall be done or omitted; or

(iii) any of the Obligations shall be modified, supplemented or amended in any respect in accordance with the terms of the Contract with or without notice to Guarantor.

4. **Limit**: The liability of Guarantor hereunder shall not exceed at any time the sum of (a) the amount payable by Guarantor pursuant to Section 11, plus (b) an amount equal to (i) on or prior to the Capacity Delivery Date, the difference equal to (A) the Completion Security Amount, minus (B) the amount of Liquid Security provided by Seller to FPL at such time, or (ii) after the Capacity Delivery Date, the difference equal to (A) the Performance Security Amount, minus the amount of Liquid Security provided by Seller to FPL at such time.

5. **Bankruptcy; Reinstatement; Subrogation**:

(a) Guarantor shall not commence or join with any other person or entity in commencing any bankruptcy, reorganization or insolvency proceedings of or against Seller. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor specifically has assumed any and all risks of a bankruptcy or reorganization case or similar proceeding with respect to Seller. As an example and not in any way a limitation, a subsequent modification of the Obligations or any rejection or disaffirmance thereof by any trustee, receiver or liquidating agency of Seller or of any of its respective properties, or any settlement or compromise of any claim made in any such case, in any reorganization case concerning Seller, shall not affect the obligations of Guarantor to pay and perform the Obligations in accordance with their original terms.

(b) The obligations of Guarantor under this Guaranty automatically shall be reinstated if and to the extent that for any reason any payment by or on behalf of Seller in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

(c) Subrogation. Guarantor hereby agrees that until the performance and satisfaction in full of all Obligations and the expiration and termination of all Obligations, it shall not exercise any right or remedy arising by reason of the performance of any of its obligations under this Guaranty, whether by reimbursement, subrogation or otherwise, against Seller, or any other guarantor of any of the Obligations, or any security for any of the Obligations.

6. **Representations and Warranties**: Guarantor represents and warrants as follows:

(a) Due Organization. Guarantor is a *[corporation]* duly organized and validly existing under the laws of the state of its formation.

(b) Power and Authority. Guarantor has full *[corporate]* power, authority and legal right to enter into this Guaranty and to perform its obligations hereunder.

(c) Due Authorization. This Guaranty has been duly authorized, executed and delivered by Guarantor.

(d) Enforceability. This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(e) No Conflicts. The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's *[certificate of incorporation or bylaws]*; (ii) violate the provisions of any Applicable Law; or (iii) result in a breach of or constitute a default under any agreement to which Guarantor is a party or by which it or its assets or property are bound.

(f) No Proceedings. There is no action, suit or proceeding at law or in equity or by or before any Governmental Authority now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(g) Financial Condition. The balance sheet of Guarantor as of _____, 20__, and the related statement of income for the 12 month period ending on such date, heretofore furnished by Guarantor to FPL, present fairly the financial condition and results of operations of Guarantor as of such date and for such period in conformity with generally accepted accounting principles and practices applied on a consistent basis. Guarantor on such

date did not have any material contingent liabilities, liabilities for Taxes, unusual forward or long term commitments, swap obligations or guarantee obligations, or unrealized or anticipated losses from any unfavorable commitments that are not reflected or provided for in said financial statements as of such date. Since such date, there has been no material adverse change in the financial condition, operations or properties of Guarantor. Guarantor was solvent immediately after the execution and delivery of this Guaranty and since that time no winding up order has been made or any resolution passed for the winding up of Guarantor and no administration order has been made and no receiver, administrative receiver, administrator or liquidator has been appointed in respect of Guarantor. Guarantor is a Creditworthy Guarantor and the amount set forth in Section 4 does not exceed Guarantor's Credit Limit.

7. **Affirmative Covenants**:

(a) Existence. Guarantor shall preserve and maintain its *[corporate]* existence.

(b) Rights, Franchises. Guarantor shall preserve and maintain all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, except where the failure to maintain any such right, privilege, or franchise could not reasonably be expected to have a material adverse effect on the ability of Guarantor to perform its obligations hereunder.

(c) Compliance with Law. Guarantor shall comply with the requirements of Applicable Law, except where the failure to comply could not reasonably be expected to have a material adverse effect on the ability of Guarantor to perform its obligations hereunder.

(d) Interest in Seller. Guarantor shall cause to be maintained and preserved the [corporate] existence of Seller, and Guarantor shall maintain, directly or indirectly, legal and beneficial ownership (free and clear of any lien or encumbrance of any kind) of at least fifty percent (50%) of the ownership interests in Seller.

(e) Financial Status. Guarantor at all times shall be and remain a Creditworthy Guarantor.

8. **Independent and Separate Obligations**: The obligations of Guarantor hereunder are independent of the obligations of Seller with respect to all or any part of the Obligations and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not any other such obligations exist, whether or not Guarantor is the alter ego of Seller, and whether or not Seller is joined therein or a separate action or actions are brought against Seller.

9. **Payment**: All payments hereunder shall be made in the currency and type of funds specified for payments in the Contract. Any and all payments made hereunder shall be made free and clear of and without deduction for any and all present or future Taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, or any set off or counterclaim.

10. **Full Recourse** The obligations of Guarantor set forth herein constitute the full recourse obligations of Guarantor, enforceable against Guarantor to the full extent of all the assets and properties of Guarantor.

11. **Indemnification** Guarantor shall indemnify and hold harmless on an After- Tax Basis FPL from and against any and all loss, liability and expense (including reasonable fees and disbursements of counsel to FPL) which may be sustained or incurred by or on behalf of FPL in enforcing any obligations of Guarantor hereunder.

12. **Amendments; Waivers; Etc.**: Neither this instrument nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by FPL and Guarantor. No delay or failure by FPL to exercise any remedy against Seller or Guarantor will be construed as a waiver of that right or remedy. No failure on the part of FPL to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder against Guarantor preclude any exercise of such right against or any other or further exercise thereof against Guarantor or the exercise of any other right against Guarantor. The remedies herein provided are cumulative and not exclusive of any remedies provided at law or in equity.

13. **Severability** In the event that the provisions of this Guaranty should be claimed or held to be inconsistent with any other instrument evidencing or securing the Obligations, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective.

14. **Assignment**:

    (a) Assignability. Guarantor shall not assign any of its rights or obligations under this Guaranty. FPL may, at any time and from time to time, assign, in whole or in part, the rights of FPL hereunder to any person or entity to whom FPL may assign all or any of its rights or obligations under the Contract, whereupon such assignee shall succeed to the rights of FPL hereunder to the extent so assigned.

    (b) Successors and Assigns. Subject to Section 14(a) hereof, this instrument shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of FPL and its successors and assigns.

15. **Address for Notices**: All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the

Contract, and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

16. **JURISDICTION**:

(a) **SERVICE OF PROCESS**. GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY PROCESS, PLEADING, NOTICE OR OTHER PAPERS BY THE MAILING OF COPIES THEREOF BY REGISTERED, CERTIFIED OR FIRST CLASS MAIL, POSTAGE PREPAID, TO GUARANTOR AT ITS ADDRESS SPECIFIED BELOW THE SPACE FOR ITS EXECUTION OF THIS GUARANTY OR BY ANY OTHER METHOD PROVIDED OR PERMITTED UNDER NEW YORK LAW.

(b) **NON-EXCLUSIVE JURISDICTION**. GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY: (i) AGREES THAT ANY SUIT, ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF THIS GUARANTY SHALL BE CONDUCTED IN THE COURTS OF THE STATE OF NEW YORK OR IN FEDERAL COURTS SITUATED IN NEW YORK AND THE PARTIES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS; PROVIDED, THAT IF A NEW YORK COURT OR FEDERAL COURT SITUATED IN NEW YORK SHALL HAVE DETERMINED THAT IT CANNOT ACCEPT JURISDICTION OVER ANY ACTION BECAUSE OF THE FAILURE TO JOIN AN INDISPENSABLE PARTY, THEN FPL MAY BRING AN ACTION IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION; (ii) CONSENTS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION, OR PROCEEDING; AND (iii) WAIVES ANY OBJECTION WHICH GUARANTOR MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY SUCH COURT. GUARANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. GUARANTOR AT FPL'S OPTION MAY BE JOINED IN ANY PROCEEDING AGAINST SELLER.

17. **GOVERNING LAW**: THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CHOICE OF LAW (OTHER THAN SECTION 5 1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

18. **WAIVER OF JURY TRIAL**: GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED

HEREON OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR THE CONTRACT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER ORAL OR WRITTEN), OR ACTION OF GUARANTOR, SELLER, OR FPL.

19. **Entire Agreement**: This Guaranty contains the complete agreement of Guarantor with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

20. **Section Headings**. Section headings contained herein are for convenience of reference only and shall not be considered in the interpretation or enforcement of the provisions hereof.

IN WITNESS WHEREOF, Guarantor has duly executed and delivered this Guaranty effective as of _____, 20__.

[CREDITWORTHY GUARANTOR]

By: _____

Name: _____

Title: _____

Address: _____

_____

_____

Attn: _____

Telephone: _____

Facsimile: _____

APPENDIX D

FACILITY ACTUAL NET GENERATION AND PERFORMANCE DATA

MONTH OF: _____

[FPL to provide form appropriate to Proposer's project.]

FACILITY ACTUAL NET GENERATION AND PERFORMANCE DATA

YEAR OF: _____

DATE	OUTAGE TYPE (1)	HOURS	(MW) AFFECTED	DESCRIPTION

(1) FO – FORCED OUTAGE
MO – MAINTENANCE OUTAGE
PD – PLANNED DERATING
MD – MAINTENANCE DERATING
FD – FORCED DERATING
PO – PLANNED OUTAGE

APPENDIX E

START-UP COSTS

Type of Start –up	Cost (Dollars per Successful Start-up)
Hot (0-4 hours offline)	
Warm/Hot (4-12 hours offline)	
Warm/Cold (12-48 hours offline)	
Cold (greater than 48 hours offline)	

[Insert dollars from Proposer's submission.]

APPENDIX F

FACILITY OPERATING CAPABILITIES

[To include, among other things, types of information in Proposer's submission.]

APPENDIX G

PLANNED OUTAGE HOURS

[Define Planned Outage Hours and attach schedule from Proposer's submission.]

APPENDIX H

RECEIPT POINT

[Insert description of initial Receipt Point from Proposer's submission.]

APPENDIX I

CAPACITY DEMONSTRATION TESTING GUIDELINES

1.0 Introduction

This document provides guidelines for conducting capacity demonstration testing on a power plant unit and its components. Capacity demonstrations tests may be conducted as the Initial Test or as periodic Capacity Test. The objective of the Initial Test and of each other Capacity Test described in Section 9.0 of the Contract is to establish the Facility's Continuous Capability and incremental Capacity associated with each applicable mode of operation above the Base Operation Mode.

2.0 Capacity Demonstration Test Protocol Development

Seller will develop, and submit to FPL for review and approval, a Capacity demonstration test protocol (the "Test Protocol") that will be used to perform the Initial Test and periodic Capacity Tests required by the PPA. The following describes the essential components of the Test Protocol and identifies specific areas of focus.

2.1 *Instrumentation*

An instrument list will be developed identifying the instruments to be used for test data. The instrument list will include identification of type, accuracy, location, and calibration requirements for all instruments utilized in the test(s). If temporary instrumentation is to be used, the specified accuracy and connection points for such instrumentation will be described. Continuous Capability will be metered by the billing meters.

2.2 *Test Uncertainty*

Provisions will be included for a pre-test and post-test uncertainty analysis. This analysis is to be used as a measure of the quality of the test only, and should conform to the guidance in ASME 19.1.

2.3 *Test Tolerance*

No test tolerance is to be applied in calculation procedures or in comparison of test results to Committed Capacity or to Minimum Capacity. Continuous Capability will be the corrected as-tested Capacity (see part 2.8) less calculated post-test uncertainty, as determined under part 2.2.

2.4 *Fuel Heat Content*

Fuel heat content will be measured using Fuel samples drawn during each Capacity Test procedure. If the Facility has an on-line gas chromatograph, these samples may be compared with the measured values in order to establish accuracy of the gas chromatograph. Future tests may rely solely on the gas chromatograph

provided it has an acceptable accuracy of. < 0.1% and assuming calibration status and associated documentation are provided to the satisfaction of FPL.

2.5 *Test Conditions*

The Test Protocol will detail the plant operational condition(s) under which the test will be conducted. The description will include a mechanical valve lineup, an electrical distribution lineup, definition of steady-state conditions and the status of various power augmentation equipment/systems (including inlet air treatment devices) during the test(s). These conditions will be in general agreement with the guidance of ASME PTC-46.

Each incremental Capacity level (e.g., Base Operation Mode, Level 1 Mode of *Operation [Add Other Operating Modes, if any])* will be specifically defined and described such as to represent a separate demonstration test lineup in accordance with Section 9.0 of the Contract.

The plant shall be in reliable operation prior to conducting any test.

The Test Protocol will provide for initial and periodic Capacity demonstrations of the Facility to be conducted in part while on the Back-up Fuel. As part of this demonstration, the unit will successfully transition from the primary to the Back-up Fuel without disconnecting from the grid. In a separate test, Seller will demonstrate the ability of the Facility to start up using only the Back-up Fuel.

Facility operation during the Capacity Tests must conform to all Applicable Laws, including all Environmental Licenses. Compliance with emissions requirements will be demonstrated through the Facility's CEMS system. The CEMS system must be certified at the time of the Initial Test and each other Capacity Test.

The test periods will be defined as three one-half hour test periods for each operating mode, all run in a single continuous four hour period The corrected results for each period must satisfy the repeatability requirements of ASME PTC-46. If possible, test periods should be held at times when ambient conditions are close to reference ambient conditions to minimize corrections.

2.6 *Data Collection*

The Test Protocol will detail all data collection requirements. The description will include minimum data intervals and DCS or equipment control system settings (dead-bands, compression, averaging, etc.) to be used during the test period.

2.7 *Correction Curves*

The Test Protocol will provide plant correction curves only for ambient dry-bulb temperature, ambient atmospheric pressure, ambient relative humidity and Fuel constituents to correct test conditions to Reference Conditions. Seller will be required to demonstrate the methods and models used to develop the plant correction curves including the individual equipment data and correction curves utilized to develop the Facility-level corrections. Seller shall provide sample calculations that demonstrate how the correction curves are applied.

2.8 *Results*

The Test Protocol will define the calculation of and corrections to the test results in keeping with the requirements of the PPA. The corrected as-tested Capacity of the Facility will be the average of the three qualified test periods, and the Continuous Capability of the Facility will be the corrected as-tested Capacity less the post-test uncertainty (as determined under part 2.2).

2.9 *Reporting*

The Test Protocol will describe the content and time requirements to provide preliminary and final reports for the Initial Test and periodic Capacity Tests. "Raw" written and electronic data shall be provided to FPL within two working days following each test. Calibration records pertaining to that test instrumentation shall also be provided.

3.0 References

The following are identified as the reference documents to be used in the general development of the Test Protocol. Where these references are non-committal, or there is a potential for conflicting interpretation, the Test Protocol will specify the mutually agreed interpretation to be used.

- ASME PTC 1-1991, General Instructions
- ASME PTC 19.1, Instrument Uncertainty
- ASME PTC 46-1996, Performance Test Code on Overall Plant Performance
- ASME PTC 6, Steam Turbine Generator
- ASTM D1945-1996, Standard Test Method for Analysis of Natural Gas by Gas Chromatography
- ASTM D3588-1998, Standard Practice for Calculating Heat Value, Compressibility Factor, and Relative Density of Gaseous Fuels
- AGA Report No. 8 - 1994, Compressibility and Super compressibility for Natural Gas and Other Hydrocarbon Gases

- ASME MFC 3M-1989 (ISO 5167), Measurement of Fluid Flow in Pipes Using Orifice, Nozzle, and Venturi
- ASME Steam Tables, 1967
- ASHRAE Psychometric Charts

APPENDIX J

TELEMETERING SPECIFICATIONS

Each installation shall be evaluated separately for SCADA requirements because of the many possible agreements and interconnection configurations. Generally, equipment will be specified capable of supporting the following data points:

Megawatt-hours received

Megawatt-hours delivered

KQ-hours received

KQ-hours delivered

Voltage

Current

+/- Megawatts, instantaneous value and limits

+/- Megavars, instantaneous value and limits

Control indication and current Maximum Sustained Rating (MSR)

Breaker and Switch positions

Equipment Trouble Alarms

Generator Voltage Regulator Status, and

other Generator Parameters.

Quantities shall be provided to various Parties through various information or communication systems. Specific designs will be developed to meet those requirements. Multi-ported remote terminal units (RTUs) accessible by all appropriate Parties shall be used, provided the appropriate security levels are implemented. Equipment control of breakers, switches and other devices via SCADA shall be provided to only one responsible Party.

Power for SCADA or metering communication equipment shall be provided by the station battery. Office power systems and switching networks are not acceptable.

APPENDIX K

DESCRIPTION OF FACILITY SITE

[Proposer to provide site description survey map with site boundaries, facility layout diagram, and USGS 1:24.000 scale quad map with site boundary]

APPENDIX L

REFERENCE CONDITIONS

[Insert information from Proposer's submission.]

APPENDIX M

MILESTONES

A. Major Milestones

MAJOR MILESTONE	MILESTONE DATE	LIQUIDATED DAMAGES AMOUNT FOR FAILURE TO MEET MAJOR MILESTONE
1. Commencement Date of PPA	The date on which both parties shall have executed and delivered this Contract	*[Insert product of $114.00 per kW multiplied by Committed Capacity]*
2. Seller (a) shall place firm, irrevocable orders for all Major Equipment with delivery schedule commitments no later than the dates specified.*[Insert information from Proposer's submission]*; and (b) shall (i) obtain legal title to, or a valid and binding leasehold interest in, the Facility Site, and (ii) shall enter into the Mortgage and Security Agreement	28 months prior to unit in-service date e.g. February 2007 for a unit with an in-service date of June, 2009	*[Insert product of $134.00 per kW multiplied by Committed Capacity]*
3. Seller shall execute and deliver, and provide copies to FPL, Fuel Contracts meeting the requirements of Section 13.5	24 months prior to unit in-service date e.g. June 2007 for a unit with an in-service date of June, 2009	*[Insert product of $164.00 per kW multiplied by Committed Capacity]*
4. Seller (a) shall achieve the closing on the full amount of construction loan from the Lenders for the Facility and shall make the first draw on such loan, and the Lenders shall enter into the Intercreditor Agreement; and (b) shall issue full notice to proceed to the Facility construction contractor and such contractor shall commence mobilization at the Facility Site and initiation of construction	20 months prior to unit in service date e.g. October 2007 for a unit with an in-service date of June, 2009	*[Insert product of $202.00 per kW multiplied by Committed Capacity]*
5. Seller shall achieve the Capacity Delivery Date	The Scheduled Capacity Delivery Date	*[Insert product of $319.00 per kW multiplied by Committed Capacity]*
6. Seller shall achieve the Capacity Delivery Date as extended pursuant to Section 3.2.3	The Final Capacity Delivery Date (or earlier failure to comply with Section 3.2.3)	*[Insert product of $319.00 per kW multiplied by Committed Capacity]*

B. Additional Milestones

MILESTONE	MILESTONE DATE[1]
1. Seller shall obtain all Governmental Approvals required to be obtained from local, state, and Federal authorities (including the FERC) under Applicable Law to construct, own and operate the Facility and to perform its obligations under the Contract, in final and non-appealable form	
2. Seller shall have entered into the Firm TSA and assigned the Firm TSA to FPL if required under Section 10.3	
3. The major equipment shall be delivered to the site.	
4. Construction of the CTG,STG and HRSG Foundation(s) complete.	
5. The Fuel interconnection shall be tested and the Primary Fuel shall be available to the Facility under the Fuel Contracts	
6. The Initial Synchronization Date of the Facility STG shall be achieved	
7. All air emissions/RATA tests shall be completed successfully	
8. Performance tests of the Facility shall demonstrate that the Facility meets all minimum performance guarantees under the Facility construction contract	
9. Seller shall complete the Initial Test	

[1] *[Milestone Dates for Milestones other than Major Milestones to be established based on agreed CPM Schedule.]*

APPENDIX N

FORM OF MORTGAGE AND SECURITY AGREEMENT

[Attach form of Mortgage and Security Agreement [to be provided]]

APPENDIX O

FORM OF ASSIGNMENT OF FIRM TSA

[Attach form of Assignment of Firm TSA [to be provided]]

APPENDIX P

CPM SCHEDULE

[Attach agreed CPM Schedule.]

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[Appendix C.2 Natural Gas Tolling Draft PPA]

GAS TOLLING CONTRACT FOR THE PURCHASE OF

ENERGY CONVERSION SERVICES AND FIRM CAPACITY

between

_____

and

FLORIDA POWER & LIGHT COMPANY

dated as of

_____, ___

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THIS CONTRACT is made and entered as of the __the day of _____, ____, by and between _____ ("Seller"), a _____ organized and existing under the laws of the State of _____ , having its principal place of business in _____, _____, and FLORIDA POWER & LIGHT COMPANY ("FPL"), a corporation organized and existing under the laws of the State of Florida, having its principal place of business in Juno Beach, Florida. Seller and FPL shall collectively herein be called the "Parties" and each may be individually identified herein from time to time as a "Party".

WITNESSETH:

WHEREAS, Seller will construct and be the owner and operator of an independent power production facility; and

WHEREAS, Seller desires to sell, and FPL desires to purchase, services to convert fossil fuels to electricity by such facility;

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

1.0 DEFINITIONS; RULES OF CONSTRUCTION

1.1. **Definitions**: When used herein with initial or complete capitalization, whether in the singular or in the plural, the following terms shall have the following defined meanings; however, such defined terms shall not apply except as otherwise specified therein to Appendix D.

"Actual Heat Rate" - the amount of Fuel (measured at the Gas Delivery Point for Gas) consumed per unit of Energy delivered, expressed in Btu's per net kWh (Btu/kWh).

"After-Tax Basis" - shall mean, with respect to any payment to be received by any Party, the amount of such payment (the base payment) supplemented by a further payment (the additional payment) to that Party so that the sum of the base payment plus the additional payment shall, after deduction of the amount of all Federal, state and local Taxes required to be paid by such Party in respect of the receipt or accrual of the base payment and the additional payment (taking into account the net present value of any reduction in such Taxes resulting from Tax benefits realized by the recipient as a result of the payment or the event giving rise to the payment), be equal to the amount required to be received. Such calculations shall be made on the basis of the highest generally applicable Federal, state and local Tax rates applicable to the corporation for whom the calculation is being made for all relevant periods, and shall take into account the deductibility of state and local Taxes for Federal income tax purposes.

"Ancillary Services" – all commercial products produced by or related to the Facility, including spinning reserves, operating reserves, black start capability, black stop capability, balancing energy, reactive power, regulation service, emissions credits (including NO_x, SO_2, and CO_2 credits), renewable energy credits, any other environmental or regulatory credits or allowance resulting from

operation of the Facility or any similar benefit FPL otherwise would have realized from or related to the Facility if FPL rather than Seller had constructed, owned or operated the Facility.

"Annual Capacity Factor" or "ACF" – the arithmetic average of the last twelve Monthly Capacity Factors, expressed as a percentage. Until the first twelve Months of Monthly Capacity Factors of the Contract Term have been calculated, the arithmetic average of the Monthly Capacity Factors to date shall be used as the Annual Capacity Factor.

"Annual Peak Capacity Factor" or "APCF" – the sum of the last twelve Monthly Weighted Peak Capacity Factors, expressed as a percentage. Until the first twelve months of Monthly Peak Capacity Factors of the Contract Term have been calculated, the arithmetic average of the Monthly Peak Capacity Factors to date shall be used as the Annual Peak Capacity Factor.

"Applicable Laws" – any and all federal, state, regional or local statutes, laws, municipal charter provisions, regulations, ordinances, rules, mandates, judgments, orders, decrees, Governmental Approvals, codes, licenses or permit requirements or other governmental requirements or restrictions, or any interpretation or administration of any of the foregoing by any governmental authority, that apply to the facilities, services or obligations of either Party under this Contract, whether now or hereafter in effect.

"Assignment of Firm TSA" – *[the Assignment of Firm TSA, to be entered into by and between Seller [, Seller's third-party transmission provider,] and FPL.]*

"Associated Facility" – as defined in Section 403.503 (12), Florida Statutes.

"Automatic Generation Control" or "AGC" – procedures and equipment which automatically adjust a control area's generation to maintain its net interchange schedule plus frequency bias.

"Available Capacity" or "AC" –The Continuous Capability less all Unscheduled Outages and Scheduled Reductions, expressed in the nearest whole megawatt ("MW") quantities, which shall be reported by Seller pursuant to Section 13.9. Available Capacity shall never be greater than Committed Capacity.

"Back-up Fuel" – *[No. 2 low-sulphur fuel oil]*.

"Base Operation Mode" – the mode of operation which, under normal circumstances, achieves net generation levels in a range from minimum hourly net generation to maximum hourly net generation which can be obtained from the Facility while under FPL control. Base Operation Mode generation levels can be maintained for sustained periods without operating difficulties taking into account reference conditions (i.e., summer conditions). The maximum hourly net generation for the Base Operation Mode corresponds to the high generation limit

set into the AGC by Seller under normal conditions. The minimum hourly net generation for the Base Operation Mode corresponds to the low generation limit set into the AGC by Seller under normal conditions.

"Business Day" - any Day on which Federal Reserve Member Banks in Miami, Florida are open for business. A Business Day shall begin at 0800 Eastern Prevailing Time "EPT" and end at 1700 EPT.

"Capacity" – net electrical power, in MW, generated by the Facility and delivered to or available for FPL's system at the Receipt Point.

"Capacity Billing Factor" or "CBF" – the product of the Annual Capacity Factor and 0.4 plus the product of the Annual Peak Capacity Factor and 0.6 (i.e., CBF = (0.4 * ACF) + (0.6 * APCF)). For purposes of determining the Capacity Billing Factor, neither the Annual Capacity Factor nor the Annual Peak Capacity Factor shall be greater than one hundred percent (100%).

"Capacity Delivery Date" – the date on which the Facility begins delivering Available Capacity hereunder, which shall be the later of (a) the Scheduled Capacity Delivery Date, (b) the calendar day immediately following the date of successful completion of the Initial Test in accordance with Section 9.0 as demonstrated by written test results and reports certified by a responsible officer of Seller and confirmed by FPL, or (c) the date on which the other conditions set forth in Section 9.1 shall have been satisfied.

"Capacity Test" – the Initial Test and each other test as described in Section 9.0 that is performed by Seller to determine the Continuous Capability and the incremental Capacity associated with each applicable mode of operation above the Base Operation Mode included in Appendix A of this Contract. *[Insert other modes of operation from Proposer's submission.]*

"Commencement Date" – the date on which both Parties shall have executed and delivered this Contract.

"Commit" or "Commitment" – to initiate (or the initiation of) the start-up sequence of the Facility at FPL's request.

"Committed Capacity" or "CC" – the firm Capacity of the Facility associated with the Base Operation Mode at Reference Conditions using the correction curves provided in the Test Protocol, equal to ___*MW. [Insert Guaranteed Firm Capacity associated with Base Operation at Reference Conditions from Proposer's submission.]*

"Completion Security" – the security provided by or on behalf of Seller for the benefit of FPL pursuant to Section 4.1.

"Completion Security Amount" – the aggregate amount of Completion Security, equal to [_____ *Dollars ($_____)] [Insert amount equal to the product of the Committed Capacity (in kW) multiplied by Three Hundred Nineteen Dollars ($319.00) per kW.][Seller acknowledges that additional security will be required to cover costs that may arise from any firm transportation agreement entered into by FPL to support the project in the event of a Seller's default]*

"Completion Security Liquid Amount" – the amount of Completion Security required to be satisfied through Liquid Security, equal to (i) the Completion Security Amount, minus (ii) the Seller Credit Limit, provided however, that the Completion Security Liquid amount shall be, at a minimum, ten percent (10%) of the Completion Security Amount if the entity providing credit support has a Credit Rating of BBB/Baa2 or lower. The Completion Security Liquid Amount shall be adjusted, if necessary, quarterly, within five (5) Days of the issuance of quarterly financial statements of Seller or Seller's Guarantor and within five (5) Days of a change in the Seller's or Seller's Guarantor's, as applicable, Credit Rating, in any such case to reflect any adjustment in the Seller's Credit Limit .

"Continuous Capability" – the highest sustained net Capacity associated with the maximum hourly net generation Base Operation Mode at which the Facility can operate consistent with Environmental Requirements without exceeding the design operating conditions, temperatures, pressures, etc. defined by the applicable manufacturer(s), as determined by a Capacity Test pursuant to Section 9.0.

"Contract" – this Contract for the Purchase of Firm Capacity and Energy, which is comprised of Sections 1.0 through 24.0 and Appendices A through R.

"Contract Term" – has the meaning given thereto in Section 2.4.

"Contract Year" – the twelve Monthly Billing Periods preceding each anniversary of the first day of the first full Monthly Billing Period following the Capacity Delivery Date.

"CPM Schedule" – the detailed, integrated schedule for the development, permitting, design, engineering, procurement, construction, testing and completion of the Facility, using the "critical path management" method, attached hereto as Appendix P, as revised from time to time as provided herein.

"Credit Limit" – the amount, in United States Dollars, equal to the percentage of an entity's Tangible Net Worth corresponding to its Credit Rating from time to time, as set forth below:

Credit Rating (S&P/Moody's)	Percent (%) of Tangible Net Worth
AAA+/Aaa1 to AA-/Aa3	20%

A+/A1 to A-/A3	15%
BBB+/Baa1 to BBB-/Baa3	10%
BB+/Ba1 and below or unrated	0%

"Credit Rating" – the credit rating assigned to an entity's unsecured debt (or the issuer rating if an unsecured rating is not available) by Standard & Poor's ("S&P"), a division of The McGraw-Hill Companies, Inc. or the equivalent rating assigned by Moody's Investors Service ("Moody's). In the event an entity is assigned a rating by both S&P and Moody's and one rating is lower than the other, the lower rating will be considered the "Credit Rating" of such entity.

"Creditworthy Guarantor" – an affiliate of Seller having an Investment Grade Credit Rating.

"Custody Transfer Point"- shall mean the point where the ownership of the fuel, i.e. natural gas is transferred from the supplier/transporter to the Facility.

"Decommit" or "Decommitment" – to initiate (or the initiation of) the shutdown sequence of the Facility at FPL's request.

"Deferred Governmental Approvals" – those Governmental Approvals, including Environmental Licenses, which are required under Applicable Law for Seller to own, operate, or maintain the Facility, but which cannot be obtained under Applicable Law prior to the Capacity Delivery Date, all of which Governmental Approvals are listed on Appendix B.

"Determination of Need" – a determination made by the FPSC under Section 403.519, Florida Statutes, that there is a need for the Facility.

"Dispatch and Control Rights" – the absolute and sole right of FPL in any manner, for any reason it deems appropriate, or for no reason at all, in FPL's unfettered discretion, solely in FPL's own interest, without regard to Seller's interest, and without any liability or obligation in connection therewith, (a) to Commit and Decommit the Facility and (b) through supervisory equipment (e.g., AGC) or otherwise, to control the Capacity and Energy output of the Facility pursuant to this Contract, subject only to the Facility Operating Capabilities. These rights also extend to control of the reactive power output of the Facility, voltage, frequency and other characteristics of such Energy output, including all Ancillary Services. FPL's exercise of its Dispatch and Control Rights as defined herein shall not give rise to any liability on the part of FPL, including any claim for breach of contract and/or for breach of any covenant of good faith and fair dealing.

"Energy" – electrical energy in MWh generated by the Facility and delivered to FPL at the Receipt Point.

"Energy Conversion Services" - operation of the Facilities by Seller to combust gas and/other fuel in order to generate and deliver energy at the Receipt Point.

"Environmental License/Licensing" – any and all Governmental Approvals applicable to the Facility, the Facility Site, or Associated Facility relating to environmental protection, natural resource protection, land use or zoning.

"Environmental Requirements" – any and all requirements applicable to the Facility, the Facility Site, or Associated Facility under any Environmental License or any Applicable Laws relating to environmental protection, natural resource protection, land use or zoning.

"Event of Default" – for Seller, any of those occurrences specified in Section 19.1 and, for FPL, any of those occurrences specified in Section 19.2.

"Facility" – *[Insert description of Proposer's facility.] Note that all equipment and facilities installed on Seller's side of the Gas Delivery Point shall be considered to be part of the Facility.*

"Facility Operating Capabilities" – certain operating capabilities of the Facility which shall be available to FPL pursuant to this Contract as set forth in Appendix F. *[To include, among other things, types of information in Proposer's submission.]*

"Facility Site" – the real property described in Appendix K.

"FERC" – the Federal Energy Regulatory Commission and any successor thereto.

"Final Capacity Delivery Date" – 6 months after unit in-service date (e.g., December 1, 2009 for unit with June, 2009 in-service date.)

"Firm TSA" – the agreement between Seller and Seller's third-party transmission provider entered into pursuant to Section 10.3.1 for firm point-to-point transmission service on a third party system to deliver all Capacity and Energy required to be provided by Seller hereunder to the Receipt Point by Seller pursuant to this Contract.

"Force Majeure" – an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including Governmental Authority); acts of God; war, riot or insurrection; blockades; embargoes; sabotage; epidemics; explosions and fires not originating in the Facility or caused by its operation; hurricanes; floods; general strikes, lockouts or other labor disputes or difficulties affecting the electric power

industry or the State of Florida generally (and excluding, for avoidance of doubt, strikes, lockouts or other labor disputes or difficulties located solely at the Facility or Facility Site or solely with respect to Seller or its affiliates or Seller's vendors, suppliers or contractors). Normal climactic conditions (including normal inclement weather) affecting construction, testing, start-up, operation or maintenance of the Facility or related facilities, equipment breakdown (or inability to use equipment) caused by its design, engineering, construction, operation, or maintenance, or otherwise caused by an event originating at the Facility, or the inability of Seller, for any reason to obtain or maintain adequate transmission service or inability of Seller or the Facility to meet the requirements of Applicable Law, to obtain required environmental allowances, offsets or credits, or to obtain, maintain, or comply with all Governmental Approvals required under Applicable Law, including Environmental Requirements and Environmental Licenses (whether such Applicable Law is in effect on the Commencement Date or is subsequently amended, modified, enacted, or promulgated) shall not be considered Force Majeure. Seller's failure to perform during hurricane conditions shall not be excused as Force Majeure in the event Seller has not acted in a diligent and prudent manner to adopt and/or implement a hurricane preparedness plan. In addition, interruption in supply or transportation of fuel to the Facility shall not be considered Force Majeure except to the extent caused by an event that otherwise would constitute Force Majeure hereunder.

"Force Majeure Aggregate Allowance" – has the meaning given thereto in Section 19.3.

"FPL Control" – FPL's Dispatch and Control Rights with respect to Committing and Decommitting the Facility and controlling the Capacity and Energy output of the Facility.

"FPL Entities" – FPL, its parent, present and future subsidiaries and affiliated entities and any other entity which directly or indirectly controls, is controlled by or under common control with any of the foregoing, and each of their respective officers, directors, employees, and agents.

"FPL's Avoided Cost" – the "Standard Rate for Purchase of As-Available Energy from Qualifying Cogeneration and Small Power Production Facilities," as described in Appendix A of FPL's COG-1 Tariff and as calculated each hour for the Power Production Pricing Area corresponding to the Receipt Point.

"FPL's Cost of Cover" – has the meaning given thereto in Section 19.6.

"FPL's Lien" – has the meaning given thereto in Section 5.2.

FPL's Marginal Gas Cost – shall be deemed to be the cost of the next increment of gas which could be procured by FPL's Energy Marketing and Trading group on any given day including any costs and fees associated with delivery of the gas to the facility. For illustrative purposes, this cost for gas will include commodity

gas purchases, incremental transportation, compression losses, variable transportation costs etc.

"**FPSC**" – the Florida Public Service Commission and any successor thereto.

"**FRCC**" – the Florida Reliability Coordinating Council and any successor thereto.

"**Fuel**" – Primary Fuel or Back-up Fuel, as applicable.

"**Fuel Contracts**" – has the meaning given thereto in Section 13.5.

"**GAAP**" – generally accepted accounting principles in the United States.

"**Gas Delivery Point**" – the natural gas custody transfer point between the facilities of Florida Gas Transmission or Gulfstream and the Gas receipt facilities of the Facility.

"**Gas Interconnection Meters**" – all gas delivered to the Gas Delivery Point will be measured by Florida Gas Transmission or Gulfstream's gas yard meter station facilities in accordance with the gas interconnection agreement.

"**Guaranteed Heat Rate**" - means the targeted quantity of Fuel, in Btu's, needed to generate one kWh of electricity on a higher heating value basis over a period not less than four (4) consecutive hours expressed in Btu's per KWh. Such Guaranteed Heat Rates shall be as set forth in the following Tables:

[Insert *from Proposer's submission for each Operating Mode submitted and type of fuel]*

"**Good Engineering and Operating Practices**" – generally accepted and sound electric utility generation industry practices, methods and acts applicable to similarly situated regulated electric utility owned generation facilities in the United States which at a particular time, in the exercise of reasonable judgment in light of the facts known or that reasonably should be known at the time a decision is made, would be expected to accomplish the desired result in a manner consistent with Applicable Laws, reliability, safety, environmental protection, economy and expedition. With respect to the Facility, Good Engineering and Operating Practices include, but are not limited to, taking reasonable steps to ensure that:

(a) Adequate materials, equipment redundancy, spare parts, resources and supplies, including Fuel in sufficient reliable volumes and quality, are available to meet the Facility's needs under normal conditions and reasonably anticipated abnormal conditions;

(b) Sufficient qualified operating, maintenance and supervisory personnel are available and adequately experienced and trained to operate,

maintain and supervise the Facility properly, efficiently and within manufacturer's guidelines and specifications and are capable of responding to emergency conditions;

(c) Preventive, routine and non-routine maintenance and repairs are performed on a basis that ensures reliable long-term and safe operation, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment, tools and procedures;

(d) Appropriate monitoring and testing are done periodically to ensure that equipment and systems are functioning as designed and to provide assurance that equipment and systems will function properly under normal conditions and emergency conditions; and

(e) Equipment and systems are operated in a safe manner and in a manner safe to workers, the general public and the environment and with regard to design and operating limitations such as steam pressure, temperature and moisture content, chemical content and quality of make-up water, operating voltage range, current, frequency, rotational speed, polarity, synchronization, control system limits, etc.

"Governmental Approval" – any and all licenses, permits, franchises, agreements, approvals, authorizations, consents, waivers, rights, exemptions, releases, variances, exceptions, or order of or issued by, or filings with, or notice to, any Governmental Authority under Applicable Laws.

"Governmental Authority" – any national, state, regional or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, executive, legislative, administrative, public or statutory instrumentality, authority, body, agency, department, bureau or entity or any arbitrator with authority to bind a party at law.

"Guarantor" – shall mean an Affiliate of Seller or other entity providing credit support having an Investment Grade Credit Rating.

"Guaranty" – shall mean credit support in the form of a guaranty agreement from a Guarantor in a form substantially the same as that set out in Appendix C.

"Heat Rate Adjustment Payment" – has the meaning given such term in Section 7.5

"Heat Rate Curves" - Operating curves of Heat Rate vs Capability (BTU/kWh vs. MW) based on test points specified in Appendix Q hereto and adjusted for actual ambient operating conditions.

"Heat Rate Test" – The initial Test and each other Test as described in Section 9.0 that is performed by Seller to determine the heat rate of the Facility under test

conditions associated with the operation of the Facility. *[For each Operating Mode in Proposer's submission]*

"Hourly Capacity Factor" or "HCF" – (a) during any hour that the Facility is not undergoing a Scheduled Reduction, a figure (expressed as a percentage) calculated by (i) dividing the Available Capacity in such hour by the Committed Capacity, and (ii) multiplying by 100 (provided that for purposes of this definition the Available Capacity of the Facility shall be subject to reduction pursuant to Section 13.11); or (b) during any hour during which the Facility is undergoing a Scheduled Reduction or is decommitted by FPL, the Hourly Capacity Factor shall be equal to the ACF of the preceding Monthly Billing Period. *[Note: This definition would be later modified to reflect the modes of operation of the facility submitted by the Proposer.]*

"Hourly Peak Capacity Factor" or "HPCF" – (a) in any Peak Hour that the Facility is not undergoing a Scheduled Reduction, a figure (expressed as a percentage) calculated by (i) dividing the Available Capacity in such hour by the Committed Capacity, and (ii) multiplying by 100 (provided that for purposes of this definition the Available Capacity of the Facility shall be subject to reduction pursuant to Section 13.11); or (b) during any Peak Hour during which the Facility is undergoing a Scheduled Reduction or is decommitted by FPL, the Hourly Peak Capacity Factor shall be equal to the APCF of the preceding Monthly Billing Period. *[Note: This definition would be later modified to reflect the modes of operation of the facility submitted by the Proposer.]*

"Initial Synchronization Date" – the first date upon which (a) Energy is generated by the Facility, and (b) such Energy is delivered to FPL and metered by the FPL-owned or FPL-approved metering equipment, all pursuant to Section 12.6.

"Initial Test" – the first Capacity Test of the Facility completed successfully as described in Section 9.0.

"Interconnection Agreement" – the contract between FPL and Seller which principally delineates and governs (a) the interconnection of FPL's electrical system and the Facility, (b) Seller's responsibility for the costs of installing, operating, maintaining, repairing, upgrading and removing the interconnection facilities and related equipment necessary to safely and effectively connect the Facility to FPL's electrical system, and (c) the Parties' respective ownership rights and other obligations with respect to the interconnection.

"Intercreditor Agreement" – the Intercreditor Agreement to be entered into by FPL and the Lenders, in form and substance satisfactory to FPL, with respect to FPL's Lien and any lien of the Lenders on the Facility or Facility Site.

"Investment Grade Credit Rating" – with respect to (a) a corporation, limited liability company, partnership, or other entity other than a financial institution, a

long-term unsecured, general obligation bond rating of BBB- or above from Standard & Poor's Corporation ("S&P") or Baa3 or above from Moody's Investors Services ("Moody's") with , in the case of a rating of BBB-/Baa3 a "stable" outlook, and (b)with respect to a financial institution, a Credit Rating of A- or above from outlooks S&P or A3 or above from Moody's.

"Lenders" – any entity or group of entities (including, upon prior notice to FPL, any and all successors pursuant to refinancing but excluding Seller or any affiliate thereof) providing all or substantially all of the debt financing, in any form (including lease financing), for the development, construction or improvement of the Facility.

"Level 1 Available Capacity" or "L1AC" – Level 1 Capability less all Level 1 Unscheduled Outages and Scheduled Reductions, expressed in the nearest whole MW quantities, which shall be reported by Seller pursuant to Section 13.9. Level 1 Available Committed Capacity shall never be greater than Level 1 Committed Capacity.

"Level 1 Capability" or "L1C" – the highest sustained Capacity associated with the Level 1 Mode of Operation at which the facility can operate consistent with Environmental requirements without exceeding the design operating conditions, temperatures, pressures etc. for Level 1 Mode of Operation defined by the applicable manufacturer(s), as determined by the Capacity Test pursuant to Section 9.0.

"Level 1 Committed Capacity" – the incremental maximum Capacity for Level 1 Mode of Operation equal to _____*MW* at Reference Conditions using applicable manufacturers' correction curves. *[Insert incremental capacity, at Reference Conditions, for Level 1 Mode of Operations, from Proposer's submission.]*

"Level 1 Mode of Operation" – *[Insert description, from Proposer's submission, of Level 1 Mode of Operation, which must be capable of being placed under FPL's Automatic Generation Control and must not have additional operating limitations.]*

"Level 1 Unscheduled Outage" – a whole or partial interruption or reduction of the Facility's Capacity to a level below the Level 1 Committed Capacity, whether the Facility is on-line or off-line, expressed in the nearest whole MW, that does not qualify as a Scheduled Reduction.

"Liquid Security" – security in the form of one or more of the following: (a) direct obligations of (other than obligations issued or held in book entry form on the books of) the Department of the Treasury of the United State of America deposited with a depositary bank acceptable to FPL, (b) a cash deposit in United States dollars, or (c) an unconditional, irrevocable, stand-by letter of credit issued by an issuer acceptable to FPL capable of issuing letters of credit and having an Investment Grade Credit Rating, in form and substance acceptable to FPL

(including, in the case of a letter of credit, provisions (i) for partial draws, and (ii) permitting FPL to draw upon such letter of credit in full, if such letter of credit is not renewed or replaced at least twenty (20) business days prior to its expiry date (or as otherwise required by Section 4.0), without further notice to or action by any party).

"Maintenance Outage" – has the meaning given thereto in Section 13.12.

"Major Equipment" – the *[combustion turbine generator set, heat recovery steam generator, and steam turbine]. [Insert additional major equipment from Proposer's submission.]*

"Major Milestone" – a Milestone specified as a Major Milestone in Part A of Appendix M.

"Market Rules" – has the meaning given thereto in Section 13.20.

"Maximum Sustained Rate" – the maximum safe and continuous load-following capability of the Facility, expressed in MW per minute, to which the Facility can be raised or lowered to meet FPL's dispatch instructions.

"Milestone" – has the meaning given thereto in Section 3.1.

"Milestone Date" – has the meaning given thereto in Section 3.1.

"Minimum Capacity"– a Capacity equal to *[_____ MW]* which is equal to ninety-five percent (95%) of the Committed Capacity.

"Minimum Load" – the minimum MW level below which FPL shall not dispatch the facility to without Decommitting the Facility, which minimum shall be equal to ____ MW net of internal electrical requirements of the Facility. *[Insert number of MW from Proposer's submission.]*

"Month" – a calendar month.

"Monthly Billing Period" – the period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Initial Synchronization Date and ending with the last calendar day of such month.

"Monthly Billing Statement" – a monthly summary prepared by Seller in accordance with Section 8.1.

"Monthly Capacity Factor" or "MCF" – in any Month, the arithmetic average of the Hourly Capacity Factors for the Monthly Billing Period, expressed as a percentage.

"Monthly Capacity Payment" or "MCP" – monthly payments for Committed Capacity calculated in accordance with Appendix A.

"Monthly Energy Payment" or "MEP"– monthly payments for Energy calculated in accordance with Appendix A.

"Monthly Peak Capacity Factor" or "MPCF"– in any Month, the arithmetic average of the Hourly Peak Capacity Factors for the Monthly Billing Period, expressed as a percentage.

"Monthly Weighted Peak Capacity Factor" or "MWPCF"– the product of the Monthly Peak Capacity Factor and a monthly weight factor, where the monthly weight factor is equal to 0.1 for the Peak Months and 0.06 for the Non-Peak Months.

"Mortgage and Security Agreement" – the Mortgage and Security Agreement to be entered into between Seller and FPL, securing the FPL Lien and substantially in the form of Appendix N.

"NERC" – North American Electric Reliability Council, including any successor thereto and subdivisions thereof.

"Net Energy Output" or "NEO" – in any Monthly Billing Period, the Energy in such Monthly Billing Period.

"Non-Peak Months" – those Months which are not Peak Months.

"Operating Representatives" – the Parties' representatives designated pursuant to Section 11.0, who act in matters pertaining to detailed operating arrangements for the delivery of Capacity and Energy provided under this Contract.

"Other Operating Mode" – *[Insert description of each other operating mode included in Proposer's submission.]*

"Peak Hour" – those hours occurring April 1 through October 31, from noon to 9:00 p.m., and November 1 through March 31, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. FPL shall have the right to change such Peak Hours by providing Seller a minimum ninety (90) calendar days notice. The total number of Peak Hours shall not exceed thirty eight percent (38.0%) of the total hours during a calendar year.

"Peak Months" – the Months of January, February, June, July, August, September and December, as such Peak Months may be modified in accordance with Section 13.12.

"Peaking Capability" – the maximum Capacity the Facility can achieve for a period of at least *[_____]* continuous hours and at least *[____ hours]* per year, without exceeding the design pressures and temperatures recommended by the

Major Equipment manufacturers. *[To include limitations from Proposer's submission.]*

"Performance Security" – the security provided by or on behalf of Seller for the benefit of FPL pursuant to Section 4.2.

"Performance Security Amount" – the aggregate amount of Performance Security, equal to *[_____ Dollars ($_____)] [Insert amount equal to the product of the Committed Capacity (in kW) multiplied by One Hundred Sixty Dollars ($160.00) per kW.] [Seller acknowledges that additional security will be required to cover costs that may arise from any firm transportation agreement entered into by FPL to support the project in the event of a Seller's default]*

"Performance Security Liquid Amount" – the amount of Performance Security required to be satisfied through Liquid Security, equal to (i) the Performance Security Amount, minus (ii) Seller's Credit Limit, provided however, that the Performance Security Liquid Amount shall be, at a minimum ten percent (10%) of the Performance Security Amount if the entity providing credit support has a Credit Rating of BBB/Baa2 or lower. The Performance Security Liquid Amount shall be adjusted, if necessary, quarterly, within five (5) Days of the issuance of quarterly financial statements of Seller or Seller's Guarantor and within five (5) Days of a change in Seller's or Seller's Guarantor's, as applicable, Credit Rating, in any such case to reflect any adjustment in the Seller's Credit Limit.

"Plant RTU" – has the meaning given thereto in Section 14.1.

"Primary Fuel" – natural gas which conforms to the tariff quality specifications of the pipeline through which the natural gas is shipped.

"Ready for Control" – a point in time, for the most part to start at the top of the hour, when the Facility is turned over to FPL's system control center for Automatic Generation Control or manual control.

"Receipt Point" – (a) prior to the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, (i) if the Facility is directly interconnected with the FPL system, the point where the Facility interconnects with the FPL system, or (ii) if the Facility is not directly interconnected with the FPL system, the location where the transmission system of the transmission provider under the Firm TSA interconnects with FPL's transmission system, or (b) beginning on the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, for a Facility directly or indirectly interconnected to the FPL system, load bus or group of buses that represents FPL's electrical load center (e.g., North Broward County or South Palm Beach County service area), to be specifically designated solely by FPL at the time of the implementation of an RTO or ISO or a similar organization.

"Reference Conditions" – the ambient dry-bulb temperature, ambient relative humidity, and ambient atmospheric pressure set forth on Appendix L.

"Records" – has the meaning given thereto in Section 15.1.

"RTO or ISO or a similar organization" – an independent entity authorized by FERC to operate the FPL transmission system or the transmission system of the third party to which the Facility is directly interconnected.

"RTU" – has the meaning given thereto in Section 14.1.

"Scheduled Capacity Delivery Date" – June 1, ___ as such date may be extended pursuant to Section 3.3.[Insert date from Proposer's submission.]

"Scheduled Outages" – has the meaning given thereto in Section 13.12.

"Scheduled Reduction" – any reduction in generating capability of the Facility, expressed in the nearest whole MW, as a result of a Scheduled Outage or a Maintenance Outage.

"Security Account" – has the meaning given thereto in Section 4.3.

"Seller's Cost of Cover" – has the meaning given thereto in Section 19.4.

"Start-up Cost" – a one-time payment, payable once per Successful Start-up, in the applicable amount set forth in Appendix E.

"Start-up Time" – the time it takes from the moment the Facility is Committed until it is on-line and Ready for Control.

"Step-In Rights" – has the meaning given thereto in Section 5.1.1.

"Successful Start-up" – a start-up of the Facility pursuant to an FPL Commitment of the Facility, which start-up (a) is not undertaken in connection with a Capacity Test (whether or not such Capacity Test is requested by FPL), (b) follows a shutdown of the Facility pursuant to an FPL-initiated Decommitment of the Facility, (c) results in the Facility achieving Ready for Control status, and (d) results in the Facility reaching the level of dispatch and/or commitment requested by FPL.

"Summer Period" – the seven (7) Month period beginning immediately after 12:00 midnight on March 31 and ending at 12:00 midnight on the following October 31st.

"Tangible Net Worth" – at any time, an amount as set forth in an entity's most recent annual audited or quarterly financial statements, equal to (a) the total assets of an entity and its subsidiaries which would be shown as assets on a consolidated balance sheet of such entity and its subsidiaries as of such time prepared in

accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of subsidiaries, minus (b) the total liabilities of such entity and its subsidiaries which would be shown as liabilities on a consolidated balance sheet of such entity and its subsidiaries as of such time prepared in accordance with GAAP, minus (c) the net book value of all assets, after deducting any reserves applicable thereto, which would be treated as intangible under GAAP, including good will, trademarks, trade names, service marks, brand names, copyrights, patents and unamortized debt discount and expense, organizational expenses and the excess of the equity in any subsidiary over the cost of the investment in such subsidiary.

"Tax" – any or all ad valorem, property, net income, gross receipts, net worth, franchise, occupational, severance, emissions, generation, first use, conservation, energy, transmission, utility, privilege, sales, use, excise and other taxes, governmental charges, licenses, fees, permits and assessments. Tax is meant to include any other similar taxes or charges levied by a Governmental Authority. Tax also includes any penalties and interest that may be imposed for underreporting, failure to report or late filing of returns or reports for any Tax.

"Test Protocol" – has the meaning given thereto in Appendix I.

"Unscheduled Outage" – a whole or partial interruption or reduction of the Facility's Capacity to a level below Committed Capacity, whether the Facility is on-line or off-line, expressed in the nearest whole MW, that does not qualify as a Scheduled Reduction.

"Variable O&M Payment" means the payment to be made by FPL to Seller in respect of energy scheduled and dispatched by FPL and delivered during the Monthly Billing Period pursuant to section 7.4

"Winter Period" – the five (5) Month period beginning immediately after 12:00 midnight on October 31 and ending at 12:00 midnight on the following March 31.

1.2. **Rules of Construction:** In this Contract: (a) words denoting any gender include each other gender; (b) the singular includes the plural and the plural includes the singular; (c) the word "or" is not exclusive; (d) a reference to an Applicable Law includes any amendment or modification to such Applicable Law, and all regulations, rulings and other Applicable Laws promulgated under such Applicable Law; (e) a reference to a person or entity includes its successors and permitted assigns; (f) the words "include", "includes" and "including" are not limiting; (g) exhibits, schedules, annexes or appendices to any document shall be deemed incorporated by reference in such document; (h) references to any document, instrument or agreement (i) shall include all exhibits, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given

time; and (i) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Contract as a whole and not to any particular provision, unless otherwise indicated.

2.0 CONDITIONS PRECEDENT; CONTRACT TERM

2.1. **Condition Precedent to Purchase and Sale**: The obligations of Seller to generate, deliver and sell, and of FPL to accept delivery of and purchase, Capacity and Energy Conversion Services hereunder shall be subject to the satisfaction of the conditions precedent that: (a) the FPSC shall have issued a final Determination of Need for the Facility, which order is not subject to appeal, (b) the FPSC shall have issued a final order approving this Contract, and finding that FPL is entitled to recover from its customers all payments for Energy Conversion Services and Capacity, which order is no longer subject to appeal, (c) the FERC shall have issued a final order authorizing Seller to make the sales of electrical energy and capacity contemplated by this Contract, which order is no longer subject to appeal, and (d) each other Governmental Authority having jurisdiction over this Contract shall have issued a final order approving this Contract or otherwise authorizing sales of electrical energy and capacity under this Contract, as applicable, which orders are no longer subject to appeal. FPL and Seller shall be co-petitioners on the application for such Determination of Need, and each Party shall cooperate in making such application (and each other application for a Governmental Approval under this Section 2.1) promptly after execution of this Contract, and shall prosecute such application diligently and in good faith; provided, that nothing in this Section 2.1 shall be construed to require FPL to consent to any modification of this Contract or any other condition or requirement imposed on FPL relating to such application, which modifications, conditions or requirements may be rejected by FPL in its sole and absolute discretion.

2.2. **Completion Security**: All obligations and liabilities of FPL hereunder, and all rights of Seller hereunder, shall be subject to the satisfaction of the condition precedent that Seller shall have delivered the Completion Security to FPL not later than the Commencement Date.

2.3. **Failure of Conditions Precedent**:

2.3.1. If the condition precedent set forth in Section 2.1 shall not have been satisfied on or prior to the first anniversary of the Commencement Date, (a) FPL by thirty (30) days notice to Seller may terminate this Contract without penalty or further liability, and (b) FPL shall return any undrawn Completion Security to Seller within thirty (30) days of the effective date of such termination.

2.3.2. If the condition precedent set forth in Section 2.2 shall not have been satisfied on or prior to the Commencement Date, FPL by notice to Seller may terminate this Contract without penalty or further liability for FPL.

2.4. **Contract Term**: The term of this Contract (the "Contract Term") shall commence on the Commencement Date and shall expire on_____ 20__, *[Insert term, of not less than fifteen (15) years nor more than twenty-five (25) years from Scheduled Capacity Delivery Date, from Proposer's submission] unless sooner terminated in accordance with Section 3.0 or Section 19.0 hereof.*

3.0 CONTRACT MILESTONES

3.1. **Contract Milestones**. Seller shall achieve each of the milestones set forth in Parts A and B of Appendix M in connection with its ownership, development and construction of the Facility (a "Milestone") on or (except in the case of Capacity Delivery Date) prior to the milestone date set forth on Appendix M corresponding to such Milestone (a "Milestone Date"). Time is of the essence of this Contract with respect to Seller's obligation to meet each Milestone (including each Major Milestone).

3.2. **Failure to Achieve Milestone(s)**:

3.2.1. If Seller fails to achieve any Milestone (including any Major Milestone) by the corresponding Milestone Date, then (a) Seller shall give FPL notice of such failure as provided in Section 12.2, and (b) FPL shall have the right, but not the obligation, to exercise Step-In Rights as provided in Section 5.0.

3.2.2. If Seller fails to achieve any Major Milestone by the corresponding Milestone Date (including failure to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date) or upon any other Seller Event of Default prior to the Capacity Delivery Date, then, except as provided in Section 3.3 (and provided that FPL is not then exercising Step-In Rights with respect to such failure and that Seller is not paying delay liquidated damages as provided in Section 3.2.3), FPL shall be entitled to terminate this Contract by notice to Seller as provided in Section 19.0. Upon such termination, Seller shall pay to FPL, on demand, in immediately available funds (or if not so paid, FPL shall be entitled to draw upon the Completion Security or to exercise its remedies under the Mortgage and Security Agreement), liquidated damages at the rate set forth on Appendix M with respect to such Major Milestone (or, in the case of an Event of Default other than failure to achieve a Major Milestone by the corresponding Milestone Date, at the rate set forth therein with respect to the next unmet Major Milestone).

3.2.3. Notwithstanding the provisions of Section 3.2.2, if Seller fails to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date, then, except as provided in Section 3.3, and provided that FPL is not then exercising Step-In Rights with respect to such failure, Seller may extend the Scheduled Completion Date day-for-

day to a date not later than the Final Capacity Delivery Date by paying to FPL delay liquidated damages at a rate equal to *[_____ Dollars ($_____)] [Insert amount equal to product of Committed Capacity (in kW) multiplied by $0.230 per kW]* per day. FPL shall not be entitled to terminate this Contract with respect to such failure unless Seller shall have failed to pay such liquidated damages, shall have failed to comply with the security requirements set forth in Section 4.0, or shall have failed to achieve the Capacity Delivery Date by the Final Capacity Delivery Date, whereupon FPL shall be entitled to terminate this Contract as provided in Section 19.0. Upon such termination, Seller shall pay to FPL, on demand, in immediately available funds (or if not so paid, FPL shall be entitled to draw upon the Completion Security or to exercise its remedies under the Mortgage and Security Agreement), liquidated damages at the rate set forth on Appendix M with respect to such failure.

3.3. **Effect of Force Majeure; Final Capacity Delivery Date:**

3.3.1. The Milestone Dates (including, for avoidance of doubt, the Scheduled Capacity Delivery Date) may be extended upon the occurrence of an event of Force Majeure as and to the extent provided in Section 18.0; provided, that in no event shall the total number of days of all the extensions made pursuant to this Section 3.3 and Section 18.0 as a result of Force Majeure exceed one hundred eighty (180) days in the aggregate; provided, further, that if Seller shall fail to achieve the Capacity Delivery Date on or prior to the Final Capacity Delivery Date, then regardless of the extent to which such failure is excused for Force Majeure as provided in Section 18.0, such failure shall be deemed an Event of Default by Seller, and in addition to FPL's right to terminate this Contract as provided in Section 19.3 and in addition to any delay liquidated damages paid or owed by Seller to FPL. Seller shall also pay FPL the sum of _____*($_____)* as liquidated damages for failure to achieve the Final Capacity Delivery Date

3.3.2. The Final Capacity Delivery Date shall not be extended for any reason, including payment of liquidated damages, renewal or replenishment of Completion Security, or Force Majeure.

4.0 COMPLETION SECURITY; PERFORMANCE SECURITY

4.1. **Completion Security**: Not later than the Commencement Date, and as a condition thereto, Seller shall provide FPL security for completion of the Facility when and as required hereunder, and for performance of all of Seller's other obligations hereunder to be performed on or prior to the Capacity Delivery Date (the "Completion Security"). Such Completion Security shall be in an amount equal to the Completion Security Amount, and may be provided in the form of

one or both of a Guaranty or Liquid Security; provided, that the amount of Liquid Security provided by Seller with respect thereto shall not at any time be less than the Completion Security Liquid Amount at such time.

4.2. **Security for Performance**: Not later than Capacity Delivery Date, and as a condition thereto, Seller shall provide FPL security for performance of all of Seller's obligations hereunder to be performed after the Capacity Delivery Date (the "Performance Security"). Such Performance Security shall be in an amount equal to the Performance Security Amount, and may be provided in the form of one or both of a Guaranty or Liquid Security; provided, that the amount of Liquid Security provided by Seller with respect thereto shall not at any time be less than the Performance Security Liquid Amount at such time.

4.3. **Security Account**: All cash deposits or other Liquid Security shall be held in an account designated by FPL (the "Security Account") for the benefit of FPL, free and clear of all liens (including the liens of the Lenders) of any person or entity other than FPL. Any Security Account shall be established and maintained at the expense of Seller and held by a depositary bank or securities intermediary acceptable to FPL pursuant to a control agreement in form and substance acceptable to FPL. Prior to the establishment of any Security Account, or to the entering into or refinancing of any loan, credit, or reimbursement agreement, indenture, other debt or security arrangement with any Lender, Seller shall obtain the express written waiver of the Lenders (in form and substance satisfactory to FPL) which are entitled to liens at that time, to any and all rights in and to the Completion Security or Performance Security, as applicable, and the proceeds there from.

4.4. **Replacement of Security**:

4.4.1. Seller shall maintain the applicable security required under this Contract as set forth herein at all times during the Contract Term. Seller shall give FPL notice thirty (30) days prior to the date, if any, on which any Completion Security or Performance Security is due to expire, advising FPL of the scheduled expiration of such security. Seller shall replace any such security not later than ten (10) business days prior to such expiration with security meeting the requirements of this Contract. Seller shall replenish any amount drawn by FPL against the Completion Security or the Performance Security within five (5) business days of such draw.

4.4.2. FPL shall have the right to monitor the financial condition of Seller and of the issuer of any Guaranty or letter of credit, and Seller shall notify FPL within three (3) business days of becoming aware that any such entity's Credit Rating has been downgraded or its outlook changed. In addition, Seller shall provide to FPL, no later than the Commencement Date and at the beginning of each calendar quarter thereafter until the Capacity Delivery Date, and again on the Capacity

Delivery Date and at the beginning of each calendar quarter thereafter, evidence satisfactory to FPL sufficient to establish that Seller is in compliance with the security requirements set forth in this Section 4.0, including such evidence sufficient to establish that Seller, any Creditworthy Guarantor, or any issuer of a letter of credit as set forth herein has the required Credit Rating, as applicable, and sufficient to establish the Credit Limit of Seller and any Creditworthy Guarantor, as applicable.

4.4.3. In the event that the financial condition of any such entity has deteriorated to a level below Investment Grade Credit Rating or its Credit Limit has been reduced, such that the amount of Liquid Security provided by Seller to or for the benefit of FPL is less than the Completion Security Liquid Amount or the Performance Security Liquid Amount, as applicable, Seller shall replace such Completion Security or Performance Security, or shall provide additional Liquid Security, such that the aggregate amount of Liquid Security is not less than the Completion Security Liquid Amount or the Performance Security Liquid Amount, as applicable, which replacement security shall be issued by an entity with an Investment Grade Credit Rating, as applicable, and otherwise shall meet the requirements of this Section 4.0, within five (5) business days following the date Seller becomes aware of such failure to maintain an Investment Grade Credit Rating or reduction in Credit Limit or the date of any public announcement of such failure or reduction in Credit Limit.

4.5. **Achievement of Capacity Delivery Date**: If the Capacity Delivery Date occurs on the Scheduled Capacity Delivery Date (as extended pursuant to Section 3.0) and Seller has provided the Performance Security as provided herein, then Seller shall be entitled to require FPL to terminate and refund or release to Seller any undrawn portion of the Completion Security. Any refund of Completion Security pursuant to this Section 4.5 shall be made at within thirty (30) calendar days after Seller's application for such release is received and accepted by FPL.

5.0 STEP-IN RIGHTS; FPL'S LIEN

5.1. **Operation by FPL Following Missed Milestone or Event of Default by Seller**:

5.1.1. Upon the occurrence of (a) the failure of Seller to meet any Milestone by the corresponding Milestone Date, or (b) any Event of Default by Seller (whether before or after the Capacity Delivery Date) and the failure of Seller to cure such Event of Default within the applicable cure period, FPL or its designee shall have the right, but not the obligation, to enter upon and complete the licensing, permitting, construction, start-up, testing and commissioning of, or operate and maintain, the Facility as agent for Seller ("Step-In Rights"), until the earliest of (x) the date upon which Seller shall provide to FPL a

certificate of an independent engineer reasonably acceptable to FPL or otherwise demonstrate to FPL's reasonable satisfaction that the circumstance which gave rise to such Event of Default no longer exists, (y) the date FPL in its sole discretion elects by notice to Seller to cease exercising Step-In Rights, or (z) the expiration or earlier termination of this Contract.

5.1.2. Subject to Section 5.1.3, during any period of exercise of Step-In Rights by FPL, FPL (a) shall exercise good faith efforts to complete the licensing, permitting, construction, start-up, testing and commissioning of the Facility as provided herein, or operate and maintain the Facility in accordance with Seller's obligations hereunder, and in accordance with all existing agreements to which Seller is a party and all applicable Governmental Approvals, and (b) shall continue to pay Monthly Capacity Payments and Monthly Energy Payments to the extent otherwise required to be paid hereunder.

5.1.3. Seller shall reimburse, indemnify and hold harmless FPL, within fifteen (15) days of submission of a reimbursement request by FPL, for the reasonable and necessary costs and expenses incurred by FPL or its designee in exercising Step-In Rights, including costs and expenses incurred in completing the licensing, permitting, construction, start-up, testing and commissioning of the Facility, or in the operation and maintenance of the Facility, on behalf of Seller, costs and expenses (including reasonable fees and expenses of counsel) in enforcing its Step-In Rights, and the cost of funds with respect to such all costs and expenses at FPL's overall cost of capital, in each case supported by reasonable documentation. FPL shall provide ten (10) days notice in reasonable detail to Seller of the need for any capital expenses, or any other extraordinary expenses in excess of Five Hundred Thousand Dollars ($500,000.00) not approved by the Operating Representatives, and shall obtain the consent of Seller for such capital expenses or other extraordinary expenses, such consent not unreasonably to be withheld or delayed. Without limiting any other right or remedy of FPL with respect thereto, FPL shall be entitled to draw amounts to which it is entitled to be reimbursed for or indemnified or held harmless against under this Section 5.1 from the Completion Security or the Performance Security, as applicable, or by set-off of amounts due to Seller hereunder; provided, that any amounts due to Seller hereunder after payment of such amounts and Seller's debt service to the Lenders shall be remitted to Seller.

5.1.4. In connection with the exercise of Step-In Rights, FPL and its employees and representatives designated in writing to Seller shall be entitled to access Seller's agreements, books and records, operating

manuals, and other documents relating to the Facility and the Facility Site, and shall have access to the Facility and the Facility Site, for the purpose of exercising Step-In Rights, subject to reasonable safety and confidentiality requirements. FPL shall notify Seller of any documents or actions by Seller reasonably necessary for FPL to exercise its Step-In Rights, which shall be subject to the consent of Seller, such consent not unreasonably to be withheld or delayed.

5.1.5. During any period that FPL or its designee is in possession of the Facility and the Facility Site upon exercise of Step-In Rights, Seller shall retain legal title to and ownership and risk of loss of the Facility and the Facility Site, and FPL or its designee shall complete the licensing, permitting, construction, start-up, testing and commissioning of, or operate and maintain, the Facility as an agent of Seller in accordance with this Contract. Upon the termination of FPL's exercise of its Step-In Rights pursuant to Section 5.1.1, FPL or its designee shall relinquish the Facility and the Facility Site to Seller.

5.1.6. FPL's exercise of its Step-In Rights shall not be deemed a termination of this Contract or an assumption, release, or waiver by FPL of any liability of Seller to third parties or of any obligation or liability of Seller to FPL or (except as expressly provided in Section 3.2 or Section 19.5) any right or remedy of FPL with respect thereto; provided, that this Section 5.1.6 shall not excuse any liability of FPL expressly assumed in writing or incurred by FPL in its own right and not in its capacity as Seller's agent or attorney-in-fact in acting in Seller's stead and on Seller's behalf in connection with the exercise of its Step-In Rights.

5.1.7. Seller hereby constitutes and appoints FPL or its designee its agent and true and lawful attorney-in-fact to exercise Step-In Rights, and to act thereafter in Seller's stead and on Seller's behalf, as provided in this Section 5.0. This power is a power coupled with an interest and is irrevocable for the Contract Term.

5.2. **FPL's Lien**:

5.2.1. As security for Seller's performance of all of its obligations hereunder, including payment of any amounts owed by Seller to FPL pursuant to this Contract, Seller or FPL shall execute and record, as appropriate, the Mortgage and Security Agreement and all other agreements, documents, or instruments required or useful to provide FPL with a fully perfected subordinated security interest and mortgage lien in the Facility, the Facility Site, and any and all real and personal property rights, contractual rights, or other rights that Seller acquires or requires in order to develop, procure, construct, operate and maintain the Facility ("FPL's Lien"). FPL's Lien shall be subordinate in right

of payment, priority and remedies only to the interests of the Lenders in accordance with the terms of the Intercreditor Agreement. The collateral secured by the Mortgage and Security Agreement shall not include the pledge, assignment, or other interest in any stock or ownership interest in Seller; provided, that Seller shall not pledge or assign, or cause or permit to be pledged or assigned, any stock or ownership interest in Seller as collateral to any party other than the Lenders party to the Intercreditor Agreement.

5.2.2. FPL and Seller shall confirm, define, and perfect FPL's Lien by executing, filing, and recording, at the expense of Seller, the Mortgage and Security Agreement no later than the Milestone Date set forth at the Major Milestone A.1 on Appendix M. In addition, Seller agrees to execute and to authorize FPL to file such financing statements under the Uniform Commercial Code, and to take such further action and execute such further instruments, as reasonably shall be requested by FPL to confirm and continue the validity, priority, and perfection of FPL's Lien. The granting of FPL's Lien shall not be to the exclusion of, nor be construed to limit, the amount of any further claims, causes of action or other rights accruing to FPL by reason of any breach or default by Seller under this Contract or the termination of this Contract prior to the expiration of its term. FPL's Lien and the Mortgage and Security Agreement shall be discharged and released, and FPL shall take any steps reasonably required by Seller to effect and record such discharge and release, upon the expiration of the Contract Term and satisfaction by Seller of all of its obligations hereunder. Seller shall reimburse FPL for its reasonable costs associated with the discharge and release of the Mortgage and Security Agreement and any other documents evidencing FPL's Lien.

5.3. **Permits and Contracts**: Seller shall (a) use all reasonable efforts to ensure that all Governmental Approvals and environmental emission allowances, credit or approvals required for the construction and operation of the Facility and powers of attorney related to such Governmental Approvals and environmental emission allowances, credits or approvals are transferable to FPL or its designee or exercisable by FPL or its designee upon exercise of Step-In Rights or upon exercise of remedies by FPL with respect to FPL's Lien, (b) shall ensure that such Step-In Rights and FPL's Lien are recognized by Seller's Lenders, vendors, suppliers and subcontractors and are recognized in any employment or labor contract respecting the Facility's work force, and that FPL's exercise thereof will not cause a breach, default, or lien under, or permit the termination of, any material contract relating to the Facility or the Facility Site, and (c) shall use its best efforts to effect the transfer of such Governmental Approvals, emissions allowances, credits, or approvals, powers of attorney, and contracts to FPL or its designee upon such exercise to the extent requested by FPL.

6.0 SALE OF ENERGY CONVERSION SERVICES AND CAPACITY

6.1. **Test Energy**: Commencing on the Initial Synchronization Date and until the Capacity Delivery Date, Seller shall sell to FPL, and FPL shall purchase from Seller, all Energy, but no Capacity, in excess of Seller's internal consumption of electric energy in accordance with Section 7.0, except to the extent that FPL is not obligated to purchase such Energy under the terms of this Contract other than Section 6.3; provided, that FPL shall not be required to accept delivery of or purchase such Energy to the extent FPL would be required to back down its own baseload generation or baseload generation under firm contract to accommodate such deliveries, and Seller shall schedule all tests accordingly.

6.2. **Energy Conversion Services and Capacity**: Commencing on the Capacity Delivery Date, Seller shall sell to FPL and FPL shall purchase from Seller all Energy Conversion Services and Capacity in excess of Seller's internal consumption of energy and capacity, in accordance with Section 7.0, except to the extent that FPL is not obligated to purchase such Energy Conversion Services and Capacity under the terms of this Contract.

6.3. **Purchase Obligation Excused**:

6.3.1. FPL shall not be obligated to purchase, and may require interrupted or reduced deliveries of, Energy for any reason, or for no reason at all, whenever FPL deems it appropriate, in its sole and absolute discretion.

6.3.2. FPL shall not be obligated to purchase any Capacity in excess of the Committed Capacity for any reason, or for no reason at all, whenever FPL deems it appropriate, in its sole and absolute discretion.

6.3.3. FPL in the exercise of its Dispatch and Control Rights shall not be obligated to accept delivery of any Energy or Capacity not dispatched by FPL pursuant thereto or to pay for such energy if delivered.

6.4. **Exclusivity; Specific Performance**:

6.4.1. Except to the limited extent of unintentional sales of imbalance energy upon formation of an RTO or ISO or similar organization as contemplated by Section 13.20, or upon an Event of Default by FPL under Section 19.2, Seller shall have no right to sell electrical Energy or Capacity or Ancillary Services or perform Energy Conversion Services from the Facility to anyone other than FPL. Seller expressly agrees that it shall have no right to sell electrical Energy or Capacity, Ancillary Services or perform Energy Conversion Services from the Facility to anyone other than FPL, except in the limited circumstances provided in this Section 6.4.1, notwithstanding any default by FPL, any event of Force Majeure, or any other circumstances whatsoever.

6.4.2. Seller acknowledges that, throughout the term of this Contract, FPL will have a need for the Capacity, Energy, Ancillary Services and Energy Conversion Services required to be provided by Seller hereunder, will be relying on the Facility to meet those needs and, notwithstanding the provisions of Section 4.0, would have no adequate remedy at law in the event Seller were to supply such Capacity, Energy, Ancillary services or Energy Conversion Services to any person or entity other than FPL in breach of this Contract; and Seller therefore agrees that, in such event, FPL would be entitled to specific performance of Seller's obligations to supply Capacity, Energy, Ancillary Services and Energy Conversion Services to FPL as provided herein.

7.0 PAYMENT BY FPL

7.1. **Test Energy**: Prior to the Capacity Delivery Date, subject to Section 6.1, FPL shall pay Seller for each MWh of Energy delivered by the Facility at the Receipt Point and agreed to be accepted by FPL at a rate equal to seventy percent (70%) of FPL's Avoided Cost. Seller shall reimburse FPL for all Gas and transportation costs for such test energy.

7.2. **Test Fuel**: After Capacity Delivery Date FPL shall provide to Seller Gas in the quantities requested from time to time by Seller for the purpose of conducting capacity and Heat Rate tests under this Contract but not to exceed the quantities actually required for such dependable Capacity Tests. Seller shall be responsible for reimbursing FPL for all costs associated with the supply of Gas to Seller for capacity tests except in those cases where FPL requests a capacity test and such test proves that the capacity represented by Seller is as good as or better than Seller's representation

7.3. **Payments for Capacity**:

7.3.1. Beginning on the Capacity Delivery Date, and thereafter for the Contract Term, FPL shall pay to Seller the Monthly Capacity Payments for the Committed Capacity at rates set forth in Appendix A; provided, that FPL shall have no obligation to make any Monthly Capacity Payments for the period (s), if any, of an Event of Default. Monthly Capacity Payments when applicable shall be prorated for the Monthly Billing period.

7.3.2. For the Monthly Billing Period in which the Capacity Delivery Date occurs, the Monthly Capacity Payment shall be prorated by multiplying (a) the Monthly Capacity Payment calculated as set forth in Appendix A, times (b) the ratio calculated by dividing the number of hours from the commencement of the day after the Capacity Delivery Date through the end of the month by the total number of hours in the month.

7.4. **Variable O&M Payment**: For amounts of Energy scheduled and received by FPL hereunder FPL shall pay to Seller a variable charge for each month during the operating period in an amount equal to the product of the applicable Variable O&M Charge times the delivered energy in such month *[To be inserted from Proposer's submission]*

7.5. **Heat Rate Adjustment Payment**: Subject to the terms and conditions of this Contract during any month after the Scheduled Capacity Delivery of the unit Seller shall pay to FPL, or FPL shall pay to Seller as applicable the Heat Rate adjustment payment. The Heat Rate Adjustment Payment shall be calculated in accordance with the methodology prescribed in Appendix A

7.6. **Start-up Costs** : FPL shall pay Seller the Start-up costs for each Successful Start-up in the Monthly Billing period.*[Insert start-up costs from Proposer's submission]*

7.7. **Start-up Fuel Cost Adjustment:** In the event that the quantity of gas consumed to complete a Successful Start-up exceeds the amount specified in respect of such unit start-up in Appendix E hereto, Seller shall pay FPL an amount equal to the product of (i) such excess quantity expressed in MMBtus and (ii) FPL's Marginal Gas Cost applicable on the day that corresponds to the beginning of the start-up.

7.8. **Ancillary Services**: The Energy Conversion Services and Capacity purchased by FPL hereunder pursuant to Section 6.0 shall include all Ancillary Services produced or capable of being produced by or related to the Facility, and Seller shall be entitled to no separate payment with respect thereto. All financial or other benefits relating to such Ancillary Services shall accrue to and be the property of FPL.

7.9. **Transmission**: *[FPL shall pay Seller for transmission costs incurred under the Firm TSA, as provided in Section 10.3.]*

7.10. **Back-up Fuel Charge**: FPL shall pay Seller for back-up fuel burned as well as the carrying cost of back-up fuel stored at the site procured competitively. Back-up Fuel shall remain the property of the Seller until consumed. Back-up Fuel Charge shall be calculated in accordance with Appendix A.

7.11. **Payment by FPL**: The payment with regard to the sale and purchase of Capacity and Energy, Energy Conversion Services and Ancillary Services by FPL pursuant to the Contract shall be computed based upon the components listed in Sections 7.1 through Section 7.10 Notwithstanding the itemization of these components, payment from FPL represents a combined charge solely for the sale and purchase of Capacity, Energy Conversion Services and Ancillary Services.

8.0 BILLING AND PAYMENT

8.1. **Timing and Method of Payment**: On or before the tenth (10th) Day after each Billing Period, Seller shall provide to FPL a detailed written invoice, on paper and

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by electronic media (in the original software file format with all formulas and calculations intact) of the amounts owed by FPL pursuant to this Contract (and, if applicable, the amounts owed by Seller pursuant to this Contract). FPL shall pay such invoice within ten (10) Business Days of Purchaser's receipt of the invoice. Such invoice shall detail the amount and calculation of the following: (a) the Capacity Payment payable by FPL for the preceding Month; (b) the Variable Payment payable by FPL for the preceding Month; (c) the Heat Rate Penalty Payment or Heat Rate Bonus Payment, if any, payable by FPL or Seller under Section 7.5 for the preceding month ; (d) the number of Successful Starts occurring and the amount of Successful Start Payments, if any, payable by FPL for the preceding Month;(e) the start-up adjustment payable by Seller if any under Section 7.7 for the preceding month (f) the back-up fuel charges if any, payable by FPL under Section 7.10 for the Monthly Billing Period.

8.2. **Late Payments**: If either Party is late in making any payment due under this Contract, and the reason for such delay is solely and exclusively within the control of such Party, such payment shall accrue interest at a per annum rate equal to the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in the Wall Street Journal under "Money Rates" on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%), and (b) the maximum rate permitted by applicable law.

8.3. **Disputed Billings**: In the event that either Party has a bona fide dispute with any invoice submitted hereunder, such Party shall inform the other Party in writing of its grounds for disputing such invoice.In the event of a disputed invoiced amount(s), the Party receiving the invoice shall be entitled to withhold the disputed amount if such Party first provides the invoicing Party with a detailed explanation of the basis for the dispute, including calculations demonstrating the disputing Party's position regarding the correct amount that should have been invoiced. Upon resolution of the dispute, any overpayment or underpayment shall be refunded or paid (as appropriate) with interest as calculated pursuant to Section 8.2 accruing from and after the date such overpayment was made until the date on which such refund is paid.

8.4. **Adjustments**: If any overcharge or undercharge in any form whatsoever shall at any time be found and the invoice therefore has been paid, the Party that has been paid the overcharge shall refund the amount of the overcharge to the other Party, and the Party that has been undercharged shall pay the amount of the undercharge to the other Party, within thirty (30) Days after final determination thereof; provided, however, that no retroactive adjustment shall be made for any overcharge or undercharge unless written notice of the same is provided to the other Party within a period of 12 Months from the date of the invoice in which such overcharge or undercharge was first included. Any such adjustments shall be made with interest calculated in accordance with Section 8.2 from the date that the undercharge or overcharge actually occurred.

8.5. **Taxes**:

8.5.1. Taxes. Both Parties agree that the conversion of the Fuel into Energy is a service and not subject to Florida sales or use taxes. Except as otherwise provided in this Contract, in addition to all other amounts due and payable under this Contract: (i) Seller shall be responsible for all Taxes of any kind, if any, relating to the delivery of Energy, Capacity, and/or related services (including but not limited to Ancillary Services) prior to the Receipt Point; (ii) FPL shall be responsible for all Taxes of any kind, if any, relating to the delivery of Energy, Capacity, and/or related services (including but not limited to Ancillary Services) at and after the Receipt Point (by way of clarification of the foregoing, Taxes include any taxes incurred in connection with downstream sales of the Energy); and (iii) FPL shall be responsible for all Taxes of any kind, if any, related to the acquisition and delivery of Fuel to the Facility. Each Party shall provide the other Party upon written request a certificate of exemption or other reasonably satisfactory evidence of exemption if any exemption from or reduction of any Tax is applicable. Each Party shall exercise commercially reasonable efforts to obtain and to cooperate in obtaining any exemption from or reduction of any Tax.

8.5.2. Facility Taxes. Except as specified in Section 8.5.1, the payment of any and all present or future Taxes on or respecting the Facility, in connection with the development, permitting, design, engineering, procurement, construction, testing, completion, ownership, leasing, operation or maintenance of the Facility or any related infrastructure, transmission or transportation facilities shall be the sole and exclusive responsibility and obligation of Seller. FPL shall provide to Seller for payment by Seller any invoice or assessment for any such tax received by FPL from any Governmental Authority.

8.5.3. Tax Indemnification. Nothing in Section 21 or any other provision of this Contract will be deemed to limit the After-Tax Basis portion of the Indemnifications provided in Section 20. Nothing in this Contract shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

8.5.4. Cooperation. The Parties agree to oppose by all reasonable lawful means any federal, state, county or municipal Tax that is sought to be imposed upon the transactions contemplated by this Contract.

8.5.5. Contract Price. The contract price is inclusive of any present Tax and all benefits and burdens of personnel with respect to the services performed. The contract price includes all Tax credits, incentives and benefits available to Seller including, but not limited to, Internal

Revenue Code Section 199 Income Attributable to Domestic Production Activities.

9.0 TESTING AND CAPACITY RATING

9.1. **Capacity Delivery Date; Available Capacity and Heat Rate**:

9.1.1. The Capacity Delivery Date shall not occur before the Scheduled Capacity Delivery Date. In addition, in order to achieve the Capacity Delivery Date, Seller shall (or shall cause the Facility to) satisfy the following conditions and the same shall have been accepted by FPL:

(a) the Initial Synchronization Date shall have occurred, the Facility shall be in compliance with the Interconnection Agreement and shall have met FPL's requirements for AGC, and the Facility shall have demonstrated the reliability of its communication systems with FPL;

(b) the Facility shall have demonstrated a Continuous Capability equal to or greater than the Minimum Capacity in an Initial Test completed successfully in accordance with Section 9.0 prior to the Capacity Delivery Date, as set forth in Seller's certified test report;

(c) the Facility shall have demonstrated an Actual Heat Rate equal to or less than the Guaranteed Heat Rate in an Initial Test completed successfully in accordance with Section 9.0 prior to the Capacity Delivery Date, as set forth in Seller's certified test report;

(d) Seller shall have delivered to FPL a complete set of Heat Rate Curves for each available level and mode of operation.*[Insert from Proposer's Submission]*

(e) Seller shall have delivered to FPL a certificate of a responsible officer of Seller certifying that Fuel Contracts meeting the requirements of Section 13.5 are in full force and effect as of the Capacity Delivery Date, such certificate to attach true and complete copies of such Fuel Contracts;

(f) Seller shall have provided to FPL certificates of insurance coverage, dated as of the Capacity Delivery

Date, and copies of the insurance policies required to be maintained by Seller under Section 16.0;

(g) each of the representations and warranties of Seller set forth in Section 23.1 shall be true and correct as of the Capacity Delivery Date, and Seller shall have provided to FPL a certificate of a responsible officer of Seller to such effect;

(h) no Event of Default by Seller, and no event which, with the passage of time or giving of notice would become an Event of Default, shall have occurred and be continuing;

(i) Seller shall have provided to FPL the Performance Security;

(j) Seller shall have provided to FPL a certificate dated no later than the Capacity Delivery Date from an independent, registered engineer, reasonably acceptable to FPL, stating that the Facility has been designed, engineered and constructed in accordance with Good Engineering and Operating Practices and the terms of this Contract; and

(k) a certificate of a responsible officer of Seller, dated no later than the Capacity Delivery Date, shall have been delivered to FPL, certifying that Seller has obtained all Governmental Approvals (other than the Deferred Governmental Approvals) required under Applicable Law for the ownership, operation and maintenance of the Facility.

9.1.2. The initial Available Capacity and the initial Level 1 Available Capacity of the Facility shall be effective on the Capacity Delivery Date, and shall be determined by Seller upon completion of such Initial Test as provided in Section 9.2.

9.1.3. The Available Capacity and the Level 1 Available Capacity shall be designated upon completion of the Initial Test or of any Capacity Test to the nearest whole MW unit of Capacity, and shall be effective on the date of such test (or the Capacity Delivery Date, in the case of the Initial Test).

9.1.4. The maximum Capacity associated with each incremental mode of operation will be designated upon completion of the Initial Test or any other subsequent Test.

9.2. **Initial Tests**:

9.2.1. Seller shall provide to FPL a proposed Capacity and Heat Rate Test Protocol not less than one hundred twenty (120) days before the Initial Test for FPL's review and approval. Such Test Protocol shall be consistent with the testing guidelines attached as Appendix I. The Parties shall meet promptly to address any FPL concerns about the Test Protocol and shall endeavor to agree on the Test Protocol by the date forty-five (45) days prior to the Initial Test.

9.2.2. The Parties shall agree on the date and time when Seller will attempt the Initial Tests for the Facility; provided, that the date for such Initial Tests shall be no earlier than the date *[_____ (___) days]* prior to the Scheduled Capacity Delivery Date. *[Fill in date to be agreed.]* FPL shall not unreasonably withhold its agreement. If the Initial Tests for the Facility are completed successfully in accordance with this Section 9.0, Seller shall set the Available Capacity at any level not less than the Minimum Capacity and not greater than the lesser of (a) the Continuous Capability demonstrated by the most recent run of the Initial Test, or (b) Committed Capacity. If such test is not completed successfully, Seller shall provide notice to FPL as to when the Facility will be ready to reconduct the Initial Test. Subject to Section 9.4, Seller may perform the Initial Test any number of times prior to the Capacity Delivery Date until the Initial Test is completed successfully in accordance with this Section 9.0; provided, that nothing in this Section 9.0 shall be construed to extend the Scheduled Capacity Delivery Date.

9.2.3. The Level 1 Available Capacity shall be the lesser of (a) the Level 1 Committed Capacity or (b) the incremental Capacity associated with the Level 1 Mode of Operation demonstrated in the Initial Test.

9.2.4. The maximum Capacity associated with each incremental mode of operation will not exceed the maximum incremental Capacity demonstrated by the most recent run of Capacity Tests for each operating mode.

9.3. **Retesting**:

9.3.1. Subject to Section 9.4, after the Capacity Delivery Date, in order to establish a new level of Available Capacity, Seller may perform up to a maximum of four Tests per Contract Year.

9.3.2. FPL may require Seller to perform Tests:

(a) Once per each Summer Period and once per each Winter Period at FPL's sole discretion;

(b) At any time Seller claims it is unable to comply with any material obligation under this Contract for a period of thirty (30) days or more in the aggregate as a consequence of an event of Force Majeure;

(c) At any time Seller fails two consecutive times to meet the operating level prescribed by FPL, as described in Section 13.11.

9.3.3. Upon completion of such Capacity Test(s), if any, Seller shall set the following:

(a) the new Available Capacity, at a level not less than the Minimum Capacity and not greater than the lesser of (i) the Continuous Capability demonstrated by the most recent Capacity Test, or (ii) Committed Capacity. Seller may not establish a new level of Available Capacity except upon completion of a Capacity Test;

(b) the Level 1 Available Capacity at the lesser of (i) the Level 1 Committed Capacity, or (ii) the incremental Capacity associated with Level 1 Mode of Operation demonstrated by the most recent Capacity Test; and

(c) the maximum level of incremental Capacity associated with each Other Operating Mode at the maximum level demonstrated by the most recent Capacity Test for each applicable Other Operating Mode.

9.4. **Conduct of Tests**: Seller shall perform each Capacity Test at a time approved by FPL (such approval not to be unreasonably withheld) not less than five (5) business days nor more than fourteen (14) calendar days after receipt of notice of such test by the Party not requesting such test. FPL may be present on-site to monitor each such Capacity Test. Seller shall provide to FPL a complete written report of all test results of each such test certified by a responsible officer of Seller, for FPL's review and verification, promptly upon becoming available to Seller (including all pertinent "raw" data ,written and electronic and all pertinent calibration records of test instrumentation).Each Capacity Test shall be performed in compliance with all Environmental Requirements and in accordance with the capacity demonstration testing guidelines in Appendix I and the Test Protocol agreed under Section 9.1.

9.5. **FPL's Right to Observe Testing:** FPL shall have the right to observe site tests and the right to receive copies of the results of such tests. FPL may have representative(s) attend and be present during such testing.

9.6. **Effectiveness of Capacity Tests**:

9.6.1. No Capacity Test shall be successful unless such Capacity Test demonstrates a Continuous Capability equal to or greater than the Minimum Capacity. At any time, the last Capacity Test performed (whether or not successful and whatever the Continuous Capability demonstrated) shall be the effective test as of such time.

9.6.2. If any Capacity Test demonstrates a Continuous Capability less than the Minimum Capacity, then Seller shall promptly take corrective action to restore the Continuous Capability to a level equal to or greater than the Minimum Capacity shall reschedule a Capacity Test to demonstrate such Continuous Capability at a time approved by FPL (such approval not to be unreasonably withheld) as soon thereafter as practicable but in any event not less than five (5) business days nor more than fourteen (14) calendar days after receipt of notice of such rescheduled test by FPL. Any period following an unsuccessful Test until a successful Test is completed as provided herein shall be deemed to be an Unscheduled Outage.

10.0 INTERCONNECTION AND DELIVERY OF ENERGY, COMMITTED CAPACITY, AND ANCILLARY SERVICES; METERING

10.1. **Interconnection**:

10.1.1. Seller shall make all arrangements necessary to interconnect the Facility to the system of a third party or to the FPL system, as applicable.

10.1.2. As between FPL and Seller, Seller shall (a) be solely responsible for all costs of interconnection to a third party system, (b) be solely responsible for obtaining any credits against transmission charges available from the third party related to such interconnection costs, and (c) retain all rights to any such credits.

10.1.3. If the Facility is directly interconnected to the FPL system, the costs of such interconnection, including any transmission credits for such costs, shall be determined in accordance with FPL's open-access transmission tariff or an RTO or ISO or a similar organization open-access transmission tariff, as applicable.

10.2. **Delivery of Energy, Committed Capacity**:

10.2.1. This Section 10.2.1 shall apply (a) if the Facility is directly interconnected with the FPL system, prior to the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, or (b) if the Facility is not directly interconnected with the FPL system, prior to the date service over the FPL transmission system is available under

an RTO or ISO or a similar organization open-access transmission tariff:

10.2.1.1. Seller shall deliver all Energy and Capacity required to be provided by Seller hereunder to the Receipt Point. Seller shall be responsible for all costs (including, losses pursuant to Section 10.2.1.2, balancing energy pursuant to Section 13.20 and congestion costs) associated with the delivery of such Energy and Capacity to the Receipt Point.

10.2.1.2. Seller shall be paid hereunder based upon the amount of Capacity and Energy delivered to the Receipt Point. Seller shall be responsible for all losses incurred to deliver such Energy and Capacity to the Receipt Point.

10.2.2. This Section 10.2.2 shall apply (a) if the Facility is directly interconnected with the FPL system, beginning on the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff, or (b) if the Facility is not directly interconnected with the FPL system, beginning on the date service over the FPL transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff:

10.2.2.1. FPL shall designate the Facility as a network resource or its replacement or equivalent under the RTO or ISO or a similar organization open-access transmission tariff, and shall pay the applicable access charge under the RTO or ISO or a similar organization open-access transmission tariff, provided that FPL only shall be responsible for such charge to the extent it recovers the applicable transmission owner's or owners' transmission revenue requirements. If an access charge includes costs over and above the amount FPL is responsible for because of the Facility, such costs shall be allocated to Seller.

10.2.2.2. Seller shall deliver all Energy and Capacity required to be provided by Seller hereunder to the Receipt Point. Seller shall be responsible for all costs (including losses pursuant to Section 10.2.2.2, balancing energy pursuant to Section 13.20 and congestion costs) associated with the delivery of such Energy and Capacity to the Receipt Point.

10.2.2.3. Seller shall be paid hereunder based upon the amount of Capacity and Energy delivered to the Receipt Point. Seller shall be responsible for all losses incurred to deliver such Energy and Capacity to the Receipt Point.

10.3. **Third Party TSA**: If the Facility is not directly interconnected with the FPL system:

10.3.1. Seller shall within thirty (30) days of the date this Contract is executed apply for any firm point-to-point transmission service required on a third party system to deliver all Energy and Capacity required to be provided by Seller hereunder to the Receipt Point. Seller shall use best efforts to obtain any firm point-to-point transmission service required on a third party system to deliver such Energy and Capacity to the Receipt Point, and to obtain or have the third party transmission provider obtain any necessary Governmental Approvals of the Firm TSA, within one year of the date this Contract is executed. Prior to executing the Firm TSA, or seeking or requesting the third party transmission provider to seek any necessary Governmental Approval of the Firm TSA, Seller shall seek FPL approval of the Firm TSA in the form to be executed or filed, such approval not unreasonably to be withheld or delayed . Prior to execution or filing, Seller shall use best efforts to revise the Firm TSA in such manner specified by FPL in its reasonable discretion, as provided in writing by FPL to Seller, provided that Seller shall not execute the Firm TSA or consent to any filing of the Firm TSA until such time as FPL grants approval of such execution or filing, such approval not unreasonably to be withheld or delayed. The Firm TSA shall provide Seller a right to terminate the Firm TSA effective on such date that transmission service over the third party's transmission system is available under an RTO or ISO or a similar organization open-access transmission tariff.

10.3.2. Upon execution of the Firm TSA, Seller shall assign all scheduling, dispatch, and operational rights under the Firm TSA to FPL, including all rights to transmit all Energy and Capacity required to be provided by Seller hereunder to alternate points of delivery, pursuant to the Assignment of Firm TSA. As between FPL and Seller, FPL shall have the right to resell any unused transmission rights under the Firm TSA, and shall retain all revenues associated with any such sale.

10.3.3. Seller shall be responsible for all payment obligations under the Firm TSA and any additional payment obligations incurred for transmission service on the third party system. Subject to Section 10.3.4, Seller shall have the right to charge FPL for all costs incurred under the Firm TSA. Seller shall separately invoice FPL for all such costs charged to FPL for inclusion on the monthly invoice prepared by FPL under Section 7.0.

10.3.4. Upon receiving notice from FPL, Seller shall terminate the Firm TSA on such date that transmission service over the FPL transmission system or the third party transmission system is available under an

RTO or ISO or a similar organization open-access transmission tariff, or any other subsequent date specified by FPL. Upon the termination of the Firm TSA, (a) Seller shall not charge, and FPL shall not pay, any costs subsequently incurred by Seller for transmission service on the third-party system, and (b) FPL shall retain all scheduling, dispatch, and operational rights associated with the Facility under the RTO or ISO or a similar organization open-access transmission tariff.

10.4. **Metering**: Metering equipment necessary for determining the Energy and Capacity (real and reactive) for billing purposes shall comply with FPL's metering requirements for this installation and Contract. Metering equipment shall include, but not be limited to, MWh and kvar meters, metering cabinets, metering panels, conduits, cabling, metering units, current transformers and potential transformers directly or indirectly providing input to meters or transducers, meter recording devices, telephone circuits, signal or pulse dividers, transducers, pulse accumulators and any other equipment necessary to implement the provisions of this Contract. All energy meters for billing purposes will be revenue billing grade devices that meet Good Engineering and Operating Practices standards. All instrument transformers used for metering will be metering class devices with an accuracy of at least +/- 0.3%. Current transformer ratios will be chosen to measure minimum power within the devices accuracy range. FPL shall, at Sellers expense, design, own, purchase, install and maintain such metering equipment unless FPL agrees in writing to allow another party to design, own, purchase, install or maintain the metering equipment. FPL shall have approval rights over design and location of such installations. Seller shall be responsible for securing adequate space for such installations and shall assure FPL reasonable access to all metering equipment if installed at a facility other than a facility owned by FPL.

10.4.1. A primary meter and associated recording device shall measure and record the flow of Energy and Capacity (real and reactive) associated with the Facility. The meter shall measure the unidirectional watt-hour and var-hour quantities (or other quantities required by FPL) and shall be used to determine the amount of Energy and Capacity received by FPL from the Seller.

10.4.2. A complete set of equivalent continuously operating redundant, back-up metering and recording devices shall be installed, at Seller's expense, and used for billing purposes only if the primary meters fail or are out of service for any reason.

10.4.3. FPL shall test, at Seller's expense, all metering equipment used to measure and record the receipt by FPL of Energy and Capacity for payment purposes. In those cases where FPL is not the owner of metering equipment used for measurement of Energy and Capacity for payment purposes, Seller shall test all such equipment in the presence of an FPL representative.

10.4.4. All metering equipment used by FPL for billing purposes pursuant to this Contract shall be sealed and shall be opened only by FPL in the presence of a representative of Seller, provided Seller elects to be present pursuant to Section 10.4.6.

10.4.5. Seller shall be responsible for the costs incurred by FPL in maintaining and upgrading the metering equipment required pursuant to this Contract.

10.4.6. At least every twelve months and, in addition, upon reasonable prior notice by Seller or FPL, meter tests will be conducted in accordance with the provisions for meter testing in FPL's approved Terms and Conditions for Supplying Electricity as filed with the FPSC. Seller may have a representative present during any metering inspection, test, or adjustment made by FPL. FPL shall provide Seller reasonable notice prior to such test, inspection, or adjustment. When, as a result of such a test, a meter is found to be no more than three tenths of one percent (0.3%) fast or slow because of incorrect calibration, no adjustment will be made in the amount paid to Seller for Energy and Capacity delivered to FPL. If the meter is found to be more than three tenths of one percent (0.3%) fast or slow, FPL will calculate the correct amount delivered to FPL for the actual period during which inaccurate measurements were made or, if the actual period cannot be determined to the mutual satisfaction of the Parties, for a period equal to one-half of the time elapsed since the most recent test, but in no case for a period in excess of twelve (12) months. The previous payments by FPL for this period shall be subtracted from the amount of payments that were calculated to have been owed under this Contract. The difference shall be offset against or added to the next payment to either Party as appropriate under this Contract.

10.5. Seller shall be entitled to any physical or financial transmission rights allocated by an RTO or ISO or a similar organization associated with any transmission rights Seller obtained from a third party transmission provider for the delivery of Energy and Capacity from the Facility to the Receipt Point. FPL shall be entitled to all other physical or financial transmission rights allocated by an RTO or ISO or a similar organization associated with the delivery of Energy and Capacity.

11.0 OPERATING REPRESENTATIVES

11.1. **Operating Representatives**: At least nine months prior to the Scheduled Capacity Delivery Date, each Party shall appoint a member and an alternate member as Operating Representatives, and provide notice of such appointments to the other Party. Such appointments may be changed at any time by similar notice. The respective Operating Representatives shall meet as necessary at a mutually agreeable time and place upon prior notice. Each Operating Representative and alternate shall be a responsible person working with the day-to-day operations of

each respective power system. Seller's Operating Representative shall be in direct contact with the Facility Site if the Facility's operator is a different entity than Seller. The Operating Representatives shall represent the Parties in all matters arising under this Contract which may be delegated to them by mutual agreement of the Parties.

11.2. **Duties**: The duties of the Operating Representatives shall include those specifically identified elsewhere in this Contract, plus the following consistent with the provisions of this Contract:

11.2.1. Coordinate operation outage schedules;

11.2.2. Establish control and operating procedures;

11.2.3. Provide a list of Operating Representatives of each Party; and

11.2.4. Such other duties as may be conferred upon them by mutual agreement of the Parties.

11.3. **Decisions/Disputes**: Each Party shall cooperate in providing to the Operating Representatives all information required in the performance of their duties. If the Operating Representatives are unable to agree on any matter falling under their jurisdiction, such matter shall be referred by the Operating Representatives to their principals for decision. All decisions and agreements made by the Operating Representatives or principals shall be evidenced in writing. The Operating Representatives shall have no authority to amend, modify, or waive this Contract, and no such decision or agreement of the Operating Representatives shall be considered an amendment, modification or waiver of this Contract, which only may be amended, modified, or waived as provided in Section 24.2.

12.0 PRE-OPERATION PERIOD

12.1. **Design, Engineering, Procurement, and Construction of Facility**: Seller shall design, engineer, procure, and construct the Facility in accordance with Good Engineering and Operating Practices, including Environmental Requirements, and shall ensure that all equipment to be installed in the Facility shall be suitable for the use intended, and shall meet the requirements of applicable codes and standards. During the design, engineering, procurement and construction of the Facility, Seller shall provide to FPL such information as FPL may reasonably request regarding the design, engineering, procurement, and construction of the Facility.

12.2. **Provision of Information**:

12.2.1. Seller shall update and maintain the CPM Schedule as a detailed, integrated schedule for the development, permitting, design, engineering, procurement, construction, testing, and completion of the Facility, which shall identify key milestone dates and activities

consistent with the Milestones and Milestone Dates set forth on Appendix M.

12.2.2. Seller shall submit to FPL a start-up and test schedule for the Facility, at least one year prior to start-up and testing of the Facility, identifying key start-up and testing dates and activities and gas fuel quantity and schedule requirements and proposed energy schedules.

12.2.3. Promptly after becoming aware that a Milestone Date reasonably could be expected to be missed, and in any event no later than five (5) business days after any missed Milestone Date, Seller shall notify FPL and shall submit to FPL for its review and comment a written recovery plan setting forth in reasonable detail, and with reasonable supporting documentation, (a) the causes and expected duration of the delay, and (b) Seller's plan to recover lost time and achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date.

12.2.4. Each calendar month until the Capacity Delivery Date, Seller shall submit progress reports in a form reasonably satisfactory to FPL, attaching reasonable supporting documentation and including an updated CPM Schedule, indicating percentage completion of each major task, including each Milestone, and reporting on any potentially significant developments that may delay the construction schedule, including the achievement of any Milestone (including the Capacity Delivery Date) and, if Seller shall have missed a Milestone Date and FPL shall not have exercised Step-In Rights or, with respect to a Major Milestone, terminated this Contract, updating FPL on Seller's progress in returning to the Milestone Date schedule set forth on Appendix M and in achieving the Capacity Delivery Date by the Scheduled Capacity Delivery Date.

12.3. **Development of Operating Procedures**: Seller and FPL shall mutually develop written system operating procedures no later than sixty calendar days prior to the Initial Synchronization Date. The operating procedures shall be consistent with the requirements of this Contract and will be intended as a guide for how to integrate the Facility's Energy and Capacity into FPL's electrical system. Topics covered shall include, but not necessarily be limited to, dispatch procedures, including dispatch procedures during system emergencies; deliveries of Energy during start-up and testing of the Facility; the method of day-to-day communications between the Facility operators and the FPL system operators; key personnel lists for both Seller and FPL operating centers; clearance and switching practices; outage scheduling; daily Available Capacity and Energy reports; and Facility operations log and reactive power output. The Operating Representatives, designated pursuant to Section 11.1, shall be responsible for developing and modifying, from time to time, these operating procedures in writing to reflect agreed upon changes.

12.4. **Submission of Operation and Maintenance Plans**: Prior to the Initial Synchronization Date, Seller shall deliver an initial schedule and operation and maintenance plan covering the first five Contract Years. Such plan shall address ongoing maintenance, reliability, environmental compliance, spare parts inventory, and shall include an operation and maintenance plan for less frequent major overhaul work when required on the Facility's generator, turbine, boilers and auxiliary equipment, including spare parts replacements. Seller shall, at Seller's expense, cause an independent party with recognized experience in the electrical generation industry as may be chosen by Seller and approved by FPL (which approval shall not be unreasonably withheld or delayed) to conduct a review of the proposed operation and maintenance plan to ascertain whether such plan is (a) effective and consistent with Good Engineering and Operating Practices and (b) adequate to allow the Facility to operate reliably in accordance with this Contract. Seller shall provide FPL an updated plan meeting the requirements of this Section 12.4 by the last day of each May with respect to the succeeding five Contract Years or the remaining Contract Term, if less.

12.5. **Approval of Operation and Maintenance Plan**: The evaluation of the initial operation and maintenance plan by the independent party specified in Section 12.4 shall be provided to FPL, in writing, at least sixty calendar days prior to the Initial Synchronization Date. Seller shall make all changes to the proposed operation and maintenance plan developed pursuant to Section 12.4, which the independent party determines are necessary for such plan to be (a) effective and consistent with Good Engineering and Operating Practices, (b) consistent with the requirements of this Contract, and (c) adequate to allow the Facility to operate as specified in this Contract, unless (i) Seller disagrees with such determination(s), (ii) Seller provides FPL with a written explanation of the basis for such disagreement and the basis for Seller's belief that the proposed change is not needed to assure the reliable operation of the Facility as specified in Section 12.4 or is inconsistent with Good Engineering and Operating Practices or this Contract, and (iii) (A) FPL concurs, or (B) a second qualified independent engineering firm which shall be chosen by Seller and approved by FPL (which approval shall not be unreasonably withheld or delayed) concludes, and provides a reasonable explanation thereof, that the change recommended by the first qualified independent engineering firm (x) is not needed under Good Engineering and Operating Practices, (y) is inconsistent with this Contract, or (z) is not needed to assure the reliable operation of the Facility as specified in this Contract. Seller shall perform Facility maintenance in accordance with such plan; provided, that Seller may vary from such plan when necessary due to changed circumstances, if said variance is required by Good Engineering and Operating Practices. Seller shall notify FPL within five business days any such change, including a detailed explanation of the change, the reasons for the change, and the expected impact on Facility operations or maintenance, and shall provide to FPL such supporting documentation as FPL reasonably may require.

12.6. **Initial Synchronization Date**: Seller shall provide notice to FPL confirming the Initial Synchronization Date no less than six calendar months prior to such date,

which synchronization shall not occur before the date on which all protective equipment shall have been installed and tested and is operating as required by this Contract or the Interconnection Agreement. FPL shall have the right to have representatives present and witness the synchronization at such time. Seller shall notify FPL immediately upon any change in the Initial Synchronization Date, and in no event shall synchronization occur without FPL's prior approval, which shall not be unreasonably withheld or delayed.

12.7. **Public Notice and Outreach**:

12.7.1. Seller shall use commercially reasonable efforts to undertake public outreach activities with the local community. Such outreach activities shall be designed to enhance, and implemented in a manner which reasonably could be expected to enhance, the likelihood that the Facility will receive all local Governmental Approvals required to construct, test, operate and maintain the Facility in a timely manner. FPL, in its sole and absolute discretion, may elect to review and assist with such outreach activities, but such assistance, if undertaken, shall not be construed to limit Seller's obligations hereunder or to create any liability on the part of FPL.

12.7.2. Seller shall comply with all public notice and publication requirements under Applicable Laws.

13.0 DISPATCH, CONTROL, OPERATION AND MAINTENANCE OF THE FACILITY

13.1. **Technical Requirements**: Power supplied by Seller hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of *[_____ kV]* and power factor dispatchable and controllable in the range of 85% lagging to 90% leading as measured at the high side of the generator step-up transformer to maintain system operating parameters, as specified by FPL, with a net generation Capacity equal to the Committed Capacity. *[Insert voltage appropriate to interconnection point.]*

13.2. **System Protection**: Seller shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system. Seller shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal operation, testing and repair. Seller shall have qualified personnel test and calibrate all system protective equipment at regular intervals not to exceed two (2) years. A unit functional trip test shall be performed after each overhaul of a turbine, generator or boilers prior to returning the equipment to service. The specifics of the unit functional trip test shall be as recommended by the manufacturers, in accordance with applicable codes and standards (e.g., NFPA 85) and otherwise consistent with Good Engineering and Operating Practices and as agreed by the Parties. If, at any time, FPL has reason to doubt the integrity of

the Facility's system protective equipment and reasonably suspects that such loss of integrity would in any way jeopardize the reliability of the FPL system or FPL's supply of electric energy to its customers, Seller shall be required to demonstrate to FPL's satisfaction the correct calibration and operation of the equipment in question.

13.3. **Additions, Deletions and Alterations**: Seller shall not, without prior written approval of FPL, make or cause to be made any additions, deletions or alterations to the Facility's protective equipment, which equipment is necessary for or would affect the safety, reliability or integrity of FPL's system or FPL's supply of electric energy to its customers.

13.4. **Reconnection with FPL System**: If the Facility is separated from the FPL system for any reason, under no circumstances shall Seller reclose into FPL's system without first obtaining FPL's specific approval in each instance, in the appropriate form, as determined by the Operating Representatives. Seller has no right of connection to the FPL system absent FPL's express direction to do so.

13.5. Fuel Supply and Transportation:

13.5.1. FPL shall deliver or cause to be delivered to Seller at the relevant Gas Delivery Point all quantities of Gas required by Seller (i) to generate energy during a dispatch period pursuant to the relevant scheduling and dispatch notices and (ii) to perform start-ups in response to relevant scheduling and dispatch notices following a shutdown.

13.5.2. FPL shall be responsible for and bear all costs and expenses related to all transportation (and/or loss including evaporation) of Fuel to the relevant Gas Delivery Point on one or more transporter(s) as determined in FPL's sole discretion Seller shall be responsible for and bear all costs and expenses related to the transportation (and/or loss) of Fuel from and after the relevant Gas Delivery Point.

13.5.3. Seller shall maintain at all times in on-site storage facilities at the Facility Site sufficient quantities of Back-up Fuel to operate the Facility solely on Back-up Fuel for a minimum of one hundred and eight (108) continuous hours at the Committed Capacity. Seller shall replace any Back-up Fuel so consumed promptly and in no event in more than ten (10) business days. For avoidance of doubt, failure to comply with this clause 13.5.3 shall constitute a material breach of this Contract.

13.5.4. At Seller's expense, Seller shall cause to be acquired, constructed, owned, operated and maintained, all facilities, infrastructures and property interests that are necessary for Seller to receive and use Natural Gas delivered by FPL at the Gas Delivery Point so as to enable the Facility to produce energy and capacity as committed to

FPL under this Contract including without limitation all costs associated with the construction and operation of the gas pipeline lateral(s) necessary to connect the Facility to the gas pipeline(s) of the fuel supplier and which enables FPL to enter into a gas interconnect agreement with the gas transportation pipeline for such deliveries.

13.5.5. Seller agrees to accept at the Gas Delivery Point any Natural Gas meeting the minimum quality requirements for delivered Natural Gas under the applicable gas transportation provider's FERC gas tariff and the applicable transportation agreements.

13.5.6. The Parties shall exercise best efforts to minimize any gas imbalances or other penalties or charges from transporters of Natural Gas delivered to the Facility ("Imbalance Charges"). If FPL or Seller receives an invoice from a transporter for Imbalance Charges, the Parties shall determine the cause for such charges. To the extent that the Imbalance Charges were incurred as a result of FPL's actions or inaction, then FPL shall pay such Imbalances Charges. To the extent that the Imbalance Charges were incurred as a result of Seller's actions or inaction, then Seller shall pay such Imbalance Charges. Imbalance Charges that are not due to the action or inaction of FPL or Seller or whose cause cannot be determined shall be shared equally by FPL and Seller.

13.5.7. All Natural Gas supplied by FPL pursuant to this Contract shall be measured at the Gas Delivery Point. Measurement shall be determined by the Gas Interconnection Meters. FPL shall retain title to Natural Gas provided by FPL consistent with FPL's scheduling and dispatch notices. The title to all energy generated by the Facility as a result of the conversion of such Natural Gas to energy in the Facility shall vest in FPL immediately upon generation thereof and pursuant to this Gas tolling Contract; Seller shall make the Facility available to FPL to convert FPL's Natural Gas to FPL's energy. Notwithstanding the foregoing, risk of loss of Natural Gas supplied by FPL pursuant to this Contract shall transfer from FPL to Seller at the Gas Delivery Point and Seller shall bear the risk of loss of energy generated at the Facility until it is transferred from Seller to FPL at the Receipt Point

13.5.8. Custody and Control to all Gas delivered under this Contract shall pass from FPL to Seller at the Gas Delivery Point. As between the Parties, Purchaser shall be deemed to be in exclusive possession and control of the Gas delivered under this Contract, and responsible for any damage or injury caused thereby, prior to the time the Gas is delivered at the Gas Delivery Point. After delivery of the Gas to the Gas Delivery Point, as between the Parties, Seller shall be deemed to

be in exclusive possession and control and responsible for any injury or damage caused thereby.

13.6. **Control of Facility**:

13.6.1. Seller shall operate the Facility consistent with FPL's Dispatch and Control Rights. Control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL. FPL shall have Dispatch and Control Rights to control the Facility within the Facility Operating Capabilities up to *[___ MW]* above the Level 1 Available Capacity so as to be able to receive the Level 1 Available Capacity on an integrated hourly basis and to schedule the voltage desired by FPL for the Facility to maintain. *[Insert number of MW appropriate to Proposer's facility.]*

13.6.2. FPL may at times request that the real power output be equal to the Peaking Capability of the Facility but shall not require the real power output of the Facility to be below the Minimum Load without Decommitting the Facility. Seller shall meet this request or, within ten calendar days, notify FPL of the engineering or operational circumstances which prevented Seller from complying with FPL's request. FPL's request shall be made orally with as much prior notice to Seller as practicable. Failure to operate at any point above the highest operating level specified in Appendix A pursuant to such request shall not be deemed to be an Unscheduled Outage.

13.6.3. FPL's exercise of its rights under this Section 13.6 shall not give rise to any liability on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing.

13.7. **Notice of Shutdown**: Seller shall Decommit the Facility whenever directed to do so by FPL, whether orally or in writing. Whenever FPL requests Seller to Decommit the Facility, such requests should not cause the Facility to exceed the Facility Operating Capabilities, except as provided in this Section 13.7. For purposes of exercising its Dispatch and Control Rights, FPL agrees that the minimum notice period between an FPL request to Decommit and the time at which the Facility shall have completed shutdown shall be *[___ hours]* and the minimum run time between Successful Start-up and shutdown shall be *[____ hours] [Insert minimum shutdown notice and minimum run time from Proposer's submission.]* Such notice and reference to the Facility Operating Capabilities shall not apply (a) to the extent determined by FPL to be necessary for safe and reliable operation and maintenance of any part of FPL's system, or (b) if FPL determines that a failure to interrupt or reduce deliveries of Energy is likely to

endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. In the event FPL requests Seller to Decommit the Facility with less than *[____ hours] [Insert minimum notice and minimum run time from Proposer's submission.]*; Seller shall make all reasonable efforts to comply with such request.

13.8. **Startup of Facility**: Seller shall Commit the Facility whenever directed to do so by FPL, whether orally or in writing. Whenever FPL requests Seller to Commit the Facility, such requests should not cause the Facility to exceed the Facility Operating Capabilities except as provided in this Section 13.8. For purposes of exercising its Dispatch and Control Rights, FPL agrees that the minimum notice period between an FPL request to Commit and the time at which the Facility shall have met its assigned Ready for Control shall be *[____ hours]* and the minimum run time between Successful Start-up and shutdown shall be [_____ *hours] [Insert minimum shutdown notice and minimum run time from Proposer's submission.]* Such notice and reference to the Facility Operating Capabilities shall not apply (a) to the extent determined by FPL to be necessary for safe and reliable operation and maintenance of any part of FPL's system, or (b) if FPL determines that a failure to start up the Facility is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. In the event FPL requests Seller to Commit the Facility with less than *[_____ hours] [Insert minimum startup notice and minimum shutdown time from Proposer's submission.]*; Seller shall make all reasonable efforts to comply with such request.

13.9. **Projections of Available Capacity**: During the term of this Contract, Seller shall provide FPL, on a daily basis, projections of the Available Capacity, Level 1 Available Capacity, and the Capacity associated with any Other Operating Mode, for each hour of the current day and the next six (6) days. Such estimates shall be furnished by 8:00 A.M. EPT., each day, unless otherwise agreed in writing by the Parties, and shall be updated on a daily basis by 3:00 p.m. each day. Notwithstanding the above, Seller shall keep FPL informed at all times including but not limited to periods' of Decommitment as to any change in the generation capability of the Facility, including Available Capacity, Level 1 Available Capacity, any Unscheduled Outages, including Level 1 Unscheduled Outages, or any unscheduled outages associated with any Other Operating Mode and applicable Scheduled Outages, as well as any Fuel-related operating, or maintenance concerns that could affect the generation capability of the Facility.

13.10. **Estimated Schedule of Operations**: FPL shall, by 10:00 A.M. EPT. each calendar day, provide Seller with an estimated schedule of operations for the next calendar day, consistent with the Facility Operating Capabilities, including a Ready for Control, if applicable. FPL shall have the right to change such time by giving Seller a minimum of thirty (30) days notice. If the Facility fails to meet the Ready for Control specified by FPL, Seller shall declare the difference between the scheduled Ready for Control and the actual Ready for Control an Unscheduled Outage of the Facility, provided the specified Ready for Control was

within the Facility Operating Capabilities of the Facility and consistent with Section 13.7 and Section 13.8.

13.11. **Failure to Achieve Operating Levels**:

13.11.1. For each instance where Seller fails, after oral notification from FPL, or the Facility fails through automatic control while under Automatic Generation Control, to achieve the operating level requested by FPL up to the Available Capacity, the difference between Available Capacity and the actual operating level shall be designated an Unscheduled Outage for the Facility for the previous twenty-four (24) hour period.

13.11.2. For each instance where Seller fails, after oral notification from FPL, or the Facility fails through automatic control while under Automatic Generation Control, to achieve the Level 1 Available Capacity, the difference between the Level 1 Available Capacity and the actual incremental Capacity provided above the Base Operation Mode shall be designated an Unscheduled Outage for the Facility for the previous twenty-four (24) hour period.

13.12. **Outages**: No later than April 1 of the calendar year prior to unit in-service date (e.g., April 1, 2008 for a unit with in service date of June 2009), and no later than April 1 of each year thereafter during the term of this Contract, Seller shall submit to FPL, in writing, Seller's preliminary desired scheduled outages for the following five calendar years and a detailed plan for the first calendar year of the five calendar year schedule ("Scheduled Outages"); provided, that under no circumstances shall Seller be permitted to request Scheduled Outages during the Peak Months. The Facility shall be treated as being subject to a Scheduled Outage only for the period(s) of time it actually experiences a reduction in Capacity due to the work being performed on the Facility by Seller. Following the Capacity Delivery Date, Seller may request FPL's approval for additional outages for the purpose of performing work on specific components of the Facility that would limit the Facility's output and which should not, in the reasonable opinion of Seller, be postponed until the next Scheduled Outage (a "Maintenance Outage"). In no event shall the total of requested Scheduled Outage Hours and Maintenance Outage Hours exceed the total number of Planned and Maintenance Outage Hours included in (and as defined in) Appendix G in any calendar year. The preliminary outage schedule submitted April 1 of each year may be revised by Seller by August 15 of each year. By October 31 of each year, FPL shall notify Seller whether the requested Scheduled Outages are acceptable. If FPL cannot accept any of the requested Scheduled Outages or Maintenance Outages, FPL shall advise Seller of the time period closest to the requested period(s) when the outage(s) can be scheduled. Such approval of Scheduled Outages and Maintenance Outages shall not be withheld unreasonably. In the event FPL requests Seller to change a Scheduled Outage or Maintenance Outage after November 1 for the following year, Seller shall make all reasonable

efforts to comply with such request. Except as may be specified within this Section 13.12, Seller shall perform Facility maintenance in accordance with such plan. FPL shall have the right, upon giving twelve (12) months prior notice to Seller, to change the Months that shall be treated as Peak Months, provided, however, the total number of Peak Months in a calendar year shall never be greater than seven.

13.13. **Maintenance of Records**: Each Party, respectively, shall keep and maintain complete and accurate records and all other data required by each of them for the purposes of proper administration of this Contract.

13.13.1. Seller shall maintain an accurate and up-to-date operating log at the Facility with records of (a) real and reactive power production for each clock hour; (b) changes in operating status, Scheduled Outages, and outages and deratings using the latest version of the NERC operating guidelines; and (c) any unusual conditions found during inspections.

13.13.2. Seller shall maintain accurate maintenance records showing work history and schedule for all scheduled and unscheduled maintenance work performed.

13.13.3. Starting with the second (2^{nd}) calendar month immediately following the Initial Synchronization Date, Seller shall provide a report to FPL by the fifteenth (15^{th}) calendar day of each calendar month, utilizing the format detailed in Appendix D, as may be revised by FPL from time to time.

13.13.4. Either Party shall have the right from time to time, and upon at least fourteen (14) calendar days' notice to the other Party, to examine the records and data of the other Party relating to this Contract during the period the records are required to be maintained.

13.14. **Reports, Etc.:** During the financing term and to the extent that Seller has access, Seller will ensure that FPL receives copies of any construction progress reports, maintenance evaluations or maintenance reports and environmental compliance reports to be provided to any third party with a financial security interest in or lien on the Facility, including evaluations or reports generated at the request of such third party or performed by a consultant engaged by such third party.

13.15. **Qualified Personnel**: During the term of this Contract, Seller shall employ qualified and trained personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. Seller shall ensure that such personnel are on duty at the Facility Site at all times, twenty-four (24) hours every calendar day during the term of this Contract.

13.16. **Compliance with Reliability Requirements**: The Parties recognize that FPL is a member of NERC and FRCC, and that, to ensure continuous and reliable electric

service, FPL operates its system in accordance with the operating criteria and guidelines of NERC and/or FRCC or to the extent applicable an RTO or ISO or a similar organization. If an emergency is declared by FPL, FPL shall verbally notify Seller's personnel and, if requested by FPL, Seller's personnel shall place the Capacity of the Facility within exclusive control of FPL or its designee for the duration of such emergency.

13.17. **Emergency Plans**: Seller shall cooperate with FPL in establishing emergency plans, including recovery from a local or widespread electrical blackout, or a voltage reduction, in order to effect load curtailment, and other plans which may be necessary. Seller shall make technical references available concerning Start-up Times, black-start capabilities, black stop capabilities and minimum load carrying ability. In addition, Seller shall develop a hurricane preparedness plan . Such plan shall include but not be limited to operation of the Facility before, during and after experiencing hurricane conditions. FPL shall have the right to approve such hurricane preparedness plan prior to its implementation which approval shall not be unreasonably withheld. Seller agrees that FPL's approval of such hurricane preparedness plan shall in no way create any liability for FPL nor shall such approval eliminate the need for Seller to perform its own due diligence to determine the adequacy of its hurricane preparedness plans.

13.18. **Cooperation During Emergency**: Seller shall, during an emergency, supply Energy to FPL as required by FPL orally or in writing up to the Facility's Peaking Capability that FPL is able to receive. If the Facility has any Unscheduled Outages or Scheduled Outages during such an emergency, Seller shall make all good faith efforts to reschedule the outage(s) or, if the outage(s) has begun, expedite the completion thereof.

13.19. **Operation of Facility**:

13.19.1. Seller shall operate and maintain the Facility in accordance with Good Engineering and Operating Practices, including Environmental Requirements, and shall ensure that all equipment to be installed in the Facility shall be suitable for the intended purpose, and shall meet the requirements of applicable codes and standards.

13.19.2. Seller shall operate the Facility with all automatic controls (except the Automatic Generation Control) and protection equipment, speed governors and voltage regulators and safety interlock controls at the Facility in service whenever the Facility is connected to, or operated in parallel with, the FPL system. The Automatic Generation Control shall be operated pursuant to FPL's Dispatch and Control Rights.

13.19.3. For avoidance of doubt, in no event shall Seller be entitled to compensation for any Energy generated by the Facility in excess of the level requested by FPL during any hour that the Facility's actual

output exceeds the output level requested by FPL. All Energy payments shall be in accordance with Section 7.0.

13.20. **Responsibility for Imbalance Payments under RTO or ISO or a similar organization or Standard Electric Market Rules**: In the event that: (i) an RTO or ISO or a similar organization is established that owns or exercises operational control over FPL's transmission system; or (ii) FERC establishes or approves electric market rules ("Market Rules") that apply to FPL's system, then responsibility for imbalance or other payments associated with imbalances required to be paid by or to the RTO or ISO or a similar organization or under the Market Rules shall be as follows:

13.20.1. Seller shall be responsible for imbalance payments associated with Seller's failure to follow FPL's dispatch instructions issued pursuant to Section 13.0 or dispatch instructions of an RTO or ISO or a similar organization, in an amount equal to the sum of (a) the product of (i) the difference between Facility's actual output during each applicable hour and the output level requested by FPL or an RTO or ISO or a similar organization , multiplied by (ii) the positive difference, if any, of (x) price required to be paid by FPL to the RTO or ISO or a similar organization for any imbalance during such hour, minus (y) the price FPL would have paid Seller for the energy that Seller failed to deliver which caused the imbalance, plus (b) any other associated penalties, amounts or costs to FPL.

13.20.2. If Seller operates at the levels specified in FPL's dispatch instructions issued pursuant to Section 13.0, then Seller shall not be responsible for any imbalance payments.

13.21. **Seller as Operator**: Except with the prior written consent of FPL, Seller or an affiliate thereof shall be the sole operator of the Facility; provided, that Seller shall be entitled to appoint a qualified third-party operator in its place, with FPL's consent, such consent not to be unreasonably withheld. No appointment of an affiliate or third-party operator by Seller shall relieve Seller of any obligation or liability under this Contract.

13.22. **Dispatch, Control, Operation and Maintenance of the Facility**: With respect to control, operation, and maintenance of the Facility, it is agreed by the Parties that Seller and not FP&L is solely responsible for implementation of all control, operating and maintenance procedures which relate to the possession, control, use or custody of the Facility.

14.0 DATA ACQUISITION

14.1. **Installation of Equipment**: Except as may be provided in this Section 14.1 and Section 14.3, Seller shall, at its own expense, design, engineer, purchase, install, connect, operate, repair, maintain and own all telemetering equipment, the

generator control unit and the generator control panel for the Facility as may reasonably be required in compliance with the specifications for such equipment and software set forth in Appendix J or as updated from time to time by FPL by notice to Seller in order to receive telemetry and to control the Energy and Capacity from the Facility as required to dispatch the Facility and to provide for the safe and reliable operation of FPL's electric system. Such equipment shall meet FPL's reasonable specifications for transmission of telemetered data to and from locations specified by FPL. Telemetering equipment shall include, but not be limited to, transducers, meters, test switches for transducers and meters, alternating current and direct current sources, telephone lines and interconnecting wiring with proper identification for supervisory and communication equipment. FPL shall, at Seller's expense, own, design, engineer, purchase, install, connect, terminate, repair, maintain, replace, relocate and remove a work station and/or remote terminal unit ("RTU") to link the Facility and FPL's system control center ("Plant RTU"). Seller shall provide adequate space for the FPL work station and/or Plant RTU, coordinate planning and installation of the FPL work station and/or Plant RTU and provide FPL twenty-four hour access each day to the FPL work station and/or Plant RTU.

14.2. **Data Acquisition Equipment**: The data acquisition equipment shall monitor analog and digital signals deemed necessary and shall meet FPL specifications set forth in Appendix J or otherwise reasonably determined as necessary from time to time by FPL to implement the provisions of this Contract. Such data acquisition equipment and software shall be state-of-the-art at the time it is purchased, be compatible at all times with the computer master equipment and software receiving the telemetry signals (including Automatic Generation Control) and supply status information, MWh, voltage, MW and MVAR analog information, certified site data (at locations as agreed to by FPL) including dry bulb, wet bulb, or relative humidity and barometric pressure, as well as any other data reasonably required by FPL or Seller from time to time, with respect to the Facility. Such data acquisition equipment and software shall be separate from, or capable of operating independently of, any equipment and software of any person or entity other than Seller or any equipment and software of Seller other than the Facility located at the Facility Site. Data available on such data acquisition equipment shall not be accessible to any person or entity other than Seller without the prior written approval from FPL. Seller agrees to treat as proprietary to FPL and confidential any and all data available on such data acquisition equipment.

14.3. **FPL Switchyard RTU**: If required by FPL, the FPL switchyard RTU shall be installed by FPL to provide interconnection telemetry exclusively to the FPL system control center. The FPL switchyard RTU shall be in addition to the Plant RTU provided for in Section 14.1, and any other RTUs which may be installed in the future to supply data to or from FPL. The FPL switchyard RTU shall, at Seller's expense, be owned, designed, engineered, purchased, installed, repaired, maintained, replaced, relocated or removed by FPL, subject to Seller approval.

15.0 RECORDS AND AUDITS

15.1. **Books and Records**: Seller's books, records and accounts, correspondence, accounting procedures and practices and any other supporting evidence pertaining to the Facility or this Contract (all the foregoing hereinafter referred to as "Records") shall be open to inspection, audit and reproduction, during normal working hours by FPL or its authorized representative on ten (10) calendar days prior notice, to the extent necessary to permit adequate evaluation and verification of any invoices, payments or claims based on Seller's actual costs incurred. For the purpose of evaluating or verifying such actual or claimed costs incurred or units expended, FPL and its authorized representatives shall have access to said Records from the Commencement Date until seven (7) years after the close of each Contract Year to which such Records relate.

15.2. **Inspection; Construction; Environmental and Operating Records**:

15.2.1. Subject to Seller's reasonable safety and security requirements, FPL employees or its agents shall have the right to monitor the licensing, permitting, construction, start-up, testing , and commissioning of the Facility, either onsite or off-site. Seller shall comply with all reasonable requests of FPL for information resulting there from.

15.2.2. FPL-authorized representatives may, from time to time during normal business hours and with reasonable advance written or verbal notice, have access to the Facility to inspect the environmental and operation and maintenance records of the Facility or for other purposes necessary to determine Seller's performance under the terms of this Contract, provided that FPL's inspections do not unreasonably interfere with Seller's operation and maintenance of the Facility.

15.3. **FPL Audit Rights**: Seller shall cooperate in such physical inspections of the Facility as may be reasonably required by FPL during and after completion of construction. FPL or its authorized representative shall have access during normal working hours to all necessary facilities of Seller, and shall be provided adequate and appropriate work space, in order to conduct the audits in compliance with the provisions of this Section 15.0.

15.4. **FPL Access to Records**: Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require FPL to evaluate whether the Seller must be consolidated, as a variable interest entity (as defined in FIN 46R), in the financial statements of FPL. Seller agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R.

If the result of the evaluation under FIN 46R indicates that Seller must be consolidated in the financial statements of FPL, Seller agrees to provide financial statements, together with other required information, as determined by FPL, for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission (SEC). This information must be received by FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at the sole discretion of FPL. Additionally, Seller agrees to fully cooperate with FPL and their independent auditors in completing an assessment of Seller's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of FPL.

16.0 INSURANCE

16.1. **Liability Insurance**: Seller shall procure or cause to be procured a policy or policies of liability insurance issued by an insurer satisfactory to FPL on a standard "Insurance Services Office" commercial general liability form, or an Associated Electric and Gas Insurance Services ("AEGIS") form or other industry form acceptable to FPL. Said policy(ies) shall cover liabilities which might arise under, or in the performance or nonperformance of, this Contract. A Certificate of Insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, said policy(ies) shall contain (i) an endorsement providing coverage, including products liability/completed operations coverage for the term of the Contract, and (ii) a broad form contractual liability endorsement for FPL Entities. Effective at least fifteen (15) calendar days prior to the Initial Synchronization Date, the policy(ies) shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards.

16.2. **Coverage Required**: The policy(ies) described in Section 16.1 shall have a limit of not less than Ten Million Dollars ($10,000,000.00) per occurrence, combined single limit, for personal injury, bodily injury (including death), and property damage; provided, that in the event that such insurance becomes totally unavailable or procurement becomes commercially impracticable, such unavailability or impracticability shall not constitute an Event of Default under this Contract, but FPL and Seller shall enter into negotiations to develop substitute protection for FPL Entities which FPL, in its reasonable judgment, deems adequate. Any premium assessment or deductible shall be for the account of Seller and not FPL Entities.

16.3. **Conditions of Coverage**: In the event that the policy(ies) is on a "claims made" basis, the retroactive date(s) of the policy(ies) shall be the Commencement Date or such other date as to protect the interests of FPL Entities. Furthermore, if the policy(ies) is on a "claims made" basis, Seller's duty to provide such coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract

or in tort; if coverage is on an "occurrence" basis, such insurance shall be maintained by Seller during the entire period of interconnection and performance by the Parties under this Contract. The policy(ies) shall not be canceled or materially altered without at least thirty (30) calendar days' written notice from the insurer to FPL. Coverage must be reasonably acceptable to FPL.

16.4. **FPL as Additional Insured, Etc.**: Depending on the policy procured by Seller, and with FPL's concurrence, FPL Entities shall be designated either as an additional named insured or as an additional insured for all policies specified in Section 16.1, and each policy(ies) shall be endorsed to be primary to any insurance which may be maintained by, or on behalf of, FPL Entities. All policies shall include waivers of subrogation in favor of FPL Entities.

16.5. **Property Insurance**: Seller shall procure or cause to be procured "All Risk" property insurance, including boiler and machinery insurance, in an amount equal to the replacement cost of the Facility to provide comprehensive coverage for the Facility. Such policy(ies) shall include waivers of subrogation in favor of FPL Entities.

16.6. **Environmental Pollution Liability Insurance**: Seller shall procure or cause to be procured environmental pollution liability insurance, which shall include clean up, bodily injury and property damage for existing and new pollution conditions both on and offsite. Such insurance shall be in an amount of no less than Ten Million Dollars ($10,000,000.00) per occurrence and in the policy aggregate and contain a deductible of no more than One Million Dollars ($1,000,000.00) per occurrence. Environmental pollution liability may be written on claims made form. FPL Entities shall be designated as an additional insured for such policy(ies), and such policy(ies) shall be endorsed to be primary to any insurance which may be maintained by, or on behalf of, FPL Entities. Such policy(ies) shall include waivers of subrogation in favor of FPL Entities.

16.7. **Copies of Policies**: Certificates of insurance or a copy of the policy(ies) referenced in Sections 16.1, 16.5, and 16.6 shall be made available for inspection by FPL at Seller's offices upon reasonable advance notice to Seller.

17.0 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

17.1. **Compliance with Applicable Laws**: Seller shall operate and maintain the Facility in compliance with all Applicable Laws.

17.2. **Governmental Approvals**: Seller hereby agrees to seek, obtain, maintain, comply with and, as necessary, renew, replace, or modify from time to time, at Seller's sole expense, and in a timely manner, any and all Governmental Approvals, including Environmental Licenses, which are required by Applicable Law as prerequisites to engaging in the activities envisioned by this Contract.

17.3. **Design and Permitting**:

17.3.1. Seller shall design, engineer, procure, construct, operate and maintain the Facility, and shall obtain and maintain Governmental Approvals and environmental emission allowances, credits or approvals on terms and conditions, such that Seller will be in compliance with, and the Facility will be designed, engineered, constructed, procured, operated and maintained, in accordance with the requirements of this Contract (including pursuant to FPL's Dispatch and Control Rights) without violating Applicable Laws, including Environmental Requirements, and Seller shall not be excused from any obligation under this Contract nor shall any right of FPL (including FPL's Dispatch and Control Rights) be limited because of any conflict between the requirements hereof and the requirements of Applicable Law, including Environmental Requirements, or because of any failure to obtain or maintain any Governmental Approval or environmental emissions allowance, credit or approvals. Any Governmental Approvals or permits that can not be transferred due to sale or transfer of ownership shall be noted.

17.3.2. Without limiting the generality of Section 17.1, 17.2, or 17.3.1, Seller shall design, engineer, procure, construct, test, operate and maintain the Facility, and shall obtain and maintain Governmental Approvals on terms and conditions, such that:

(a) at the point in time when the Facility is Ready for Control, the Facility shall have full load-following capability equal to the Maximum Sustained Rate;

(b) the Peaking Capability shall be not less than *[____ MW]* in the Winter Period and *[___ MW]* in the Summer Period *[Insert numbers of MW from Proposer's submission]*; and

(c) the Facility shall operate in accordance with the Facility Operating Capabilities.

17.3.3. Seller shall use commercially reasonable efforts to obtain and maintain all Governmental Approvals required to allow, and shall design, engineer, procure, construct, and, subject to receipt of such Governmental Approvals, test, operate and maintain the Facility, such that:

(a) the Facility shall be capable of operating on Back-up Fuel at the Committed Capacity for up to five hundred (500) hours per calendar year;

(b) the Facility shall be capable of operating for a minimum of one hundred and eight (108) continuous hours at the

Committed Capacity using Back-up Fuel stored at the Facility Site without replenishment;

(c) the Facility shall be capable of achieving Successful Start-up operating solely on Back-up Fuel; and

(d) the Facility shall be capable of switching from the Primary Fuel to the Back-up Fuel without interruption or diminution in output and without disconnecting from the transmission system.

17.4. Environmental Reporting:

17.4.1. Seller shall submit to FPL an annual environmental summary report describing the Facility's status and stating whether or not Seller is in compliance with all applicable Environmental Requirements and Environmental Licenses, including certification conditions under the Florida Electrical Power Plant Siting Act and the National Environmental Policy Act, if necessary. Such report shall be submitted annually, on or before the anniversary of the Commencement Date, or coincident with periodic reports to Governmental Authorities.

17.4.2. Seller shall notify FPL within five (5) business days of any violations or alleged violations of Environmental Requirements (as evidenced by agency warning letters, notices of violations, or similar written or verbal communications to or from any environmental agency), describing the matter in reasonable detail, including the anticipated resolution, and attaching copies of such communications and Seller's responses, if any.

17.5. **Environmental Allowances**: Seller shall be responsible for obtaining, at its expense, all applicable environmental allowances, offsets or credits, if any, necessary under Applicable Law and Governmental Approvals for the construction or operation of the Facility as required by this Contract.

17.6. **EEO Compliance**: Seller shall conform to the requirements of the Equal Employment Opportunity clause in Section 202, Paragraphs 1 through 7 of Executive Order 11246, as amended; applicable portions of Executive Orders 11701 and 11758, relative to Equal Employment Opportunity; Section 503 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act, as amended; the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; and the Implementing Rules and Regulations of the Office of Federal Contract Compliance Programs; and shall impose such requirements on its applicable contractors, subcontractors, vendors and suppliers.

17.7. **Rate Regulation**:

17.7.1. Notwithstanding anything to the contrary in this Contract, if FPL, at any time during the term of this Contract, fails to obtain or is denied the authorization of the FPSC, or the authorization of any other legislative, administrative, judicial or regulatory body which now has, or in the future may have, jurisdiction over FPL's rates and charges, to recover from its customers all of the payments required to be made to Seller under the terms of this Contract or any subsequent amendment hereto, FPL may, at its sole option, adjust the payments made under the Contract to the amount(s) which FPL is authorized to recover from its customers. In the event that FPL so adjusts the payments to which Seller is entitled under this Contract, then, Seller may, at its sole option, terminate this Contract upon ninety (90) days notice to FPL. If such determination of disallowance is ultimately reversed and such payments previously disallowed are recovered, FPL shall pay all withheld payments. Seller acknowledges that any amounts initially received by FPL from its customers, but for which recovery is subsequently disallowed and charged back to FPL, may be offset or credited, against subsequent payments to be made by FPL to Seller under this Contract.

17.7.2. If, at any time, FPL receives notice that the FPSC or any other legislative, administrative, judicial or regulatory body seeks or will seek to prevent full recovery by FPL from its customers of all payments required to be made under the terms of this Contract or any subsequent amendments to this Contract, then FPL shall, within thirty (30) days of such notice, give notice thereof to Seller. FPL shall use reasonable efforts to defend and uphold the validity of this Contract and its right to recover from its customers all payments required to be made by FPL hereunder, and will cooperate in any effort by Seller to intervene in any proceeding challenging, or to otherwise be allowed to defend, the validity of the Contract and the right of FPL to recover from its customers all payments to be made by it hereunder.

The Parties do not intend this Section 17.7 to grant any rights or remedies to any third party(ies) or to any legislative, administrative, judicial or regulatory body; and this Section 17.7 shall not operate to release any person from any claim or cause of action which Seller may have relating to, or to preclude Seller from asserting, the validity or enforceability of any obligation undertaken by FPL under this Contract.

17.8. **No Application to FERC**: This Contract shall not be subject to change through application to the FERC pursuant to the provisions of Sections 205 or 206 of the Federal Power Act absent the prior written agreement of each of the Parties.

17.9. **Community Relations**: Seller shall maintain good relations with labor, suppliers, vendors, Governmental Authorities, and the local community.

18.0 FORCE MAJEURE

18.1. **Force Majeure Relief**: Except as otherwise provided in this Contract, each Party shall be excused, pursuant to the procedures set forth in this Section 18.0, from performance to the extent its nonperformance is caused by Force Majeure.

18.2. Notice of Force Majeure, Etc.:

18.2.1. In the event of any delay or nonperformance resulting from Force Majeure, the Party suffering an occurrence of Force Majeure shall notify the other of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any date(s) for performance may be affected thereby. Such notice shall be given to the other Party as soon as practicable but in no event later than five (5) business days after the claiming Party's awareness of the Force Majeure, i.e., the effect of such event or circumstance, and in no event later than fifteen (15) days after the occurrence of such event or circumstance, and shall provide such substantiating documentation as may be required to verify such event or circumstances and its effects within fifteen (15) days of such notice. The Party claiming Force Majeure shall endeavor in good faith to notify the other Party earlier than five (5) business days but shall not be in breach of this Contract for any failure to provide such notice any sooner than five (5) business days, and shall notify the other Party of the status of its efforts in such form and with such frequency as the other Party reasonably may request under the circumstances (but not less than weekly). When the Party claiming Force Majeure is able to resume performance of its obligations under this Contract, such claiming Party shall give the other Party prompt notice to such effect.

18.2.2. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. Prior to the Capacity Delivery Date, no event of Force Majeure shall be deemed to extend, or to excuse failure of Seller to achieve, any Milestone under Section 3.0, to extend the Schedule Capacity Delivery Date, or to excuse failure to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date, except to the extent such event of Force Majeure (a) substantially impairs a critical-path item on the CPM Schedule, and (b) cannot be overcome by revising, rearranging, expediting, or accelerating such CPM Schedule or by the payment of money to expedite or accelerate such CPM Schedule.

18.3. **Mitigation of Force Majeure**: Any Party suffering an occurrence of Force Majeure shall use commercially reasonable efforts to remedy the cause(s) preventing its performance of this Contract as promptly as possible.

18.4. **Effect of Force Majeure on Capacity Payments**: If in any Month the Available Capacity of the Facility is decreased with respect to any hour or Peak Hour as a result of Force Majeure, then:

18.4.1. Without limiting the generality of Section 18.3, Seller shall endeavor diligently to cause the Available Capacity of the Facility to be restored promptly to a level not less than the Minimum Capacity, and Seller shall cause a Capacity Test to be conducted as promptly thereafter as possible as provided in Section 9.0. Any whole or partial interruption or reduction in the Facility's Capacity to a level below Committed Capacity until the conclusion of such Capacity Test shall be deemed to be an Unscheduled Outage.

18.4.2. Upon conclusion of the Capacity Test, if the Continuous Capability is less than the Minimum Capacity, and if Seller provides to FPL evidence reasonably satisfactory to FPL that such shortfall is a direct consequence of such event of Force Majeure, and that Seller, notwithstanding Seller's efforts to mitigate the effects of such Force Majeure, has not been able to restore the Facility, then, until the earlier of the demonstration by Seller in a Capacity Test that the Continuous Capability is not less than the Minimum Capacity or the expiration of the Force Majeure Aggregate Allowance:

a. the Committed Capacity shall be deemed to be equal to the Continuous Capability demonstrated by the most recent Capacity Test;

b. Seller shall set the Available Capacity at a level not more than such Continuous Capability; and

c. FPL's Dispatch and Control Rights, and its payment obligations hereunder, shall be prorated accordingly.

18.5. **Limitation**: FPL at its option may terminate this Contract as provided in Section 19.3 to the extent that (a) performance by Seller of its obligations hereunder shall have been excused pursuant to this Section 18.0 for a period in excess of the Force Majeure Aggregate Allowance, or (b) Seller shall have been excused pursuant to this Section 18.0 from achieving the Capacity Delivery Date by the Final Capacity Delivery Date.

19.0 DEFAULT AND TERMINATION

19.1. **Seller Events of Default**: Each of the following shall constitute an Event of Default by Seller:

19.1.1. Seller abandons construction or operation of the Facility;

19.1.2. Seller fails to achieve a Major Milestone by the corresponding Milestone Date (other than failure to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date) and Seller has failed to cure such failure within thirty (30) days of such Milestone Date;

19.1.3. Seller (a) fails to achieve the Capacity Delivery Date by the Scheduled Capacity Delivery Date and fails to pay delay liquidated damages or otherwise fails to comply with the provisions of Section 3.2.3; or (b) fails to achieve the Capacity Delivery Date by the Final Capacity Delivery Date;

19.1.4. After the Capacity Delivery Date, the Facility fails to maintain a Capacity Billing Factor of at least sixty-four percent (64%);

19.1.5. The Facility fails to demonstrate a Continuous Capability at least equal to the Minimum Capacity in three successive Capacity Tests after the Capacity Delivery Date;

19.1.6. Seller sells electrical capacity or energy or Ancillary Services from the Facility to a third party other than as expressly provided in Section 13.20;

19.1.7. Seller (a) fails to make a payment to FPL that is not subject to a good-faith dispute within thirty (30) days after notice from FPL that such payment is due under this Contract, or (b) fails to pay any liquidated damage amount as and when due hereunder;

19.1.8. If (a) a receiver or liquidator or trustee of Seller or Seller's guarantor or of a substantial part of the assets of Seller or Seller's guarantor is appointed by order of a court of competent jurisdiction, and such receiver or liquidator or trustee is not discharged within a period of sixty calendar days; (b) by decree of such a court, Seller or Seller's guarantor is adjudicated bankrupt or insolvent or a substantial part of the assets of Seller or Seller's guarantor are sequestered, and such decree continues undischarged and unstayed for a period of sixty (60) calendar days after the entry thereof; (c) a petition to declare bankruptcy or to reorganize a party pursuant to any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Seller or Seller's guarantor, as now or hereafter in effect, is filed against Seller or Seller's guarantor and is not dismissed within sixty (60) calendar days after such filing; (d) Seller or Seller's guarantor files a voluntary petition to declare bankruptcy or to reorganize pursuant to any bankruptcy law or insolvency law, or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or (e) without limitation of the generality of the foregoing, Seller or Seller's guarantor files a petition or answer or

consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to Seller or Seller's guarantor, as now or hereafter in effect, or Seller or Seller's guarantor files an answer admitting the material allegations of a petition filed against it in such a proceeding;

19.1.9. Seller is in default of any material provision of this Contract not specifically mentioned in this Section 19.1 and Seller has failed to cure such default within thirty (30) days after notice of such default from FPL to Seller; provided, that so long as such default of Seller is not a failure to pay money, (a) if it is not feasible to correct such default within thirty (30) days after FPL has delivered notice of such default to Seller, but it remains feasible to correct within sixty (60) days, and (b) if within ten days after said notice from FPL, Seller provides FPL notice of its intention to cure such default and evidence that it remains feasible to correct such default within sixty (60) days after such notice from FPL, it shall not constitute an Event of Default hereunder until the earliest feasible date within such sixty (60) day period when a cure could be effected so long as (w) corrective action by Seller is instituted within ten days following the notice from FPL, (x) such corrective action is diligently pursued, (y) Seller provides FPL bi-weekly written reports as to the nature and progress of such corrective action, and (z) such cure is effected within sixty (60) days of the notice from FPL; or

19.1.10. Seller fails to provide and maintain the Completion Security or the Performance Security required under Section 4.0, or FPL shall have made a drawing on any Liquid Security and such Liquid Security shall not have been replaced or replenished when and as required by Section 4.0.

19.1.11. Seller fails to comply with the requirements of section 15.4 of this Contract.

19.2. **FPL Events of Default**: Each of the following shall constitute an Event of Default by FPL:

19.2.1. FPL fails to make a payment due to Seller that is not subject to a good-faith dispute within thirty (30) days after notice from Seller that such payment is due under this Contract; or

19.2.2. If (a) a receiver or liquidator or trustee of FPL or of a substantial part of the assets of FPL is appointed by order of a court of competent jurisdiction, and such receiver or liquidator or trustee is not discharged within a period of sixty calendar days; (b) by decree of

such a court, FPL is adjudicated bankrupt or insolvent or a substantial part of the assets of FPL are sequestered, and such decree continues undischarged and unstayed for a period of sixty (60) calendar days after the entry thereof; (c) a petition to declare bankruptcy or to reorganize a party pursuant to any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to FPL, as now or hereafter in effect, is filed against FPL and is not dismissed within sixty (60) calendar days after such filing; (d) FPL files a voluntary petition to declare bankruptcy or to reorganize pursuant to any bankruptcy law or insolvency law, or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or (e) without limitation of the generality of the foregoing, FPL files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal bankruptcy laws, as they now exist or may hereafter be amended, or pursuant to any other similar state statute applicable to FPL, as now or hereafter in effect, or FPL files an answer admitting the material allegations of a petition filed against it in such a proceeding.

19.3. **Termination for Prolonged Force Majeure**: To the extent any event or events of Force Majeure (a) excuse Seller from achieving the Capacity Delivery Date by the Final Capacity Delivery Date pursuant to the provisions of Section 18.0, or (b) after the Capacity Delivery Date, excuse Seller from performing any of its material obligations hereunder pursuant to the provisions of Section 18.0 for four thousand, three hundred twenty (4,320) hours in the aggregate (whether resulting from the same or multiple events or circumstance and whether or not continuous) (the "Force Majeure Aggregate Allowance"): (i) FPL may terminate this Contract without penalty or further liability for either Party upon thirty (30) days notice to Seller, and (ii) upon such termination, FPL shall return any undrawn Completion Security or Performance Security within sixty (60) days of the effective date of such termination.

19.4. **Remedies**: Upon the occurrence of any Event of Default, the non-defaulting Party may, at its option:

19.4.1. Terminate this Contract without penalty or further obligation by the non-defaulting Party, by notice to the defaulting Party, and, if prior to the Capacity Delivery Date, Seller shall pay FPL liquidated damages as provided in Section 3.0;

19.4.2. Offset from any payment(s), due from the non-defaulting Party to the defaulting Party, any amount otherwise due from the defaulting Party to the non-defaulting Party;

19.4.3. In the case of an Event of Default by Seller, draw on the Completion Security or the Performance Security, as the case may be, in the

amount of the non-defaulting party's damages (including liquidated damages payable under Section 3.0). In an abundance of caution, such damages may include but are not limited to any and all costs and expenses related to the supply and transportation of gas to the Facility;

19.4.4. In the case of an Event of Default by Seller, FPL, at its option, may apply to any court of competent jurisdiction for the appointment of a receiver to take charge of, manage, preserve, protect, complete construction of, and operate the Facility, to make all necessary and needed repairs to the Facility, and to pay all taxes and assessments against the Facility and insurance premiums for insurance thereof, it being hereby agreed that, upon occurrence of an Event of Default, (a) FPL shall be entitled to such appointment; (b) upon application by FPL, the court may forthwith appoint such receiver with the usual powers and duties thereof; (c) Seller consents, and Seller shall not object to such appointment; and (d) appointment of a receiver under this Section 19.4 shall not in and of itself terminate this Contract;

19.4.5. In the case of an Event of Default by Seller, if (and only if) FPL shall have terminated this Contract pursuant to Section 3.0 or Section 19.0 as a consequence of such Event of Default, FPL may, at its option, but subject to the Intercreditor Agreement, exercise any or all of its remedies under the Mortgage and Security Agreement;

19.4.6. In the case of an Event of Default by FPL, then, notwithstanding the exclusivity requirement set forth in Section 6.4, Seller may cover FPL's obligations to pay for Capacity under this Contract by selling such capacity to a third party, in which event FPL shall pay to Seller, within ten (10) days after Seller's invoice (with such supporting documentation as may be required to verify such failure and the amounts set forth on such invoice), an amount equal to the amount, if any, by which the amount received by Seller from reselling such Capacity at the Receipt Point, acting in a commercially reasonable manner, is less then the amount required to be paid by FPL to Seller hereunder with respect to such Capacity ("Seller's Cost of Cover");

19.4.7. In the case of default by Seller under Section 19.1.6 "Sales to third parties" FPL will receive the higher of the profits from such unauthorized sale or FPL's costs to cover.

19.4.8. Exercise any other right or remedy available to it in equity or, subject to Section 19.5, any other right or remedy available to it hereunder or at law or in equity;

19.5. **Liquidated Damages**: The Parties acknowledge and agree that the damages which FPL would actually suffer as a result of (a) delay by Seller in achieving the

Capacity Delivery Date by the Scheduled Capacity Delivery Date, or (b) termination of this Contract upon Seller's failure to achieve a Major Milestone under Section 3.0, including failure to achieve the Capacity Delivery Date as provided therein, or upon any other Seller Event of Default prior to the Capacity Delivery Date, are now, and will in the future remain, incapable of determination with any mathematical precision or certainty, and that the mutually agreed liquidated damages required to be paid upon such failure hereunder (i) are in the nature of liquidated damages, (ii) are not unconscionable, (iii) do and will not constitute a conversion by or unjust enrichment of FPL, (iv) are unequivocal, fair and reasonable under the circumstances and not a penalty, (v) shall constitute FPL's sole and exclusive damages upon such delay or termination (FPL hereby waiving, in consideration of the right to such liquidated damages in such events, any rights it may have to seek damages in excess of such agreed delay or termination liquidated damages), and (vi) were bargained for and derived through mutual negotiations and agreement between Seller and FPL and constitute a material and integral part of the agreement between the Parties; provided, that nothing herein shall limit FPL's rights to seek any equitable remedies otherwise available to FPL; provided, further, that such liquidated damages shall not be FPL's sole and exclusive damages with respect to any default or Event of Default not expressly described in Section 3.2, with respect to which FPL shall continue to have all rights and remedies described herein; and provided, further, that during any period in which FPL has exercised Step-In Rights and has not relinquished possession of the Facility and the Facility Site to Seller or terminated this Contract as provided in Section 5.1 or this Section 19.0, Seller shall not be obligated to pay such liquidated damages.

19.6. **FPL's Cost of Cover**:

19.6.1. If Energy or Capacity is not delivered or made available from the Facility at the Receipt Point due to Unscheduled Outage(s) or for any reason in breach of Seller's obligations hereunder, and FPL in its absolute and sole discretion, for any reason it deems appropriate, or for no reason at all, elects to cover Seller's obligations to deliver Capacity and Energy under this Contract by obtaining deliveries of electrical capacity and electrical energy from a third party:

(a) unless Seller's failure is excused pursuant to Section 18.0, Seller shall pay to FPL, within ten business days of Seller's receipt of the Monthly Billing Statement, an amount equal to the amount, if any, by which the cost to FPL of obtaining such deliveries at the Receipt Point, acting in a commercially reasonable manner (including without duplication brokerage or other transaction costs, generation charges, fuel charges, reservation charges, start-up costs, transmission charges, transmission losses, and charges for ancillary services) exceeds the amount required to be paid

by FPL to Seller hereunder with respect to such Energy or Capacity ("FPL's Cost of Cover");

(b) any capacity used in the production of such replacement capacity or energy shall not be treated as Committed Capacity, or Available Capacity for purposes of this Contract unless purchased by FPL from an entity with an Investment Grade Credit Rating (or which has provided security equivalent to the security required to be provided by Seller hereunder) pursuant to a firm contract with a term not less than the remaining portion of the Contract Term, which means, in any hour or Peak Hour, that neither such capacity nor the energy delivered by such capacity in replacement of Energy or Capacity shall be treated as Committed Capacity, Available Capacity or as Energy delivered in such hour or Peak Hour hereunder, including for purpose of clauses (a)(i) or (b)(i) of the definition of "Hourly Capacity Factor" or "Hourly Peak Capacity Factor"; and

(c) for avoidance of doubt, FPL shall not have any obligation to obtain or continue such deliveries.

19.6.2. For avoidance of doubt, Seller shall have no right to substitute electrical capacity or energy, at the Receipt Point or otherwise, generated at any facility other than the Facility, for Capacity or Energy which Seller has failed for any reason to generate at the Facility and to deliver or make available at the Receipt Point.

19.7. **Survival of Rights**: Remedies Cumulative. No termination under this Section 19.0 (or otherwise under this Contract) shall affect the liability of either Party for obligations arising prior to such termination or for damages, if any, resulting from breach of this Contract. Except as expressly provided in Section 19.5, the rights and remedies of the Parties hereunder shall not be exclusive of any other right or remedy available hereunder or at law or in equity and shall be cumulative.

20.0 INDEMNIFICATION

20.1. **Indemnification**: FPL and Seller shall each be responsible for its own facilities, for protection of its own generating system, and for ensuring adequate safeguards for FPL customers, and the personnel and equipment of Seller and FPL. Seller shall indemnify and save FPL Entities harmless, on an After-Tax Basis and FPL shall indemnify and save Seller Entities harmless, on an After-Tax Basis from any and all claims, demands, costs or expenses (including court costs and attorneys' fees related to any claim, administrative proceeding, pretrial, trial or appellate proceeding), for loss, damage or injury to persons or property caused by, arising out of, or resulting from (a) any act or omission by the respective Party or

that Party's contractors, agents, servants and employees in connection with the installation or operation of that Party's generation system or Facility, or the operation thereof in connection with the other Party's system or Facility, (b) any defect in, failure of, or fault related to, a Party's system or Facility, or (c) the negligence of the respective Party or negligence of that Party's contractors, agents, servants or employees.

20.2. **Environmental Indemnity**: Seller agrees to hold FPL Entities harmless on an After-Tax Basis from any liability associated with on-site or off-site contamination or other environmental damage resulting from any prior uses or from construction and operating activities except as and to the extent such contamination or other environmental damage was the direct result of FPL actions, other than actions performed pursuant to FPL's rights under this Contract.

21.0 LIMITATIONS OF LIABILITY

21.1. **Limitation on Seller's Liability**: No Seller Entity shall be liable (in contract or in tort, including negligence, or otherwise) to FPL for indirect, incidental or consequential damages resulting from Seller's performance, nonperformance or delay in performance of its obligations under this Contract; provided, that this Section 21.1 shall not be construed to limit any liability Seller otherwise may have for liquidated damages under this Contract, any liability of any Seller Entity due to its gross negligence or willful misconduct, or any other right or remedy of FPL Entities expressly set forth in this Contract.

21.2. **Limitation on Liability of FPL Entities**: No FPL Entity shall be liable (in contract or in tort, including negligence, or otherwise) to Seller or its suppliers or its subcontractors for indirect, incidental or consequential damages resulting from FPL's performance, nonperformance or delay in performance of its obligations under this Contract; provided, that this Section 21.2 shall not be construed to limit any liability of any FPL Entity due to its gross negligence or willful misconduct, or any other right or remedy of Seller Entities expressly set forth in this Contract.

21.3. **Effect of Security**: The liability of Seller hereunder shall not be affected by the existence, amount, waiver, or release of, or exercise or failure to exercise remedies with respect to, FPL's Lien, Step-In Rights, any Completion Security, any Performance Security, or any other security for Seller's obligations hereunder. FPL may draw on or exercise other rights or remedies with respect to, all or any part of such security to the extent available hereunder, and from all such forms, and in any sequence, as FPL in its sole discretion may elect, except as such rights are specifically limited in the express provisions of this Contract.

21.4. **Cost of Cover**: Seller and FPL acknowledge and agree that among other things, FPL's Cost of Cover and Seller's Cost of Cover constitute direct damages and shall not be limited by Section 21.1 or Section 21.2, respectively.

22.0 NOTICES

22.1. **Notices**: All notices required under this Contract shall be in writing unless expressly specified otherwise herein, and shall be delivered in person, by certified mail or by a nationally recognized overnight courier, return receipt requested, or by facsimile transmission with confirmation by voice or automatic answer-back service, as specified below:

To Seller:

_____

_____

_____

Fax _____ - _____ - _____

Telephone _____ - _____ - _____

To FPL:

_____

_____

_____

Fax _____ - _____ - _____

Telephone _____ - _____ - _____

22.2. **Notices Effective**: Notices shall be effective upon receipt; provided, that in the event a Party fails to notify the other of the correct person and address for notices pursuant to Section 22.3 below, any notice to that Party shall be deemed effective on the third day following the date such notice is sent to the person and address last provided by such Party.

22.3. **Designation of New Notice Recipients**: Either Party may, at any time, by notice designate any different person(s) or different address(es) or phone number(s) for receipt of notices and correspondence.

23.0 REPRESENTATIONS AND WARRANTIES

23.1. **Seller's Representations and Warranties**: Seller hereby represents and warrants as follows:

23.1.1. Seller is a *[type of entity]* duly organized, validly existing and in good standing under the laws of the State of *[State]* and is qualified in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of Seller; and Seller has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under this Contract.

23.1.2. The execution, delivery, and performance of its obligations under this Contract by Seller have been duly authorized by all necessary

[corporate, company, partnership] company action, and do not and will not:

(a) Require any consent or approval of Seller's *[governing body or owners]*, other than that which has been obtained and is in full force and effect;

(b) Violate any provision of Applicable Law or violate any provision in any *[constitutive documents]* of Seller, the violation of which could have a material adverse effect on the ability of Seller to perform its obligations under this Contract;

(c) Result in a breach or constitute a default under Seller's *[constitutive documents]*, or under any agreement relating to the management or affairs of Seller or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which Seller is a party or by which Seller or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this Contract; or

(d) Result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature upon or with respect to any of the assets or properties of Seller now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligation under this Contract.

23.1.3. This Contract is a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the rights of creditors, or by general principles of equity).

23.1.4. The execution, delivery, and performance of this Contract will not conflict with or constitute a breach or default under any contract or agreement of any kind to which Seller is a party or any judgment, order, statute, or regulation that is applicable to Seller or the Facility.

23.1.5. All approvals, authorizations, consents, or other action required by any Governmental Authority to authorize Seller's execution, delivery, and performance under this Contract have been duly obtained and are

in full force and effect, except for those approvals described in Section 2.1 or the Deferred Governmental Approvals.

23.2. **FPL's Representation and Warranties**: FPL hereby represents and warrants the following:

23.2.1. FPL is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of FPL; and FPL has all requisite power and authority to conduct its business, to own its properties, and to execute, delivery, and perform its obligations under this Contract.

23.2.2. The execution, delivery, and performance of its obligations under this Contract by FPL have been duly authorized by all necessary corporate action, and do not and will not:

(a) Require any consent or approval of FPL's Board of Directors, or shareholders, other than that which has been obtained and is in full force and effect;

(b) Violate any provision of Applicable Law or violate any provision in any corporate documents of FPL, the violation of which could have a material adverse effect on the ability of FPL to perform its obligations under this Contract;

(c) Result in a breach or constitute a default under FPL's corporate charter or bylaws, or under any agreement relating to the management or affairs of FPL or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which FPL is a party or by which FPL or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of FPL to perform its obligations under this Contract; or

(d) Result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Contract) upon or with respect to any of the assets or properties of FPL now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of FPL to perform its obligation under this Contract.

23.2.3. This Contract is a valid and binding obligation of FPL, enforceable against FPL in accordance with its terms (except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the rights of creditors or by general principles of equity).

23.2.4. The execution, delivery, and performance of this Contract will not conflict with or constitute a breach or default under any contract or agreement of any kind to which FPL is a party or any judgment, order, statute, or regulation that is applicable to FPL.

23.2.5. Except for those approvals described in Section 2.1, all Governmental Approvals required by any Governmental Authority to authorize FPL's execution, delivery, and performance under this Contract have been duly obtained and are in full force and effect.

24.0 MISCELLANEOUS

24.1. Assignment or Sale, Etc.:

24.1.1. Seller may not (a) assign any of its rights or obligations under this Contract (whether directly or through the assignment, sale, lease, transfer or other disposition of any direct or indirect interest in Seller by any direct or indirect owner of Seller) or (b) sell, lease, assign, transfer or otherwise dispose of all or a portion of the Facility (whether directly or through the assignment, sale, lease, transfer or other disposition of any direct or indirect interest in Seller by any direct or indirect owner of Seller) without the prior written consent of FPL, which consent shall not be unreasonably withheld; provided, that (subject to the Mortgage and Security Agreement and the Intercreditor Agreement) without the prior consent of FPL, Seller may assign its rights and interests under this Contract to the Lenders as collateral security, or create a security interest in favor of the Lenders over its rights and interests in this Contract; provided, further, that it shall be a condition to any such assignment, sale, lease, transfer, or other disposition (including any collateral assignment or any exercise of remedies by the lenders pursuant thereto) that all security required under Section 4.0 or Section 5.0, as applicable, shall be, or shall remain, in place notwithstanding such disposition, or that replacement security in form, substance and amount reasonably satisfactory to FPL shall have been provided prior to such disposition.

24.1.2. Prior to any assignment, sale, lease, transfer, or other disposition (a) by Seller of all or any portion of the Facility (other than sales of surplus or used equipment no longer required for operation of the Facility in accordance with this Contract), or (b) any assignment, sale, lease, transfer, or other disposition by any direct or indirect owner of Seller of its direct or indirect ownership interest in Seller, Seller shall

(or shall cause such owner to) give FPL at least thirty (30) days prior written notice of the complete, material proposed terms and conditions of such disposition. FPL at its sole and absolute option shall have the exclusive right to acquire the Facility or such portion thereof, or such direct or indirect ownership interest, proposed to be transferred for the same consideration and on terms and conditions no less favorable to Seller than those offered by the proposed transferee. To give effect to this right of first refusal, FPL shall notify Seller of its intent to purchase (together with a proposed purchase contract) within ten (10) business days after the expiration of the thirty (30) day notice of proposed terms and conditions required above, and the resulting transaction shall close within thirty (30) days after such notice of intent to purchase from FPL; provided, that failure by FPL to give the notice of intent to purchase within ten business days shall be deemed to be an election by FPL not to exercise such right. In the event FPL notifies Seller that regulatory approval is useful or required for the close of the transaction, FPL shall take all actions required to seek approval of such closing within the second thirty (30) day period including the submittal of all necessary applications, and the second thirty (30) day period shall be extended for the period of time necessary to obtain final and non-appealable approvals. Seller shall cause all contracts, agreements, or other understandings with respect to any such assignment, sale, lease, transfer or other disposition described in this Section 24.1 to specifically set forth and acknowledge FPL's exclusive right of first refusal set forth in this Section 24.1.2. Seller immediately shall notify (or shall cause such direct or indirect owner to notify) FPL of any material change to the terms or conditions set forth in Seller's notice to FPL of such proposed disposition, and upon receipt of such notice the time periods set forth in this Section 24.1.2 shall be extended and shall be deemed to have begun on the effective date of such second notice from Seller or such owner.

24.1.3. Seller shall not be released from its obligations hereunder by virtue of any assignment, sale, lease, transfer, or other disposition described in this Section 24.1 unless such release is expressly agreed upon by FPL in writing.

24.1.4. Any attempt by Seller to make any assignment, sale, lease, transfer or other disposition described in this Section 24.1 in violation of this Section 24.1 shall be void ab initio and shall not be effective.

24.2. **Amendments**: This Contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed by the Parties and, if requested by FPL, approved by the FPSC. This Contract, as it may be amended from time to time, shall be binding

upon, and inure to the benefit of, the Parties' respective successors-in-interest and permitted assigns.

24.3. **Conflict in Provisions**: In case of conflict between this Contract's Sections 1.0 through 24.0 and appendices to this Contract, Sections 1.0 through 24.0 shall take precedence.

24.4. **Survival**: The obligations, rights, and remedies of the Parties hereunder, which by their nature survive the termination of this Contract, shall survive such termination and inure to the benefit of the Parties.

24.5. **No Waiver**: Any waiver by either Party of its rights with respect to a default (including Events of Default) under this Contract, or with respect to any other matters arising in connection with this Contract, shall not be deemed a waiver with respect to any subsequent default (including Events of Default) or other matter. The failure of either Party to enforce strict performance by the other Party of any of the provisions of this Contract or to exercise any rights under this Contract shall not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provisions or rights in that or any other instance.

24.6. **Section Headings**: Section headings appearing in this Contract are inserted for convenience only and shall not be construed as interpretations of text.

24.7. **Service Agreement**: This Contract is intended to strictly provide services which are not subject to Florida sales/use Tax and is not intended and shall not be construed, interpreted, or applied to create a lease, license or similar arrangement for the use, possession, custody or control of property.

24.8. **Review, Approval, Etc. by FPL**: The Parties explicitly acknowledge and agree that FPL's reviews, agreement, comment, approvals, disapprovals and authorizations pursuant to this Contract are administrative in nature and do not relieve Seller of its obligations for the design, engineering, procurement, construction, operation, or maintenance of the Facility including Environmental Licensing and compliance with Environmental Requirements or other Applicable Laws or Governmental Approvals, or impose any such obligations on FPL, and that FPL's technical review and inspections of the Facility, or of drawings, plans, or other technical data, whether before or after the Capacity Delivery Date, and resulting requests, if any, shall not be construed as endorsing the design thereof or as any warranty as to the safety, durability or reliability of the Facility or relieve Seller of any of its obligations, duties or responsibilities hereunder.

24.9. **Construction of Contract**: The Parties expressly agree that no provision of this Contract should be construed against or interpreted to the disadvantage of any Party by any court or other governmental or judicial authority by reason of such Party having been deemed to have structured or dictated such provision.

24.10. **Complete Agreement**: This Contract is intended as the complete and exclusive statement of the agreement between the Parties. Parol or extrinsic evidence shall not be used to vary or contradict the express terms of this Contract and recourse may not be had to alleged prior drafts, negotiations, prior dealings, usage of trade, course of dealing or course of performance to explain or supplement the express terms of this Contract.

24.11. **Counterparts**: This Contract may be executed and delivered in counterparts, and may be delivered by facsimile transmission.

24.12. **Severability**: In the event that any provision of this Contract shall be held invalid or unenforceable by a court of competent jurisdiction, the remainder of this Contract or the application of the provisions hereof to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

24.13. **Good Faith**: The Parties agree to act in accordance with the principles of good faith and fair dealing in the performance of this Contract.

24.14. **No Partnership**: Nothing contained in this Contract shall be construed to create an association, trust, partnership or joint venture between Seller and FPL or, except as expressly set forth in Section 5.0, an agency relationship between Seller and FPL. Each Party shall be individually and severally liable for its own obligations under this Contract.

24.15. **GOVERNING LAW; SUBMISSION TO JURISDICTION**:

24.15.1. THIS CONTRACT AND THE RIGHTS AND THE OBLIGATIONS OF THE PARTIES HEREUNDER (OTHER THAN APPENDIX C) SHALL BE CONSTRUED UNDER, AND IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA.

24.15.2. ANY LITIGATION BETWEEN THE PARTIES SHALL BE CONDUCTED IN THE COURTS OF THE STATE OF FLORIDA OR IN FEDERAL COURTS SITUATED IN FLORIDA AND THE PARTIES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS; PROVIDED, THAT IF A FLORIDA COURT OR FEDERAL COURT SITUATED IN FLORIDA SHALL HAVE DETERMINED THAT IT CANNOT ACCEPT JURISDICTION OVER ANY ACTION BECAUSE OF THE FAILURE TO JOIN AN INDISPENSABLE PARTY, THEN ANY PARTY HERETO MAY BRING AN ACTION IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION.

24.15.3. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN

CONNECTION WITH THIS CONTRACT OR ANY MATTER ARISING HEREUNDER.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed by their respective duly authorized officers

[SELLER]	**FLORIDA POWER & LIGHT COMPANY, a Florida corporation**
By: _____	By: _____
Date: _____	Date _____
Asst: _____ [Secretary] (Corporate Seal)	Asst: _____ [Assistant Secretary] (Corporate Seal)
Date: _____	Date _____

APPENDIX A

CALCULATION OF MONTHLY CAPACITY PAYMENT AND OTHER PAYMENTS

I. Monthly Capacity Payment (MCP_{Total})

The Monthly Capacity Payment for each Monthly Billing Period shall be determined according to the following formula:

$MCP_{Total} = MCP_{Base} - MCD_{Level\ 1} + MCP_{other}$

A. Calculation of MCP_{Base}

In the event that the CBF<64%, then no MCP shall be due

$MCP_{Base} = 0$

In the event that the CBF is greater than or equal to 64% but less than 94%, then

MCP_{Base} = CC* [B $/MW-Month] * [(98 – 2*(94-CBF))/100]

In the event that the CBF is equal to or greater than 94% but less than 98%, then

MCP_{Base} = CC* [B $/MW-Month] * [(100 – 0.5 *(98 - CBF))/100]

In the event that the CBF is equal to or greater than 98%, then

MCP_{Base} = CC* [B $/MW-Month]

Where:

CC = Committed Capacity, expressed in MW

B = $__/MW-Month *[Insert the adjusted price of the capacity, measured in $/MW-Month, taking into account the Base and Level 1 mode of operation (i.e., (Base $MW-Month * CC in MW) + (Level 1 $/MW-Month * Level 1 Incremental Capacity in MW) / (CC in MW), from Proposer's submission.]*

CBF = Capacity Billing Factor for such Monthly Billing Period

B. Calculation of $MCD_{Level\ 1}$

In the event that the L1BF is equal to or greater than 98%, then

$MCD_{Level\ 1} = 0$; i.e., no dollars are to be subtracted from MCP_{Base}

In the event that the L1BF is equal to or greater than 94% but less than 98%, then

$MCD_{Level\ 1}$ = L1CC * [$ X/MW-Month] * [(98 - L1BF)/100]

In the event that the L1BF is greater than or equal to 75% but less than 94%, then

$MCD_{Level\ 1}$ = L1CC * [$ X /MW-Month] * [.04 + (3*(94 - L1BF))/100]

In the event that the L1BF<75%, then all of the dollars associated with operating the Facility Level 1 Mode of Operation are to be subtracted from MCP_{Base}, and

$MCD_{level\ 1}$ = L1CC * [$ X /MW-Month]

Where:

L1CC = Level 1 Incremental Committed Capacity, expressed in MW

X = __ $/MW-Month *[Insert the price per MW-Month submitted by Proposer for Level 1 Mode of Operation]*

L1BF = Level 1 Capacity Billing Factor calculated based on the performance for such Monthly Billing Period, as follows:

$L1BF = \Sigma^{n}_{k=1} (L1AC/L1CC)/n$

L1AC = the Level 1 Available Capacity for Level 1 Mode of Operation for such Monthly Billing Period, expressed in MW. L1AC shall never be greater than L1CC.

n = number of hours in the Monthly Billing Period

k = each hour, for the Monthly Billing Period

C. Calculation Of Payments Associated With Other Modes Of Operation (MCP_{other})

[Payments for incremental capacity provided from other operating modes included in Proposer's submission, which include additional operating limitations and/or are not able to be placed under FPL'S AGC, to be inserted here, taking account of the following:

1. *The amount of the incremental capacity associated with the specific operating mode proposed in the Submittal.*
2. *The availability of the incremental capacity.*
3. *The operating limitations associated with supplying the incremental level of capacity (e.g., notice period, continuous capability, limitations per cycle etc.).*
4. *Actual measured performance associated with incremental capacity.*
5. *The incremental heat rate will be taken into account for the pricing of energy.*

Corresponding changes will be made to definitions and to substantive provisions of PPA, to address such matters as testing, dispatch, etc.]

II. Other Payments (OP_{total})

Other Payments for each Monthly Billing Period shall be determined according to the following formula:

$$OP_{total} = (HRAP_{net} + VOMP + SUFCA + SFP)$$

A. Calculation of Heat Rate Adjustment Payment – $HRAP_{net}$

The $HRAP_{net}$ may be due FPL by Seller, in which case it will be a negative value, or the $HRAP_{net}$ may be due the Seller by FPL, in which case it will be a positive value. As follows:

$$HRAP_{net} = HRAP_{Due\ FPL} - HRAP_{Due\ Seller}$$

A.1 Actual Heat Rate Higher Than Guaranteed Heat Rate: In the event that there are hours during the Monthly Billing period, for which Energy is being delivered pursuant to FPL's Control (excluding any Start-Up time associated with a successful start conducted at FPL's request) where the Actual Heat Rate is higher than the Guaranteed Heat Rate, Seller shall make a Heat Rate Adjustment Payment to FPL, calculated in accordance with the following methodology:

$$HRAP_{Due\ FPL} = \sum_{f=1}^{r} \left[\frac{(AHR_f - GHR)}{GHR} * FC_f \right] * NEO1_f$$

Where:

$HRAP_{Due\ FPL}$ = Heat Rate Adjustment Payment due FPL by Seller, expressed in dollars for the Monthly Billing period.

AHR_f = Actual Heat Rate on Primary Fuel for hour f (expressed in MMBtu/MWh).

GHR = Guaranteed Heat Rate on Primary Fuel, (expressed in MMBtu/MWh).

f = Each hour during the Monthly Billing Period in which the Actual Heat Rate is higher than the Guaranteed Heat Rate.

r = Total number of hours during the Monthly Billing Period in which the Actual Heat Rate is higher than the Guaranteed Heat Rate.

FC_f = FPL's Marginal Gas Cost for hour f (expressed in Dollars per MMBtu).

$NEO1_f$ = the hourly Net Energy Output generated using the Primary Fuel for hour f of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

A.2 **Actual Heat Rate Lower Than Guaranteed Heat Rate**: In the event that there are hours during the Monthly Billing Period for which Energy is being delivered pursuant to FPL's Control (excluding any Start-Up time associated with a successful start conducted at FPL's request) where the Actual Heat Rate is lower than the Guaranteed Heat Rate, FPL shall make a Heat Rate Adjustment Payment to Seller, calculated in accordance with the following methodology:

$$HRAP_{Due\ Seller} = \sum_{f=1}^{r} [\frac{(GHR - AHR_f)}{GHR} * FC_f] * NEO1_f$$

Where:

$HRAP_{Due\ Seller}$ = Heat Rate Adjustment Payment due Seller by FPL, expressed in dollars for the Monthly Billing period.

GHR = Guaranteed Heat Rate on Primary Fuel (expressed in MMBtu/MWh.)

AHR_f = Actual Heat Rate on Primary Fuel for hour f (expressed in MMBtu/MWh).

f = Each hour during the Monthly Billing Period in which the Actual Heat Rate is lower than the Guaranteed Heat Rate.

r = Total number of hours during the Monthly Billing Period in which the Actual Heat Rate is lower than the Guaranteed Heat Rate.

FC_f = FPL's Marginal Gas Cost for hour f (expressed in Dollars per MMBtu).

$NEO1_f$ = the hourly Net Energy Output generated using the Primary Fuel for hour f of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

B. **Calculation of Variable O&M Payment – VOMP**

The Variable O&M Payment for each Monthly Billing Period shall be determined according to the following formula:

$$VOMP = [\Sigma^{n}_{k=1} (NEO1_k + NEO2_k) * VOM] + SP$$

Where:

VOMP = the Variable O&M Payment, expressed in dollars, for the Monthly Billing Period;

$NEO1_k$ = the hourly Net Energy Output generated using the Primary Fuel for hour k of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

$NEO2_k$ = the hourly Net Energy Output generated using the Back-up Fuel for hour k of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

VOM = Variable Operations and Maintenance charge, expressed in dollars per MWh, equal to *[To be inserted from Proposer's submission.];*

n = number of hours in the Monthly Billing Period;

k = each hour, for the Monthly Billing Period: and

SP = any Start-up Cost(s) for such Monthly Billing Period for which Seller is entitled to payment.

C. **Calculation of Start Up Fuel Cost Adjustment -- SUFCA**

1. The Start Up Fuel Cost Adjustment for the Monthly Billing Period for each successful start-up conducted pursuant to an FPL initiated dispatch instruction shall be as follows:

$$SUFCA = \sum_n^y SUFCA_n$$

2. If fuel consumed during start-up is greater than quantities specified in Appendix E:

If $AFSU_t \geq \underline{GFSU_t}$ then:

$SUFCA_n = (AFSU_t - GFSU_t) * FC_n$

If $AFSU_t \leq \underline{GFSU_t}$ then:

$SUFCA_n = 0$

Where:

SUFCA = Start up fuel cost adjustment expressed in dollars for the Monthly Billing Period

$SUFCA_n$ = Start Up Fuel Cost Adjustment for start-up n expressed in dollars

$GFSU_t$ = Guaranteed fuel for type of start up t, expressed in MMBtu's, as specified in Appendix E

$AFSU_t$ = Actual fuel consumed during type of start-up t, expressed in MMBtu's, as measured by the metering system

t = type of Start-up

n = each Successful Start for the Monthly Billing Period conducted pursuant to an FPL initiated dispatch instruction

y = total number of Successful Starts for the Monthly Billing Period

FC_n = FPL's Marginal Gas Cost applicable on day of start-up n (expressed in Dollars per MMBtu)

D. **Calculation of Back-up Fuel Payment – SFP**

The Back-up Fuel Payment shall consist of the following, when applicable: 1) the cost of Back-up Fuel burned pursuant to FPL's dispatch orders, and 2) the carrying cost of Back-up Fuel in Seller's inventory.

$$SFP = SFB + CC_{inv}$$

1. **Payment for Back-up Fuel burned –SFB.**

$$SFB = WAC_{INV} * \Sigma_i^n (GHR_{SF} * NEO2_i)$$

Where:

SFB = Payment for Back-up Fuel Burned, for the Monthly Billing Period, expressed in dollars;

WAC_{INV} = Weighted Average Cost of Back-up Fuel Inventory (expressed in $/MMBtu);

GHR_{SF} = Guaranteed Heat Rate on Back-up Fuel (expressed in MMBtu/MWh);

$NEO2_i$ = the hourly Net Energy Output generated using the Back-up Fuel for hour i of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

i = each hour for the Monthly Billing Period in which Back-up Fuel is being burned in the Facility;

n = the total number of hours in the Monthly Billing Period in which Back-up Fuel was burned at the Facility.

2. **Payment for carrying cost of Back-up Fuel – CC_{Inv}**

The Carrying Cost of inventory for the Back-up Fuel shall be calculated as follows for the Monthly Billing Period:

CC_{INV}= INVOL * I* WAC_{INV}

Where:

a. INVOL= Average Back-up Fuel Inventory for the Monthly Billing Period; INVOL shall never exceed the specified inventory of Back-up Fuel for the Facility. INVOL is calculated pursuant to the following formula;

$$INVOL = (2 * INVOL_{BEGMO} - \Sigma_i^n (GHR_{SF} * NEO2_i) + INVOL_{PURCH})/2$$

$INVOL_{BEGMO}$ = Inventory volume at the beginning of the Monthly Billing Period, expressed in MMBtu

$INVOL_{PURCH}$ = Volume of Back-up Fuel delivered to the Facility during the Monthly Billing Period, expressed in MMBtu

GHR_{SF} = Guaranteed Heat Rate on Back-up Fuel (expressed in MMBtu/MWh);

$NEO2_i$ = the hourly Net Energy Output generated using the Back-up Fuel for hour i of the Monthly Billing Period, expressed in MWh, not to exceed the Capacity level of dispatch in any hour during such Monthly Billing Period;

i = each hour for the Monthly Billing Period in which Back-up Fuel is being burned in the Facility;

n = the total number of hours in the Monthly Billing Period in which Back-up Fuel was burned at the Facility.

b. I = carrying cost rate per month in percent (Source: Prime Interest Rate published in the last business day of the month in the Wall Street Journal)

c. WAC_{inv} = weighted average cost of the Back-up Fuel Inventory for the Monthly Billing Period, expressed in dollars per MMBtu.

Where:

$$WAC_{INV} = \{WAC_{BEG} * INVOL_{BEGMO} + INVOL_{PURCH} * C_{PURCH}) / (INVOL_{BEGMO} + INVOL_{PURCH})$$

WAC_{BEG} = Weighted average cost of inventory at the beginning of the Monthly Billing Period, expressed in $/MMBtu

$INVOL_{BEGMO}$ = Inventory volume at the beginning of the Monthly Billing Period, expressed in MMBtu

$INVOL_{PURCH}$ = Inventory volume delivered during the Monthly Billing Period, expressed in MMBtu

C_{PURCH} = Cost of Back-up Fuel delivered during the Monthly Billing Period, expressed in $/MMBtu. (Costs shall include commodity costs, barging and trucking costs, loading and unloading costs, handling costs etc.)

A sample calculation of the Monthly Capacity Payment and the Other Payments in a Monthly Billing Period is attached as Exhibit 1 for illustrative purposes.

Exhibit 1
to Appendix A

SAMPLE PAYMENT CALCULATION

I. Capacity Payment Calculation for a Monthly Billing Period

Assumptions

CC = 100 MW
L1CC = 30 MW
CBF = 98%
L1BF = 94%
Base $/MW-Month = 8,000
Level 1 $/MW-Month = 5,000
B = adjusted price = [(100 * 8,000) + (30 * 5,000)] / 100 = 9,500 $/MW-Month

Calculation

$MCP_{Total} = MCP_{Base} - MCD_{Level\ 1}$
$MCP_{Base} = 100*9,500$
$MCP_{Base} = \$950,000$
$MCD_{Level\ 1} = 30*5,000*[(98-94)/100]$
$MCD_{Level\ 1} = \$6,000$
$MCP_{Total} = 950,000 - 6,000 = \$944,000$

II. Other Payments Calculation for a Monthly Billing Period

A. Heat Rate Adjustment Payment Calculation for four hours in the month.

In two of the hours the Actual Heat Rate was higher than the Guaranteed Heat Rate

Assumptions

NEO1 = 98.00 MWh produced in $hour_1$ and 85.00 MWh in $hour_2$
AHR = 10.000 MMBtu/MWh in $hour_1$ and 9.850 MMBtu/MWh in $hour_2$
GHR = 8.000 MMBtu/MWh
FC = 7.45 $/MMBtu

Calculations

$$HRAP_{Due\ FPL} = \sum_{f=1}^{r} \left[\frac{(AHR_f - GHR)}{GHR} * FC_f \right] * NEO1_f$$

$HRAP_{DueFPL}$ = {(10.000-8.000)/8.000}*7.45*98.00 + ((9.850-8.000)/8.000)*7.45*85.00
= $182.52 +146.43
= $328.95

In two of the hours the Actual Heat Rate was lower than the Guaranteed Heat Rate

Assumptions

NEO1 = 90.00 MWh produced in $hour_3$ and 95.00 MWh in $hour_4$
AHR = 7.000 MMBtu/MWh in $hour_3$ and 7.200 MMBtu/MWh in $hour_4$
GHR = 8.000 MMBtu/MWh
FC = 7.45 $/MMBtu

Calculations

$$HRAP_{Due\ Seller} = \sum_{f=1}^{r} [\frac{(GHR - AHR_f)}{GHR} * FC_f] * NEO1_f$$

$HRAP_{DueSeller}$ = {(8.000-7.000)/8.000}*7.45*90.00 + ((8.000-7.200)/8.000)*7.45*95.0
= $83.81 +70.77
= $154.58

$HRAP_{net}$ = $HRAP_{Due\ FPL}$ - $HRAP_{Due\ Seller}$
= $328.95- $154.58
= $174.37

B. Variable O&M Payment for a Monthly Billing Period:

Assumptions

NEO1 = 74,100 MWh
NEO2 = 25,767 MWh
VOM = 3.00 $/MWh
SP $ = $30,000 (Assumes 3 start-ups at $10,000 each)

Calculations

VOMP = $[\Sigma^{n}_{k=1} (NEO1_k + NEO2_k)* VOM] + SP$
VOMP = (74,100 + 25,767)*3.00 + 30,000
= $329,601

C. Start Up Adjustment Payment for a Start Up during Monthly Billing Period

Assumptions (Assumes 3 start-ups)

$AFSU_1$ = 10,000 MMBtu
$AFSU_2$ = 9,800 MMBtu
$AFSU_3$ = 9,600 MMBtu
$GFSU_t$ = 8,000 MMBtu
FC_n = 7.45 $/MMBtu

Calculations

$SUFCA = (AFSU_t - GFSU_t)*FC_n$
$SUFCA_n = ((10{,}000 - 8.000) + (9{,}800 - 8{,}000) + (9{,}600 - 8{,}000)) * 7.45$
$= \$40{,}230$

D. Back-up Fuel Payment for a Monthly Billing Period:

Assumptions

$NEO2_i = 25{,}767$ MWh

$GHR_{SF} = 8.15$ MMBtu/MWh

I = 5.05% per annum = 0.4208% per month

$WAC_{BEG} = \$18.05$/MMBtu

$INVOL_{BEGMO}$ = 10,000,000 gallons @ 0.140 MMBtu/Gallon = 1,400,000 MMBtu

$INVOL_{PURCH}$ = 1,250,000 gallons @ 0.140 MMBtu/Gallon = 175,000 MMBtu

C_{PURCH} = \$ 2.76 /gallon ÷ 0.140 MMBtu/Gallon = \$19.714/MMBtu

Calculations

$INVOL = (2 * INVOL_{BEGMO} - \Sigma i\ (GHR_{SF}*NEO2_i) + INVOL_{PURCH})/2$

= (2 * 1,400,000 MMBtu – (8.15 MMBtu/MWh * 25,767.MWh) + 175,000 MMBtu)/2

= (2,800,000 – 210,000 + 175,000)/2 = (2,765,000)/2

= 1,382,500 MMBtu

$WAC_{INV} = (WAC_{BEG}*INVOL_{BEGMO} + INVOL_{PURCH}*C_{PURCH})/(INVOL_{BEGMO} + INVOL_{PURCH})$

= (\$18.05/MMBtu *1,400,000 MMBtu + \$19.714/MMBtu *175,000 MMBtu)/(1,400,000 MMBtu + 175,000 MMBtu)

= \$18.235/ MMBtu

Payment for Back-up Fuel Burned:

$SFP = WAC_{INV} * \Sigma_i (GHR_{SF} * NEO2_i)$
$= \$18.235/MMBtu * (8.15\ MMBtu/MWh * 25,767.\ MWh)$
$= \$3,829,333,31$

Payment for Carrying Cost:

$CC_{INV} = INVOL * I * WAC_{INV}$
$= 1,382,500\ MMBtu * 0.4208\% * \$18.235/MMBtu$
$= \$106,082.74$

$OP_{total} = (HRAP_{net} + VOMP + SUFCA + SFP)$
$= (\$174.37 + \$329.61 + \$40,230 + (3,829,333.31 + 106,082.74)$
$= \$3,976,150$

APPENDIX B

DEFERRED GOVERNMENTAL APPROVALS

[Seller to provide]

APPENDIX C

[FORM OF] GUARANTY

This Guaranty (the "Guaranty") is given as of this ___ day of _____, 20__, by *[Creditworthy Guarantor,]* a _____ *[type of entity]* ("Guarantor") to Florida Power & Light Company, a Florida corporation ("FPL").

WHEREAS, Guarantor *[owns, directly or indirectly, [all] of the outstanding [shares of capital stock]]* of *[Seller]* ("Seller");

WHEREAS, Seller *[wishes to enter][has entered]* into *[a Contract]* with FPL, *[dated as of _____, 20__,]* for the purchase and sale of electrical energy and capacity from Seller's *[Facility]* located at *[_____]* (as the same may be amended, modified or supplemented from time to time in accordance with its terms, the "Contract");

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Contract;

WHEREAS, *[FPL is willing to enter into the Contract on the condition that Guarantor enters into this Guaranty] [pursuant to the terms of the Contract, Seller is required, under the circumstances set forth therein, to provide Completion Security or Performance Security to FPL, which security may include a guaranty from a Creditworthy Guarantor, substantially in the form of this Guaranty]*;

WHEREAS, Guarantor will benefit from the transactions contemplated by the Contract;

NOW, THEREFORE, in consideration of the foregoing, *[and as an inducement to FPL to enter into the Contract,]* Guarantor hereby agrees as follows:

1. **Guaranty**: Guarantor does hereby absolutely, unconditionally and irrevocably guarantee to FPL, as primary obligor and not merely as a surety, the due and punctual payment and performance by Seller of all obligations to be paid or performed by Seller under the Contract, all as and when required to be paid or performed under the Contract, in all respects strictly in accordance with the terms, conditions and limitations contained in the Contract (the "Obligations"). This Guaranty is a continuing guarantee of the full and punctual payment and performance of the Obligations and is in no way conditioned upon any requirement that FPL first attempt to enforce any of the Obligations against Seller, any other guarantor of the Obligations, or any other person or entity, or resort to any other means of obtaining payment or performance of any of the Obligations. This Guaranty is a guarantee of performance and payment and not of collection.

2. **Guaranty Absolute**: This Guaranty shall continue in full force and effect until Seller or Guarantor shall have performed or discharged all of the Obligations in

full. Further, this Guaranty shall remain in full force and effect without regard to, and shall not be affected or impaired by, any of the following:

(a) any invalidity, irregularity or unenforceability in whole or in part of this Guaranty or the Contract;

(b) the existence of any claim, setoff, defense or other right which Guarantor or Seller may have against FPL or any other person or entity;

(c) any release or discharge (whether by operation of law or otherwise) of Seller, Guarantor, or any other person or entity from its obligations under the Contract;

(d) the occurrence or continuance of any event of bankruptcy, reorganization or insolvency with respect to Seller, Guarantor, or any other person or entity, or the dissolution, liquidation or winding up of Seller, Guarantor, or any other person or entity;

(e) any amendment, supplement, reformation or other modification of the Contract;

(f) the exercise, non exercise or delay in exercising, by FPL or any other person or entity of any of its rights or remedies under this Guaranty or the Contract;

(g) any assignment or other transfer of this Guaranty by FPL, or any assignment or other transfer of the Contract in whole or in part;

(h) any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in Seller;

(i) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses; or

(j) any other event, occurrence or circumstance that might otherwise constitute or give rise to a defense to performance by a surety or a guarantor.

3. **Waivers by Guarantor**: In addition to waiving any defenses to which clauses (a) through (j) of Section 2 may refer, Guarantor hereby unconditionally and irrevocably waives, as a condition precedent to the performance of its obligations hereunder, (a) notice of acceptance hereof, (b) notice of any action taken or omitted to be taken by FPL in reliance hereon, (c) any requirement that FPL be diligent or prompt in making demands hereunder or giving notice to Guarantor of any default by Seller, (d) any requirement that FPL exhaust any right, power or remedy or proceed against Seller under the Contract or any other agreement or instrument referred to therein, or against any other person or entity under any

other guarantee of any of the Obligations, and (e) any claim or defense that FPL shall have impaired any right of Guarantor against Seller, any other guarantor of any of the Obligations, or any other person or entity, by way of reimbursement, subrogation or otherwise. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder:

(i) at any time or from time to time, without notice to Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of the Contract or any other agreement or instrument referred to therein shall be done or omitted; or

(iii) any of the Obligations shall be modified, supplemented or amended in any respect in accordance with the terms of the Contract with or without notice to Guarantor.

4. **Limit**: The liability of Guarantor hereunder shall not exceed at any time the sum of (a) the amount payable by Guarantor pursuant to Section 11, *plus* (b) an amount equal to (i) on or prior to the Capacity Delivery Date, the difference equal to (A) the Completion Security Amount, minus (B) the amount of Liquid Security provided by Seller to FPL at such time, or (ii) after the Capacity Delivery Date, the difference equal to (A) the Performance Security Amount, minus the amount of Liquid Security provided by Seller to FPL at such time.

5. **Bankruptcy; Reinstatement; Subrogation**:

(a) Guarantor shall not commence or join with any other person or entity in commencing any bankruptcy, reorganization or insolvency proceedings of or against Seller. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor specifically has assumed any and all risks of a bankruptcy or reorganization case or similar proceeding with respect to Seller. As an example and not in any way a limitation, a subsequent modification of the Obligations or any rejection or disaffirmance thereof by any trustee, receiver or liquidating agency of Seller or of any of its respective properties, or any settlement or compromise of any claim made in any such case, in any reorganization case concerning Seller, shall not affect the obligations of Guarantor to pay and perform the Obligations in accordance with their original terms.

(b) The obligations of Guarantor under this Guaranty automatically shall be reinstated if and to the extent that for any reason any payment by or on behalf of Seller in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

(c) Subrogation. Guarantor hereby agrees that until the performance and satisfaction in full of all Obligations and the expiration and termination of all Obligations, it shall not exercise any right or remedy arising by reason of the performance of any of its obligations under this Guaranty, whether by reimbursement, subrogation or otherwise, against Seller, or any other guarantor of any of the Obligations, or any security for any of the Obligations.

6. **Representations and Warranties**: Guarantor represents and warrants as follows:

(a) Due Organization. Guarantor is a *[corporation]* duly organized and validly existing under the laws of the state of its formation.

(b) Power and Authority. Guarantor has full *[corporate]* power, authority and legal right to enter into this Guaranty and to perform its obligations hereunder.

(c) Due Authorization. This Guaranty has been duly authorized, executed and delivered by Guarantor.

(d) Enforceability. This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(e) No Conflicts. The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's *[certificate of incorporation or bylaws]*; (ii) violate the provisions of any Applicable Law; or (iii) result in a breach of or constitute a default under any agreement to which Guarantor is a party or by which it or its assets or property are bound.

(f) No Proceedings. There is no action, suit or proceeding at law or in equity or by or before any Governmental Authority now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

(g) Financial Condition. The balance sheet of Guarantor as of _____, 20__, and the related statement of income for the 12 month period ending on such date, heretofore furnished by Guarantor to FPL, present fairly the financial condition and results of operations of Guarantor as of such date and for such period in conformity with generally accepted accounting principles and practices applied on a consistent basis. Guarantor on such

date did not have any material contingent liabilities, liabilities for Taxes, unusual forward or long term commitments, swap obligations or guarantee obligations, or unrealized or anticipated losses from any unfavorable commitments that are not reflected or provided for in said financial statements as of such date. Since such date, there has been no material adverse change in the financial condition, operations or properties of Guarantor. Guarantor was solvent immediately after the execution and delivery of this Guaranty and since that time no winding up order has been made or any resolution passed for the winding up of Guarantor and no administration order has been made and no receiver, administrative receiver, administrator or liquidator has been appointed in respect of Guarantor. Guarantor is a Creditworthy Guarantor and the amount set forth in Section 4 does not exceed Guarantor's Credit Limit.

7. **Affirmative Covenants**:

(a) Existence. Guarantor shall preserve and maintain its *[corporate]* existence.

(b) Rights, Franchises. Guarantor shall preserve and maintain all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, except where the failure to maintain any such right, privilege, or franchise could not reasonably be expected to have a material adverse effect on the ability of Guarantor to perform its obligations hereunder.

(c) Compliance with Law. Guarantor shall comply with the requirements of Applicable Law, except where the failure to comply could not reasonably be expected to have a material adverse effect on the ability of Guarantor to perform its obligations hereunder.

(d) Interest in Seller. Guarantor shall cause to be maintained and preserved the *[corporate]* existence of Seller, and Guarantor shall maintain, directly or indirectly, legal and beneficial ownership (free and clear of any lien or encumbrance of any kind) of at least fifty percent (50%) of the ownership interests in Seller.

(e) Financial Status. Guarantor at all times shall be and remain a Creditworthy Guarantor.

8. **Independent and Separate Obligations**: The obligations of Guarantor hereunder are independent of the obligations of Seller with respect to all or any part of the Obligations and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not any other such obligations exist, whether or not Guarantor is the alter ego of Seller, and whether or not Seller is joined therein or a separate action or actions are brought against Seller.

9. **Payment**: All payments hereunder shall be made in the currency and type of funds specified for payments in the Contract. Any and all payments made hereunder shall be made free and clear of and without deduction for any and all present or future Taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, or any set off or counterclaim.

10. **Full Recourse**: The obligations of Guarantor set forth herein constitute the full recourse obligations of Guarantor, enforceable against Guarantor to the full extent of all the assets and properties of Guarantor.

11. **Indemnification** Guarantor shall indemnify and hold harmless on an After-Tax Basis FPL from and against any and all loss, liability and expense (including reasonable fees and disbursements of counsel to FPL) which may be sustained or incurred by or on behalf of FPL in enforcing any obligations of Guarantor hereunder.

12. **Amendments; Waivers; Etc.**: Neither this instrument nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by FPL and Guarantor. No delay or failure by FPL to exercise any remedy against Seller or Guarantor will be construed as a waiver of that right or remedy. No failure on the part of FPL to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder against Guarantor preclude any exercise of such right against or any other or further exercise thereof against Guarantor or the exercise of any other right against Guarantor. The remedies herein provided are cumulative and not exclusive of any remedies provided at law or in equity.

13. **Severability** In the event that the provisions of this Guaranty should be claimed or held to be inconsistent with any other instrument evidencing or securing the Obligations, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective.

14. **Assignment**:

    (a) Assignability. Guarantor shall not assign any of its rights or obligations under this Guaranty. FPL may, at any time and from time to time, assign, in whole or in part, the rights of FPL hereunder to any person or entity to whom FPL may assign all or any of its rights or obligations under the Contract, whereupon such assignee shall succeed to the rights of FPL hereunder to the extent so assigned.

    (b) Successors and Assigns. Subject to Section 14(a) hereof, this instrument shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of FPL and its successors and assigns.

15. **Address for Notices**: All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the

Contract, and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

16. **JURISDICTION**:

(a) **SERVICE OF PROCESS**. GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY PROCESS, PLEADING, NOTICE OR OTHER PAPERS BY THE MAILING OF COPIES THEREOF BY REGISTERED, CERTIFIED OR FIRST CLASS MAIL, POSTAGE PREPAID, TO GUARANTOR AT ITS ADDRESS SPECIFIED BELOW THE SPACE FOR ITS EXECUTION OF THIS GUARANTY OR BY ANY OTHER METHOD PROVIDED OR PERMITTED UNDER NEW YORK LAW.

(b) **NON-EXCLUSIVE JURISDICTION**. GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY: (i) AGREES THAT ANY SUIT, ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF THIS GUARANTY SHALL BE CONDUCTED IN THE COURTS OF THE STATE OF NEW YORK OR IN FEDERAL COURTS SITUATED IN NEW YORK AND THE PARTIES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS; PROVIDED, THAT IF A NEW YORK COURT OR FEDERAL COURT SITUATED IN NEW YORK SHALL HAVE DETERMINED THAT IT CANNOT ACCEPT JURISDICTION OVER ANY ACTION BECAUSE OF THE FAILURE TO JOIN AN INDISPENSABLE PARTY, THEN FPL MAY BRING AN ACTION IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION; (ii) CONSENTS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION, OR PROCEEDING; AND (iii) WAIVES ANY OBJECTION WHICH GUARANTOR MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING IN ANY SUCH COURT. GUARANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. GUARANTOR AT FPL'S OPTION MAY BE JOINED IN ANY PROCEEDING AGAINST SELLER.

17. **GOVERNING LAW**: THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CHOICE OF LAW (OTHER THAN SECTION 5 1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

18. **WAIVER OF JURY TRIAL**: GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED

HEREON OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR THE CONTRACT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER ORAL OR WRITTEN), OR ACTION OF GUARANTOR, SELLER, OR FPL.

19. **Entire Agreement**: This Guaranty contains the complete agreement of Guarantor with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

20. **Section Headings**. Section headings contained herein are for convenience of reference only and shall not be considered in the interpretation or enforcement of the provisions hereof.

IN WITNESS WHEREOF, Guarantor has duly executed and delivered this Guaranty effective as of _____, 20__.

[CREDITWORTHY GUARANTOR]

By: _____

Name: _____

Title: _____

Address:

_____

_____

Attn: _____

Telephone: _____

Facsimile: _____

APPENDIX D

FACILITY ACTUAL NET GENERATION AND PERFORMANCE DATA

MONTH OF: _____

[FPL to provide form appropriate to Proposer's project.]

FACILITY ACTUAL NET GENERATION AND PERFORMANCE DATA

YEAR OF: _____

DATE	OUTAGE TYPE (1)	HOURS	(MW) AFFECTED	DESCRIPTION

(1) FO – FORCED OUTAGE
MO – MAINTENANCE OUTAGE
PD – PLANNED DERATING
MD – MAINTENANCE DERATING
FD – FORCED DERATING
PO – PLANNED OUTAGE

APPENDIX E

START-UP COSTS

Type of Start –up	Cost (Dollars) per Successful Start-up	Guaranteed Maximum Fuel Consumption (MMBtu)
Hot (0-4 hours offline)		
Warm/Hot (4-12 hours offline)		
Warm/Cold (12-48 hours offline)		
Cold (greater than 48 hours offline)		

[Insert Dollars and MMBtu's from Proposer's submission]

APPENDIX F

FACILITY OPERATING CAPABILITIES

[To include, among other things, types of information in Proposer's submission.]

APPENDIX G

PLANNED OUTAGE HOURS

[Define Planned Outage Hours and attach schedule from Proposer's submission.]

APPENDIX H

RECEIPT POINT

[Insert description of initial Receipt Point from Proposer's submission.]

APPENDIX I

CAPACITY AND HEAT RATE DEMONSTRATION TESTING GUIDELINES

1.0 Introduction

This document provides guidelines for conducting testing on a power plant unit and its components. Capacity demonstrations and/or performance tests may be conducted as the Initial Tests and as periodic Tests.The objective of the Initial Test and of each other Capacity Test described in Section 9.0 of the Contract is to establish the Facility's Continuous Capability, Heat Rate and incremental Capacity associated with each applicable mode of operation above the Base Operation Mode.

2.0 Test Protocol Development

Seller will develop, and submit to FPL for review and approval, a test protocol (the "Test Protocol") that will be used to perform the Initial Tests and periodic Tests required by the PPA. The following describes the essential components of the Test Protocol and identifies specific areas of focus.

2.1 Instrumentation

An instrument list will be developed identifying the instruments to be used for test data. The instrument list will include identification of type, accuracy, location, and calibration requirements for all instruments utilized in the test(s). If temporary instrumentation is to be used, the specified accuracy and connection points for such instrumentation will be described. Continuous Capability and Fuel Flow will be metered by the billing meters.

2.2 Test Uncertainty

Provisions will be included for a pre-test and post-test uncertainty analysis. This analysis is to be used as a measure of the quality of the test only, and should conform to the guidance in ASME 19.1.

2.3 Test Tolerance

No test tolerance is to be applied in calculation procedures or in comparison of test results to Committed Capacity or to Minimum Capacity. Continuous Capability will be the corrected as-tested Capacity (see part 2.8) less calculated post-test uncertainty, as determined under part 2.2.

2.4 Fuel Heat Content

Fuel heat content will be measured using Fuel samples drawn during each Test procedure. If the Facility has an on-line gas chromatograph, these samples may be compared with the measured values in order to establish accuracy of the gas chromatograph. Future tests may rely solely on the gas chromatograph provided

it has an acceptable accuracy of < 0.1% and assuming calibration status and associated documentation are provided to the satisfaction of FPL.

2.5 Test Conditions

The Test Protocol will detail the plant operational condition(s) under which the test will be conducted. The description will include a mechanical valve lineup, an electrical distribution lineup, definition of steady-state conditions and the status of various power augmentation equipment/systems (including inlet air treatment devices) during the test(s). These conditions will be in general agreement with the guidance of ASME PTC-46.

The plant shall be in reliable operation prior to conducting any test.

Each incremental Capacity level (e.g., Base Operation Mode, Level 1 Mode of Operation *[Add Other Operating Modes, if any]*) will be specifically defined and described such as to represent a separate demonstration test lineup in accordance with Section 9.0 of the Contract.

The Test Protocol will provide for initial and periodic Capacity demonstrations of the Facility to be conducted in part while on the Back-up Fuel. As part of this demonstration, the unit will successfully transition from the primary to the Back-up Fuel without disconnecting from the grid. In a separate test, Seller will demonstrate the ability of the Facility to start up using only the Back-up Fuel.

Facility operation during the Capacity Tests must conform to all Applicable Laws, including all Environmental Licenses. Compliance with emissions requirements will be demonstrated through the Facility's CEMS system. The CEMS system must be certified at the time of the Initial Test and each other Capacity Test.

The test periods will be defined as three one-half hour test periods for each operating mode, all run in a single continuous four hour period The corrected results for each period must satisfy the repeatability requirements of ASME PTC-46. If possible, test periods should be held at times when ambient conditions are close to reference ambient conditions to minimize corrections.

2.6 Data Collection

The Test Protocol will detail all data collection requirements. The description will include minimum data intervals and DCS or equipment control system settings (dead-bands, compression, averaging, etc.) to be used during the test period.

2.7 Correction Curves

The Test Protocol will provide plant correction curves only for ambient dry-bulb temperature, ambient atmospheric pressure, ambient relative humidity and Fuel constituents to correct test conditions to Reference Conditions. Seller will be

required to demonstrate the methods and models used to develop the plant correction curves including the individual equipment data and correction curves utilized to develop the Facility-level corrections. Seller shall provide sample calculations that demonstrate how the correction curves are applied.

2.8 Results

The Test Protocol will define the calculation of and corrections to the test results in keeping with the requirements of the PPA. The corrected as-tested Capacity and Heat Rates of the Facility will be the average of the three qualified test periods, and the Continuous Capability of the Facility will be the corrected as-tested Capacity less the post-test uncertainty (as determined under part 2.2).

2.9 Reporting

The Test Protocol will describe the content and time requirements to provide preliminary and final reports for the Initial Test and periodic Capacity Tests. "Raw" written and electronic data shall be provided to FPL within two working days following each test. Calibration records pertaining to that test instrumentation shall also be provided.

3.0 References

The following are identified as the reference documents to be used in the general development of the Test Protocol. Where these references are non-committal, or there is a potential for conflicting interpretation, the Test Protocol will specify the mutually agreed interpretation to be used.

- ASME PTC 1-1991, General Instructions
- ASME PTC 19.1, Instrument Uncertainty
- ASME PTC 46-1996, Performance Test Code on Overall Plant Performance
- ASME PTC 6, Steam Turbine Generator
- ASTM D1945-1996, Standard Test Method for Analysis of Natural Gas by Gas Chromatography
- ASTM D3588-1998, Standard Practice for Calculating Heat Value, Compressibility Factor, and Relative Density of Gaseous Fuels
- AGA Report No. 8 - 1994, Compressibility and Super compressibility for Natural Gas and Other Hydrocarbon Gases
- ASME MFC 3M-1989 (ISO 5167), Measurement of Fluid Flow in Pipes Using Orifice, Nozzle, and Venturi

- ASME Steam Tables, 1967
- ASHRAE Psychometric Charts

APPENDIX J

TELEMETERING SPECIFICATIONS

Each installation shall be evaluated separately for SCADA requirements because of the many possible agreements and interconnection configurations. Generally, equipment will be specified capable of supporting the following data points:

Megawatt-hours received

Megawatt-hours delivered

KQ-hours received

KQ-hours delivered

Voltage

Current

+/- Megawatts, instantaneous value and limits

+/- Megavars, instantaneous value and limits

Control indication and current Maximum Sustained Rating (MSR)

Fuel Volumes

Fuel Quality if Installed

Breaker and Switch positions

Equipment Trouble Alarms

Generator Voltage Regulator Status, and

other Generator Parameters.

Quantities shall be provided to various Parties through various information or communication systems. Specific designs will be developed to meet those requirements. Multi-ported remote terminal units (RTUs) accessible by all appropriate Parties shall be used, provided the appropriate security levels are implemented. Equipment control of breakers, switches and other devices via SCADA shall be provided to only one responsible Party.

Power for SCADA or metering communication equipment shall be provided by the station battery. Office power systems and switching networks are not acceptable.

APPENDIX K

DESCRIPTION OF FACILITY SITE

[Proposer to provide site description survey map with site boundaries, facility layout diagram, and USGS 1:24.000 scale quad map with site boundary]

APPENDIX L

REFERENCE CONDITIONS

[Insert information from Proposer's submission.

APPENDIX M

MILESTONES

A. Major Milestones

MAJOR MILESTONE	MILESTONE DATE	LIQUIDATED DAMAGES AMOUNT FOR FAILURE TO MEET MAJOR MILESTONE
1. Commencement Date of PPA	The date on which both parties shall have executed and delivered this Contract	*[Insert product of $114.00 per kW multiplied by Committed Capacity]*
2. Seller (a) shall place firm, irrevocable orders for all Major Equipment with delivery schedule commitments no later than the dates specified.[Insert information from Proposer's submission.]; and (b) shall (i) obtain legal title to, or a valid and binding leasehold interest in, the Facility Site, and (ii) shall enter into the Mortgage and Security Agreement	28 months prior to unit in-service date e.g. February 2007 for a unit with an in-service date of June, 2009	*[Insert product of $134.00 per kW multiplied by Committed Capacity]*
3. Seller (a) shall achieve the closing on the full amount of construction loan from the Lenders for the Facility and shall make the first draw on such loan, and the Lenders shall enter into the Intercreditor Agreement; and (b) shall issue full notice to proceed to the Facility construction contractor and such contractor shall commence mobilization at the Facility Site and initiation of construction	20 months prior to unit in service date e.g. October 2007 for a unit with an in-service date of June, 2009	*[Insert product of $202.00 per kW multiplied by Committed Capacity]*
4. Seller shall achieve the Capacity Delivery Date	The Scheduled Capacity Delivery Date	*[Insert product of $319.00 per kW multiplied by Committed Capacity]*
5. Seller shall achieve the Capacity Delivery Date as extended pursuant to Section 3.2.3	The Final Capacity Delivery Date (or earlier failure to comply with Section 3.2.3)	*[Insert product of $319.00 per kW multiplied by Committed Capacity]*

B. Additional Milestones

MILESTONE	MILESTONE DATE[1]
1. Seller shall obtain all Governmental Approvals required to be obtained from local, state, and Federal authorities (including the FERC) under Applicable Law to construct, own and operate the Facility and to perform its obligations under the Contract, in final and non-appealable form	
2. Seller shall have entered into the Firm TSA and assigned the Firm TSA to FPL if required under Section 10.3	
3. The major equipment shall be delivered to the site.	
4. Construction of the CTG,STG and HRSG Foundation(s) complete.	
5. The Fuel interconnection shall be tested and the Primary Fuel shall be available to the Facility under the Fuel Contracts	
6. The Initial Synchronization Date of the Facility STG shall be achieved	
7. All air emissions/RATA tests shall be completed successfully	
8. Performance tests of the Facility shall demonstrate that the Facility meets all minimum performance guarantees under the Facility construction contract	
9. Seller shall complete the Initial Test	

[1] *[Milestone Dates for Milestones other than Major Milestones to be established based on agreed CPM Schedule.]*

APPENDIX N

FORM OF MORTGAGE AND SECURITY AGREEMENT

[Attach form of Mortgage and Security Agreement [to be provided]]

APPENDIX O

FORM OF ASSIGNMENT OF FIRM TSA

[Attach form of Assignment of Firm TSA [to be provided]]

APPENDIX P

CPM SCHEDULE

[Attach agreed CPM Schedule.]

APPENDIX Q

GUARANTEED CAPACITY AND HEAT RATE CURVES

[Guaranteed Heat Rate Curves to be provided from Proposer's Submission]

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APPENDIX D

Forms for Proposers – Part One

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Forms for Proposers

A. Overview of the Required Eleven (11) Forms

There are eleven (11) forms that all Proposers must complete and return to FPL's RFP Contact Person by 4:00 p.m. EDT on the Proposal Due Date. These completed forms and requested attachments to these forms will, collectively, represent a proposal. If a Proposer is submitting more than one proposal, a separate set of forms must be completed for each proposal. These eleven forms are described in the remainder of this Appendix D.

The Proposer must submit five (5) bound hard copies of the proposal that contains the forms and requested information, and an electronic copy of the completed EXCEL spreadsheets, along with the RFP Evaluation Fee.

As discussed in Section II.C.2, FPL will treat as confidential all information contained in proposals which is clearly identified as Proprietary and Confidential except for the information to be submitted on Form # 1, Public Information Regarding Proposal. To clearly identify confidential information, the Proposer must (1) stamp each such page with "Confidential Information" and (2) highlight/shade the confidential information on the pages stamped "Confidential Information". (A blanket statement that an entire page or proposal is proprietary and confidential will not be considered clear identification.)

Please refer to Section II.C.2 for a full discussion of Proposal Confidentiality.

B. Form # 1: Public Information Regarding Proposal

In order to provide general information to the public about the proposals received in response to this RFP, FPL requires that all proposal submittals include a completed Public Information Regarding Proposal form that includes a list of projects undertaken (constructed and/or operated) by the Proposer that are similar to the project now being proposed. The information contained in this form will be treated as non-confidential and non-proprietary and may be released to the public at the sole discretion of FPL.

C. Form # 2: Executive Summary of the Proposal

A one (1) page summary of the proposed project and the Proposer is sought on this form. This executive summary should highlight any major value-added features of the proposal.

D. Form # 3: Financial Information

To mitigate risk, FPL will examine the Proposer's and, if applicable, the parent/affiliate guarantor's credit/corporate profile and financial guarantees. The credit/corporate profile information includes the corporate bond rating, the commercial paper rating, and the Dunn & Bradstreet Credit Appraisal Rating.

If a Proposer will be relying on any parent/affiliate guarantees, the Proposer shall also include a description of the corporate relationship between the Proposer and the guarantor and provide a description regarding the proposed guarantor's willingness to guarantee the Proposer's obligations and the terms of the guarantee.

In addition, the proposal shall include audited financial statements for the last two years for the Proposer and, if the Proposer is relying on any parent/affiliate guarantees, for the guarantor.

E. Form # 4: Operations & Engineering Information

Form # 4 requests a variety of information that will be used in the economic evaluation and/or non-economic evaluation of proposals. The requested information is to be filled in on the following 9 information categories of this form:

1. Power Generation Proposal Type
2. Technology/Configuration
3. Operational Considerations
4. Fuel Information & Barometric Pressure
5. Guaranteed Firm Capacity
6. Guaranteed Heat Rates
7. Emission Rate Information
8. Natural Gas Pipeline Connection(s)
9. Generating Units' Operating & Maintenance Experience/Performance

In addition, a marked up version of a U.S. Geological Survey Map is also requested as explained on the Natural Gas Pipeline Connection(s) section of this form.

F. Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Pricing for firm capacity and energy proposals that offer power purchases or system sales only, or that initially offer power purchases prior to sale of a unit to FPL, must be presented on Pricing Information Form # 5. (Pricing for proposals that offer the sale of facilities to FPL must be presented on Pricing Information Form # 6.)

Note that FPL requires actual prices to be filled in for each year of the proposed term-of-service. Proposals indicating a first-year price only followed by note stating that a formula is to be used for escalating that price from year-to-year are not acceptable and constitute grounds for declaring a proposal ineligible. Please refer to Section F.5 (below) for an explanation of acceptable pricing approaches a Proposer may utilize in developing the annual price values to be presented on Form # 5.

1) Guaranteed Capacity Payments

The Proposer must provide Guaranteed Capacity Payment values for the term of the proposed contract. Guaranteed Capacity Payment values in terms of $/kw-month must be supplied for each operational mode (base operation, Incremental Level 1, Incremental Level 2, etc.) as specified on Form # 4. Proposals must include all costs of delivering capacity and energy to the FPL System including delivery over intervening transmission systems. Utilize the Guaranteed Firm Capacity rating for Summer (temperature of 95 degrees, the relative humidity specified, and the appropriate barometric pressure value from the chart supplied on Form # 4) in developing the denominator for the $/kw–month values.

2) Guaranteed Energy Pricing & Payments

a) Fuel Prices

The Proposer may submit a Guaranteed Fuel Commodity Price ($/mmBTU) for the proposed term of the contract. If the Proposer does not wish to provide Guaranteed Fuel Commodity Prices, FPL will use its own fuel commodity cost projections from one of the two existing pipelines (FGT or Gulfstream) for the purposes of proposal evaluation.

The Proposer may submit a Guaranteed Fuel Transportation Price ($/mmBTU) for the proposed term of the contract. If the Proposer does not wish to provide Guaranteed Fuel Transportation Prices, the Proposer must either designate "FGT" or "Gulfstream" as the gas supplier, in which case FPL will use its own fuel transportation cost projections for the purposes of proposal evaluation.

b) Variable O&M Payments

In addition, the Guaranteed Variable O&M Prices (in $/MWH) of the proposal for each year of the proposed term-of-service for the base operational mode and for any other operational mode must be provided.

In calculating these values, assume an annual capacity factor of 85% for a system sale or a baseload generating proposal and 15% for peaking capacity proposals. Calculations should assume the Guaranteed Firm Capacity rating for Summer (95 degrees).

3) Guaranteed Startup Payments

The Proposer's guaranteed startup prices, excluding fuel costs, plus the amount of fuel needed per startup (mmBTU per startup) must be provided. Successful starts are limited to one per dispatch cycle.

4) Costs and Information Included in the Payments

Proposals that are based partially or totally on generators that need to be constructed and connected to the transmission system must include transmission interconnection costs in their Guaranteed Capacity Pricing in Section 1) of Form # 5.

These proposals, plus proposals that are based on existing generating units, must also include the cost of third party transmission service for delivery to the FPL Receipt Point (including the impact of third party transmission service losses, if appropriate, in their Guaranteed Capacity Pricing in Section 1 of Form # 5.

In Section 4 of Form # 5, each Proposer must also separately provide the specific costs of transmission interconnection that are the basis for these transmission-related costs that are included in the Guaranteed Capacity Pricing values for 2009 – on. The Proposer must also provide information related to third party transmission service (if applicable).

The information that follows pertains to these transmission interconnection costs and third party transmission service information.

a). Transmission Interconnection Costs:

- All proposals that are based partially or totally on generators that need to be constructed and connected to the transmission system must demonstrate that they have a valid completed application for Generator Interconnection Service (GIS) in the FPL GIS Queue, or with the applicable third party to the extent the new generator is connected to a third party's transmission system.

- The process for requesting GIS and having a completed GIS application on the FPL system is delineated on FPL's Open Access Transmission Tariff.

- To the extent the generator(s) is connecting to the FPL system, and a transmission interconnection study that has been performed and completed by FPL Transmission providing cost estimates is available, the Proposer shall provide an interconnection cost estimate based on the transmission interconnection study, along with a copy of this study. This cost estimate shall include all materials, labor, land, permitting, and overhead adders associated with upgrades of existing facilities and construction of incremental facilities required as a result of the connection, plus thermal, short circuit, and stability impacts on the transmission system. Note that if a new transmission switchyard must be constructed to connect the proposed generator(s), the cost of the transmission switchyard, including land, all necessary permits, filling and grading must be included in the cost estimate.

  To the extent a completed transmission interconnection study is not available and the generator(s) for which the capacity is being offered is to be connected to the FPL system, the Proposer must provide a cost estimate for the interconnection along with the basis for this estimate. Such cost estimate shall include all materials, labor, land, permitting, and overhead adders associated with upgrades of existing facilities and construction of incremental facilities required as a result of the connection, and short circuit and stability impacts on the transmission system. Note that if a new transmission

switchyard must be constructed to connect the proposed generator(s), the cost of the transmission switchyard, including land, all necessary permits, filling and grading, must be included in this cost estimate.

FPL reserves the right to review such cost estimates for reasonableness. To the extent that FPL determines that this cost estimate is materially incorrect or incomplete, FPL reserves the right to adjust this cost estimate as it deems necessary during the evaluation process in order to reflect an acceptable interconnection arrangement. (The actual cost of connecting the generator to the FPL system would be based on the specific GIS Queue process and the attendant studies. These actual costs will need to be addressed if the Proposer is ultimately selected.)

- To the extent the generator(s) for which the capacity is being offered is not directly connected to the FPL system, the Proposer shall provide the best available cost estimate and the assumptions or studies upon which this cost estimate was based. Such cost estimate shall include all materials, labor, land, permitting, and overhead adders associated with upgrades of existing facilities and construction of incremental facilities required as a result of the connection, plus thermal, short circuit, and stability impacts on the transmission system.

b). Third Party Transmission Service Information:

To the extent the generator(s) is connected to the transmission system of a third party, the Proposer shall:

- State whether third party transmission rights have been requested and/or already procured for a portion of or all of the generation capacity being offered. To the extent a request for such long-term firm transmission right have been requested, but not yet procured, provide all available studies associated with the request; and,

- Provide the projected transmission losses associated with the third party transmission service.

5) Guidance for Developing Annual Cost Data for Form # 5

Background

FPL's 2005 RFP requires potential Proposers to provide annual values for Capacity Payments (that inherently may include a fixed O&M component), Variable O&M Payments, and Startup Payments. These annual values may reflect assumed escalation over the term of a proposed contract. Proposers may either submit fixed annual values or have components of their proposal prices be subject to escalation.

In the former instance, the Proposer would be guaranteeing the actual prices for each year (i.e., those are the set annual prices that would be incorporated directly into a PPA if the Proposer were selected by FPL). In so doing, a Proposer would be choosing to assume the risk/benefit of costs deviating from the annual values provided.

In the latter case, a Proposer may submit prices that are subject to future adjustment based on a formula that includes one or more of three approved indices (described below). For example, a Proposer might propose a Variable O&M charge that entails a 2009 starting value that escalates thereafter at some portion or all of the actual change in a specific index. In summary, Proposers can choose the level of risk they would assume by applying a formulaic approach (similar to FPL) or guaranteeing specific annual values.

The latter indexed approach was the process employed by FPL in developing the forecasted annual values for Variable O&M, Capital Replacement, and Fixed O&M for its self-build options in the RFP. The numeric values shown for FPL's self-build options are not guaranteed, rather they reflect FPL's best estimate of what its formulaic cost estimate will yield. Over time, actual values would be substituted for these forecasted values.

The following describes how this can be accomplished by Proposers in response to FPL's 2005 RFP (and how the method was employed by FPL in constructing values for its self-build options.)

Process

The following is provided to clarify requirements for data submitted in response to FPL's 2005 Request for Proposal (RFP) as pertains to proposal pricing components that may be either fixed or subject to escalation. The approach offers Proposers the opportunity to declare the annual values that will be used to evaluate their proposal and (if the proposal is subject to escalation) the method of applying three FPL authorized indices to develop the values to be evaluated.

A Proposer must submit payment values, not formulae, for all years for Capacity Payment and Variable O&M Payment as described in Florida Power & Light's 2005 RFP. Thus, even if a Proposer decides to base a price component on a formula/index, the Proposer must still calculate and populate the RFP Form # 5 with specific annual values (so that the proposal evaluation team can verify its understanding of the Proposer's formula).

Fixed Price Procedure

If the values on Form # 5 represent fixed, guaranteed payment values, then simply completing the RFP forms as described in the RFP is sufficient. These firm, guaranteed annual payment values would be used in the evaluation and then included unchanged in the PPA should the proposal be selected.

Formulaic/Indexing Procedure

If a Proposer chooses to develop payment values based on the use of FPL authorized indices, and desires this method to be the basis of the evaluation and a potential PPA with FPL, the Proposer must use the following approach.

Only the indices in Table D-1 are authorized for use in submitting formulaic/indexed prices in response to the FPL 2005 RFP. The three authorized indices are:

- The Global Insight escalation index for Producer Price Index – All Commodities (PPI).
- The Global Insight escalation index for Compensation Per Hour – Non-Farm Business Sector (CPH).
- The Global Insight escalation index for Consumer Price Index – All Urban Consumers (CPI).

One of these escalation indices may be used by itself or in combination with any or all of the other indices.

The only price values that a Proposer may choose to index are those for Capacity Payments (and inherently any fixed O&M portion of those payments), Variable O&M Payments, and Startup Payments – all of which are to be provided on Form # 5. The formula(e) applied by the Proposer to develop the payment values must be provided and fully described at the bottom of the relevant page(s) of Form # 5 or included on an attached page to the form if more room is needed. This formula, combined with future actual values for each index used in the formula, will be the basis for payments that the Proposer would receive if the proposal is selected.

A Proposer may also deem that some portion of a payment is not indexed, while another segment of the payment is. For example, a Proposer's Capacity Payment may entail one portion that is fixed (or that escalates at a set percentage) throughout the term of the contract while another portion (i.e., a fixed O&M component) may be subject to annual adjustment based on a formula that includes one or more of the authorized indices.

In addition to a thorough description of the formula/indexing process that is proposed, a Proposer must fill out the annual values for every year of the proposed transaction based on the forecast of the authorized index values contained in Table D-1. Note that the Proposer will not be bound by these specific annual values – only the formula/indexing process behind them. However, the annual values are essential and will be used to confirm that the proposal evaluation team understands and correctly applies the Proposer's formula/indexing process.

Example

The following is an example of how a forecasted annual Capacity Payment (CP) value could be developed using a formulaic combination of two FPL authorized indices. Formula (1) represents the equally weighted combination of the CPI and PPI. Additionally, the PPI is discounted representing the Proposer's assumption that the PPI overstates future escalation by 5%. This allows the Proposer to adopt an assumption in its pricing proposal, be evaluated on that assumption, and have that same assumption reflected in the pricing provision of the PPA. The starting value for the Capacity Payment in 2009 (CP_{2009}) is $5/kW-mo. Using

Table D-1, the proposed Capacity Payment for 2012 (CP_{2012}) would be determined as follows:

$$(1) \qquad CP_{2012} = CP_{2009} \times \left[0.5 \times \frac{CPI_{2012}}{CPI_{2009}} + 0.5 \times \frac{0.95 \times PPI_{2012}}{PPI_{2009}} \right]$$

$$(2) \qquad CP_{2012} = 5 \times \left[0.5 \times \frac{224.8}{208.3} + 0.5 \times \frac{0.95 \times 154.33}{148.95} \right] = \$5.16/\text{kW-mo}$$

Values for other years would be developed in the same manner, substituting the appropriate index value in the numerator for each index. The actual Capacity Payment to be made in the future under a PPA would apply the same formula with actual values of the CPI and PPI.

FPL's Methodology

1) FPL used the Producer Price Index (directly) to escalate an initial value for the Variable O&M and Capital Replacement values shown in Tables III.B-2 and III.B-7 of the RFP.

2) FPL used the CPH index (directly) to escalate initial Fixed O&M values shown in Tables III.B-2 and III.B-7 of the RFP.

   Note: FPL did not use Global Insight's Consumer Price Index, but this index may be used by Proposers.

Table D - 1

Global Insight Price Indices: 1990 - 2037

Data from April 2005 Trend Forecast (04/25/05) w/ Trending 2035 - 2037

Year	Consumer Price Index (All Urban Consumers)	% Change	Producer Price Index (All Commodities)	% Change	Compensation Per Hour (Nonfarm Business Sector)	% Change
1990	130.66	5.4%	116.28	3.6%	90.30	5.9%
1991	136.17	4.2%	116.53	0.2%	95.10	5.3%
1992	140.31	3.0%	117.20	0.6%	100.00	5.2%
1993	144.48	3.0%	118.92	1.5%	101.95	2.0%
1994	148.23	2.6%	120.45	1.3%	103.70	1.7%
1995	152.38	2.8%	124.75	3.6%	105.98	2.2%
1996	156.86	2.9%	127.67	2.3%	109.48	3.3%
1997	160.53	2.3%	127.59	-0.1%	112.85	3.1%
1998	163.01	1.5%	124.44	-2.5%	119.55	5.9%
1999	166.58	2.2%	125.50	0.9%	125.10	4.6%
2000	172.18	3.4%	132.78	5.8%	133.90	7.0%
2001	177.04	2.8%	134.23	1.1%	139.33	4.1%
2002	179.87	1.6%	131.14	-2.3%	143.85	3.2%
2003	183.95	2.3%	138.14	5.3%	149.68	4.0%
2004	188.89	2.7%	146.65	6.2%	155.90	4.2%
2005	192.60	2.0%	150.21	2.4%	162.04	3.9%
2006	195.66	1.6%	149.10	-0.7%	168.82	4.2%
2007	199.55	2.0%	148.54	-0.4%	176.16	4.3%
2008	203.81	2.1%	148.37	-0.1%	184.23	4.6%
2009	208.33	2.2%	148.95	0.4%	192.50	4.5%
2010	213.38	2.4%	150.44	1.0%	201.35	4.6%
2011	218.90	2.6%	152.33	1.3%	210.86	4.7%
2012	224.81	2.7%	154.33	1.3%	220.77	4.7%
2013	230.85	2.7%	156.22	1.2%	230.80	4.5%
2014	237.01	2.7%	158.22	1.3%	241.08	4.5%
2015	243.33	2.7%	160.17	1.2%	251.95	4.5%
2016	249.89	2.7%	162.11	1.2%	263.50	4.6%
2017	256.70	2.7%	164.12	1.2%	275.56	4.6%
2018	263.81	2.8%	166.20	1.3%	288.17	4.6%
2019	271.13	2.8%	168.28	1.3%	301.37	4.6%
2020	278.58	2.7%	170.33	1.2%	315.16	4.6%
2021	286.24	2.7%	172.45	1.2%	329.54	4.6%
2022	294.08	2.7%	174.60	1.2%	344.19	4.4%
2023	302.15	2.7%	176.84	1.3%	359.33	4.4%
2024	310.45	2.7%	179.08	1.3%	375.11	4.4%
2025	318.95	2.7%	181.35	1.3%	391.56	4.4%
2026	327.69	2.7%	183.64	1.3%	408.71	4.4%
2027	336.67	2.7%	185.86	1.2%	426.59	4.4%
2028	345.89	2.7%	188.03	1.2%	445.26	4.4%
2029	355.37	2.7%	190.25	1.2%	464.73	4.4%
2030	365.15	2.8%	192.55	1.2%	485.04	4.4%
2031	375.30	2.8%	194.95	1.2%	506.23	4.4%
2032	385.81	2.8%	197.33	1.2%	528.35	4.4%
2033	396.59	2.8%	199.65	1.2%	551.46	4.4%
2034	407.70	2.8%	202.02	1.2%	575.57	4.4%
2035	419.12	2.8%	204.44	1.2%	600.90	4.4%
2036	430.85	2.8%	206.90	1.2%	627.34	4.4%
2037	442.92	2.8%	209.38	1.2%	654.94	4.4%

G. Form # 6: Pricing Information for Sale of a new or an Existing Unit

Pricing-related information required for the proposed sale of a new or an existing facility is as follows:

- Date (month/day/year) of the proposed sale of the facility to FPL;
- Guaranteed total sale price of the proposed facility on the Sale Date (in 2009 dollars for a 2009 Sale; in 2010 dollars for a 2010 Sale; or in 2011 dollars for a 2011 Sale) ;
- Projected annual Fixed O&M costs ($/Guaranteed Firm Capacity rating in kw for Summer at 95 degrees);
- Projected annual Variable O&M costs ($/MWH) using an annual capacity factor of 85% for system or baseload capacity and an annual capacity factor of 15% for peaking capacity, plus the Guaranteed Firm Capacity rating for Summer (95 degrees);
- Projected annual Capital Replacement costs ($/Guaranteed Firm Capacity rating in kw for Summer (95 degrees).

Note that the total sale price for a Sale of a New or an Existing Unit proposal must cover all costs of delivering power to the FPL system over a third party transmission system(s).

H. Form # 7: Environmental & Permitting Information

In order to fully evaluate the environment and permitting aspects of proposals, Form # 7 requests a variety of information from 11 major categories that will be used to evaluate proposals. Each Proposer shall be more inclusive rather than exclusive when responding to the information requested. If the category or information requested does not apply to the proposal, an explanation shall be provided. The following are the 12 major information categories of this form:

1. Description of Pollution Control Equipment
2. Proposer Compliance History
3. Required Permits Or Approvals To License or Permit the Facility
4. PSD/NSR Permitting
5. Strategy to Address Land Use Issues
6. Strategy to Address Zoning Issues
7. Proposed Community Outreach Activities and Experience
8. Water Supply Strategy
9. Water Discharge Strategy

10. Other Infrastructure Needs Or Requirements
11. Protected Species Impacts
12. Permitting experience in Florida of Proposer and environmental support contractors and consultants

I. Form # 8: Key Milestones

FPL's ability to maintain a certain level of system reliability for its customers and/or meet its customer's needs will be dependent upon the Proposer's ability to meet the contracted Capacity Delivery Date (CDD). Since there is a possibility that the Proposer will not meet this date, FPL may have to make alternate arrangements to cover the capacity and energy shortfall. This will require FPL to monitor the Proposer's progress. Therefore, the Proposer must provide the expected completion dates for certain key project milestones on this form. When providing these key project milestones, a Proposer should carefully review the Project Milestone Schedule Minimum Requirements for the specific milestones listed in Section III.E.7 of the RFP.

A proposal that requires new power plant construction falling under the Siting Act will have to demonstrate permitting, construction, etc. schedules that allow the new plant to be in-service on or before FPL's needed in-service dates of June 1, 2009; June 1, 2010; and/or June 1, 2011.

J. Form # 9: Receipt Point(s) to FPL

This form is intended to identify the location of the receipt point(s) of each proposed capacity source(s). Listing of the nearest substations is requested.

The Proposer must also attach a readable transmission map (8.5 x 11) highlighting the receipt point(s) listed above.

K. Form # 10: Proposer Exceptions

All Proposers must complete and return the Proposer Exceptions form as part of their proposal submittal. On this form, the Proposer must either indicate that they take no exceptions to any of the terms, conditions, or other facets of the RFP and/or PPA or must indicate that they do take exception(s). In the case in which one or more exception is taken, then for each term, condition, or other RFP and/or PPA facet to which an exception is taken, the Proposer must provide their desired revised language.

FPL will consider the number and significance of exceptions in its non-economic evaluation. FPL will not consider proposed exceptions to the RFP's General or Specific Minimum Requirements.

L. Form # 11: Proposal Certification

All Proposers must complete and return the Proposal Certification form as part of their proposal submittal. An Officer of the proposing company is to certify that: (i) all information contained in the Proposer's proposal is complete and accurate and that the pricing contains all applicable costs for the proposed full term of service; (ii) that the terms, conditions, and other facets of the RFP and/or PPA are acceptable, except as specifically noted by the Proposer on Form # 10; (iii) the Completion Security and Performance Security described in Section III.C.6 are acceptable and there are no pending legal or civil actions that would affect the ability of the Proposer and/or its guarantor to maintain these security amounts; (iv) the proposal has been submitted in the legal name of the entity which would be bound by any resulting contract; (v) and that the proposal is firm and will remain open for 180 days from the Proposal Due Date.

The copies of this form that are included in the five (5) bound hard copies of the proposal each must be signed by an Officer of the proposing company.

M. Proposer's Forms

The blank forms that follow on the remaining pages of this Appendix are the required forms which must be completed by all Proposers for each project they wish to offer.

Florida Power & Light Company's
2005 Request for Proposal

Form # 1: Public Information Regarding Proposal

Facility Name: _____

1) Name of Proposing Company: _____

2) Type of Generating Unit: _____

3) Type of Project (Check One):
Purchased Power from Existing Unit: _____
Purchased Power from New Unit: _____
System Sale: _____
Sale of Existing Unit: _____
EPC Turnkey Project: _____
Distributed Generation: _____
Qualifying Facility: _____
Other(Specify): _____

4) Location of Generating Facility (City/County): _____

5) Fuel: Primary: _____

Secondary/Backup: _____

6) Proposer Classification (Check One):
Utility (retail serving): _____
Independent Power Producer: _____
Small Power Producer: _____
Cogenerator: _____
Other (explain): _____

7) Proposed Total Guaranteed Firm Capacity (Net MW) Delivered to FPL system (must match information on Form # 4, item 5), Guaranteed Firm Capacity):

Summer (95F): _____ Winter(35F): _____

8) Proposed Capacity Delivery Start Date: _____ (Month/Day/Year)

9) Proposed Capacity Delivery End Date: _____ (Month/Day/Year)

10) Use the space below to list all major projects undertaken (constructed and/or operated) by the Proposer or Proposer's affiliates/parent company during the last five (5) years which are similar to the project being proposed by the Proposer in response to FPL's RFP.

Florida Power & Light Company's
2005 Request for Proposal

Form # 2: Executive Summary of the Proposal

Facility Name: _____

Please provide a one (1) page summary of the proposed project and the Proposer.

Florida Power & Light Company's
2005 Request for Proposal

Form # 3: Financial Information

Facility Name: _____

1) Proposer's Legal Name: _____

2) Physical Address: _____

3) Financial/Credit Contact Person:

Name: _____

Position Title: _____

Telephone: _____

Fax: _____

E-Mail: _____

4) Federal Tax Identification Number: _____

5) Proposer is (check all that apply):

_____ Corporation
_____ Partnership
_____ Joint Venture
_____ Sole Proprietorship
_____ Limited Liability Company
_____ Limited Liability Partnership
_____ Other (attach description)

6) State in which Proposer is incorporated or organized: _____

7) Proposer Information:

a) Dunn & Bradstreet Identification Number: _____

b) Corporate Bond Ratings: _____ Sources: _____

c) Commercial Paper Ratings: _____ Sources: _____

d) Dunn & Bradstreet Credit Appraisal Rating: _____

Florida Power & Light Company's
2005 Request for Proposal

Form # 3: Financial Information

Facility Name: _____

8) (If applicable) Parent/Affiliate Guarantor Information:

a) Name of parent/affiliate guarantor: _____

b) Dunn & Bradstreet Identification Number: _____

c) Corporate Bond Ratings: _____ Sources: _____
_____ _____

d) Commercial Paper Ratings: _____ Sources: _____
_____ _____

e) Dunn & Bradstreet Credit Appraisal Rating: _____

9) If Proposer is relying on any parent/affiliate guarantees, use the space below to describe the corporate relationship between the Proposer and the guarantor. Also, provide a statement regarding the proposed guarantor's willingness to guarantee the Proposer's obligation pursuant to the form of guarantee that is to be attached to the PPA.

_____
_____
_____
_____
_____
_____

10) Provide audited financial statements for the last two years for the Proposer and, if applicable, the proposed guarantor.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

1) Power Generation Proposal Type: (Check one)

a) Purchased Power from Existing Unit: _____
b) Purchased Power from New Unit: _____
c) System Sale: _____ Provide an attachment detailing the proposed system sale including an explanation of how the proposing utility will maintain its reserve margin/reliability requirements in regard to commitments to its Public Service Commission.

d) Sale of Existing Unit(s): _____ (Commercial Operation Date of Existing Unit: _____)
e) EPC Turnkey Project: _____
f) Distributed Generation: _____
g) Qualifying Facility: _____
h) Other: _____ Provide details:

_____
_____

2) Technology/Configuration

a) Type of Generating Unit (Combustion Turbine, etc.): _____
b) Configuration: (*e.g Combined Cycle Unit with 2 CTG/HRSG trains w/duct firing and 1 Steam Turbine, Cooling Tower with makeup water from Source A; etc):*

_____
_____

c) Major Equipment Technology, Supplier, Model (*Combustion Turbine, Steam Turbine, Boiler/HRSG/Catalyst Systems):*

_____
_____

d) Generation/Operation Modes (*Specify/describe basis for proposed Generation/Operation Mode(s)):*
Base Operation: _____
Incremental Level 1: _____
Incremental Level 2: _____
Other(s): _____

e) Design/Operational capabilities for extreme events (e.g. hurricanes)
Design Criteria: i) Building Code: _____
ii) Wind Speed: _____ iii) Importance Factor: _____
Operating Criteria - specificy the maximum wind speed above which the Operator(s) will shut down the generating unit: _____
Special Design/Operational Features - identify plant system(s) and capabilities
i) safe shutdown of unit with readiness for rapid restart: _____
ii) blackstart unit w/o offsite power: _____
_____

f) General Equipment Specifications
Nominal Ratings (at rated temperature and pressure of the generator cooling medium):
_____
Capability Curves (at rated temperature and pressure of the generator cooling medium): Provide as an attachment.
Nominal Power Factor: _____
GSU Transformer impedances: _____

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

3) Operational Considerations: Outage Hours & Operating Time Limitations

a) Outage Hours for: **2009 Options**

Contract Year	Base Operational Mode: Projected * Annual Planned Outage Hours	Base Operational Mode: Projected * Annual Forced Outage Hours	Other Operational Modes: Projected * Annual Planned Outage Hours	Other Operational Modes: Projected * Annual Forced Outage Hours
2009				
2010				
2011				
2012				
2013				
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2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
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Note: The specified outage hour values **must** reflect realistic values over the life of the proposed capacity, **not** "new & clean" unit values for all years.

* Assume average annual capacity factors of 85% for baseload and system-based proposals and 15% for simple cycle combustion turbine-based proposals. Do not include Maintenance Outage Hours in these projections.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

3) Operational Considerations: Outage Hours & Operating Time Limitations

a) Outage Hours for: **2010 Options**

Contract Year	Base Operational Mode: Projected * Annual Planned Outage Hours	Base Operational Mode: Projected * Annual Forced Outage Hours	Other Operational Modes: Projected * Annual Planned Outage Hours	Other Operational Modes: Projected * Annual Forced Outage Hours
2010				
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2037				

Note: The specified outage hour values **must** reflect realistic values over the life of the proposed capacity, **not** "new & clean" unit values for all years.

* Assume average annual capacity factors of 85% for baseload and system-based proposals and 15% for simple cycle combustion turbine-based proposals. Do not include Maintenance Outage Hours in these projections.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

3) Operational Considerations: Outage Hours & Operating Time Limitations

a) Outage Hours for: **2011 Options**

Contract Year	Base Operational Mode: Projected * Annual Planned Outage Hours	Base Operational Mode: Projected * Annual Forced Outage Hours	Other Operational Modes: Projected * Annual Planned Outage Hours	Other Operational Modes: Projected * Annual Forced Outage Hours
2011				
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Note: The specified outage hour values **must** reflect realistic values over the life of the proposed capacity, **not** "new & clean" unit values for all years.

* Assume average annual capacity factors of 85% for baseload and system-based proposals and 15% for simple cycle combustion turbine-based proposals. Do not include Maintenance Outage Hours in these projections.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

b) Operating Time Limitations:

Provide explanation (s) for any operating time limitations attributable to facility design, permits, environmental regulations, maintenance and/or other factors:

Note that FPL requires that the Guaranteed Firm Capacity value quoted on item 5 of this form be capacity without run-time limitations.

Generation/Operation Mode	Run-Time Limitations (e.g. hrs/yr.)	Explanation
Base Operation:	_____	_____
Incremental Level 1:	_____	_____
Incremental Level 2:	_____	_____
Other(s):	_____	_____

4) Fuel Information and Barometric Pressure

a) Primary Type of Fuel: _____
b) Secondary/Backup Type of Fuel: _____

c) Total operating time that unit can run at full capacity using actual on-site Secondary/Backup fuel without this stored fuel being replenished. (See Minimum Requirement # 6, Section III.E.) = _____ Hrs.
d) Total Quantity of Secondary/Backup Fuel Stored On-Site:
Storage capacity = _____
Typical On-Site Inventory for Operations = _____

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

4) Fuel Information and Barometric Pressure (continued)

c) Natural Gas Fuel -Typical Properties *(for specifying unit performance values)*

Proposer's facility shall be designed to handle the expected range of fuels from its source(s). However, all specified unit performance values provided by Proposer shall be based on the "Average Fuel Analysis" that follows below:

Wide Range Fuel Data - Natural Gas

Property Constituents (Mole%)	Average
Methane	93.56%
Ethane	3.90%
Propane	1.00%
Normal Butane	0.23%
Iso Butane	0.23%
Normal Pentane	0.05%
Iso Pentane	0.03%
Hexane	0.10%
Carbon Dioxide	0.50%
Nitrogen	0.40%
TOTAL (MOLE %)	100%
Specific Gravity	0.601
Wobbe Index	1,376.7
Btu/SCF (HHV)	1,067
Btu/SCF (LHV)	962
HHV/LHV Ratio	1.109

Notes:
1 The constituent mole % values are normalized from the AVERAGE.
2 All constituent heating values are from the 1981 GPSA Engineering Data Book.
3 FPL does not warrant or guarantee that this fuel information is the actual that will be received during operation.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

4) Fuel Information and Barometric Pressure (continued)

d) Barometric Pressure Conditions *(for specifying performance values):*

The generating unit performance values specified hereinafter shall be based on barometric pressure conditions as follows:

Ambient Barometric Pressure Chart

Centerline of CTG inlet bell mouth elevation (ft.)	Barometric Pressure (PSIA)
Sea Level	*14.696*
25	*14.687*
50	*14.674*
75	*14.661*
100	*14.648*
150	*14.622*
200	*14.596*
250	*14.5704*
300	*14.5445*

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

5) Guaranteed Firm Capacity *(Net MWs @ GSU Transformer High Side unless otherwise noted ***)*

a) On Primary Fuel

Ambient Conditions	Generation/Operation Mode				
	Base Operation *	*Incremental Level 1* **	*Incremental Level 2* **	*Other(s) (Specify)* **	Total Guaranteed Firm Capacity
95F, 50%RH					
35F, 60%RH					
95F, 50%RH ***					
35F, 60%RH ***					

b) On Secondary Fuel

Ambient Conditions	Generation/Operation Mode				
	Base Operation *	*Incremental Level 1* **	*Incremental Level 2* **	*Other(s) (Specify)* **	Total Guaranteed Firm Capacity
95F, 50%RH					
35F, 60%RH					
95F, 50%RH ***					
35F, 60%RH ***					

* *Guaranteed firm capacity must be capacity without run-time limitations*

** *Generation/Operation Mode: "Incremental Level 1" values shall be specified as incremental to "Base Operation" values; "Incremental Level 2" values shall be specified as incremental to "Incremental Level 1 values; and so forth. (Example: Base Operation may be combined cycle w/o HRSG duct burners in operation. "Incremental 1" may be the incremental performance from use of HRSG duct burners.)*

*** *As delivered to FPL's system adjusted for any 3rd Party transmission system losses(if applicable).*

Note: The guaranteed capacity values shown above **must** reflect "average" capacity values over the proposed term-of-service to FPL, **not** "new & clean" unit values.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

6) Guaranteed Heat Rates (BTU/kWh (HHV) @ *Guaranteed Firm Capacity as delivered to FPL system adjusted for any 3rd Party transmission system losses)*

a) On Primary Fuel

Ambient Conditions	Generation/Operation Mode			
	Base Operation	*Incremental Level 1 **	*Incremental Level 2 **	*Other(s) (Specify)**
95F, 50%RH				
75F, 60%RH				

b) On Secondary Fuel

Ambient Conditions	Generation/Operation Mode			
	Base Operation	*Incremental Level 1 **	*Incremental Level 2 **	*Other(s) (Specify)**
95F, 50%RH				
75F, 60%RH				

* *Generation/Operation Mode: "Incremental Level 1" values shall be specified as incremental to "Base Operation" values; "Incremental Level 2" values shall be specified as incremental to "Incremental Level 1 values; and so forth. (Example: Base Operation may be combined cycle w/o HRSG duct burners in operation. "Incremental 1" may be the incremental performance from use of HRSG duct burners.)*

Note: The guaranteed heat rates values shown above **must** reflect "average" values over the proposed term-of-service to FPL, not "new & clean" unit values.

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

7) Emission Rate Information

Provide the emission rate information requested below for the incremental MW supplied by each applicable operational mode on both the primary and secondary fuel.

a) On Primary Fuel

	Base Operation @ Full Load	Incremental Level 1	Incremental Level 2	Other
NO_x emission rate: lbs./mmBTU =				
SO_2 emission rate:lbs./mmBTU =				
PM_{10} emission rate:lbs./mmBTU =				
CO emission rate:lbs./mmBTU =				
CO_2 emission rate:lbs./mmBTU =				

b) On Secondary Fuel

	Base Operation @ Full Load	Incremental Level 1	Incremental Level 2	Other
NO_x emission rate: lbs./mmBTU =				
SO_2 emission rate:lbs./mmBTU =				
PM_{10} emission rate:lbs./mmBTU =				
CO emission rate:lbs./mmBTU =				
CO_2 emission rate:lbs./mmBTU =				

Florida Power & Light Company's
2005 Request for Proposal

Form # 4: Operations & Engineering Information

Facility Name: _____

8) Natural Gas Pipeline Connection(s)

a) Identify the projected source of natural gas supply *(FGT, Gulfstream,etc)* _____

b) Designate the power generating facility, proposed gas pipeline delivery point and any proposed lateral line facilities on a hard copy submittal of marked-up U.S. Geological Survey Map(s) indicating the Section(s), Township(s) and Range(s). Include one hard copy of this USGS map(s) in each of the five bound hard copies of these completed forms.

c) Provide a written description of these proposed lateral line facilities to connect the interstate or intrastate gas pipeline to the generating facility, including the distance (in miles) of the generating facility from the appropriate natural gas interstate or intrastate mainline (name the mainline) that will supply the facility's gas.

_____
_____
_____
_____

d) Provide minimum acceptable natural gas delivery pressure: _____ (psig) and specify the location of this pressure requirement (e.g. @ interconnection with gas pipeline, @ end of proposed lateral line, @ generating facility inlet, etc.)

e) Provide the Maximum Daily Natural Gas Consumption Requirement at Generating Facility: _____ (mmBTU/day)

f) Provide the portion of the Maximum Daily Natural Gas Consumption Requirement identified in e) above that must be obtained on a firm basis: _____ (mmBTU/day)

g) Provide the Maximum Hourly Natural Gas Consumption Requirement at Generating Facility: _____ (mmBTU/hour)

h) Provide the portion of the Maximum Hourly Natural Gas Consumption Requirement identified in g) above that must be obtained on a firm basis: _____ (mmBTU/hour)

9) Generating Units' Operating & Maintenance Experience/Performance

Use attachment(s) to specify the name, address, etc. of the responsible Operating & Maintenance Group/ Company and pertinent U.S. experience/performance information (i.e., Actual Performance Track-Record):

For all generating plants in its U.S. domestic portfolio, provide a listing of individual generating unit names, location, state, guaranteed/demonstrated MW capacity, in-service year, technology type, primary fuel, start year of Operating Entity experience with the unit. From these, provide composite experience summaries as follows:

General - Cumulative MW-years of experience through Sept 2005 with ALL present generating capacity
Specific - Cumulative MW-years of experience through Sept 2005 with SPECIFIC generating technologies being proposed (e.g. Combined Cycle, Peaking CT/GT, Coal-Steam).

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name:_____

1) Guaranteed Capacity Payments for **2009 Options**: *,**

Provide guaranteed total capacity pricing for each operational mode identified on Form # 4. Please insert "NA" for operational modes that are not applicable to your proposal.

Contract Year	for: **Base** Operational Mode Guaranteed Capacity Payment **($/kw-month)**	for: Incremental Level 1 Operational Mode Guaranteed Capacity Payment **($/kw-month)**	for: Incremental Level 2 Operational Mode Guaranteed Capacity Payment **($/kw-month)**	for: Other (specify) Operational Mode Guaranteed Capacity Payment **($/kw-month)**
2009				
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2019				
2020				
2021				
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* Guaranteed capacity pricing values must include all proposed payments for at least the following:
  - generation capital, fuel delivery capital, and infrastructure capital;
  - fixed O&M and capital replacement;
  - transmission interconnection and 3rd party transmission service (as applicable) over other utility system.
  (See page 3 of 9 of this form.)

** Please refer to instructions in Section F.1) of this Appendix.

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

2) Guaranteed Energy Pricing Payments for **2009 Options:**

Contract Year	Guaranteed Fuel Commodity Price (if applicable) * **($/mmBTU)**	Guaranteed Fuel Transportation Price (if applicable) ** **($/mmBTU)**	(for Base Operational Modes) Guaranteed Variable O&M Payment *** **($/MWH)**	(for all Other Operational Modes) Guaranteed Variable O&M Payment *** **($/MWH)**
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
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2036				
2037				

* If left blank, FPL will use its own fuel price forecast for purposes of proposal evaluation.

** Please fill in the blanks with one of the following: "FGT", "Gulfstream", or a numerical $/mmBTU value. If filled in with either "FGT" or "Gulfstream", FPL will use its forecast for FGT or Gulfstream firm gas transportation costs for purposes of proposal evaluation. **If filled in with a numerical $/mmBTU value, FPL will use that value for evaluation purposes.** For evaluation purposes, FPL will apply the Guaranteed Fuel Transportation Cost for gas-fired options to a set amount of firm gas based on unit type and capacity. (See Table E.1-1 in Appendix E.)

*** Please refer to instructions in Section F.2) b) of this Appendix.

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

3) Guaranteed Startup Payments ($/startup) excluding fuel, plus required fuel amount, for **2009 Options:** •

Type of Start:	**$/startup (excld.fuel)**	**mmBTU/startup**
Cold Start: (off-line >48hrs.)	_____	_____
Cold/Warm: (off-line 12 - 48 hours)	_____	_____
Warm/Hot Start: (off-line 4-12 hrs.)	_____	_____
Hot Start: (off-line < 4 hrs.)	_____	_____

• Successful starts are limited to one per dispatch cycle.

4) Costs and Information Included in the Payments for **2009 Options**:

a) Transmission Interconnection Costs:

Transmission interconnection cost included in the Guaranteed Capacity Payment values provided on page 1 of 9 of this form = _____ (millions, 2005$)

Basis for this cost estimate is : _____

_____

_____

_____

b) Third Party Transmission Service Information:

State whether third party transmission service rights have been requested and/or already procured for a portion of or all of the generation capacity being offered. To the extent a request for such long-term firm transmission rights have been requested, but not yet procured, provide all available studies associated with such requests.

_____

_____

_____

Transmission losses (MW) associated with the third party transmission service (which are accounted for in developing the Total Guaranteed Firm Capacity (As Delivered to FPL's System) values on Form # 4):

_____

_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

1) Guaranteed Capacity Payments for **2010 Options**: *,**

Provide guaranteed total capacity pricing for each operational mode identified on Form # 4. Please insert "NA" for operational modes that are not applicable to your proposal.

Contract Year	for: Base Operational Mode Guaranteed Capacity Payment **($/kw-month)**	for: Incremental Level 1 Operational Mode Guaranteed Capacity Payment **($/kw-month)**	for: Incremental Level 2 Operational Mode Guaranteed Capacity Payment **($/kw-month)**	for: Other (specify) Operational Mode Guaranteed Capacity Payment **($/kw-month)**
2010				
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2018				
2019				
2020				
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2022				
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* Guaranteed capacity pricing values must include all proposed payments for at least the following:
  - generation capital, fuel delivery capital, and infrastructure capital;
  - fixed O&M and capital replacement;
  - transmission interconnection and 3rd party transmission service (as applicable) over other utility system.
  (See page 6 of 9 of this form.)

** Please refer to instructions in Section F.1) of this Appendix.

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

2) Guaranteed Energy Pricing Payments for **2010 Options:**

Contract Year	Guaranteed Fuel Commodity Price (if applicable) * ($/mmBTU)	Guaranteed Fuel Transportation Price (if applicable) * * ($/mmBTU)	(for Base Operational Modes) Guaranteed Variable O&M Payment *** ($/MWH)	(for all Other Operational Modes) Guaranteed Variable O&M Payment *** ($/MWH)
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
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2036				
2037				

* If left blank, FPL will use its own fuel price forecast for purposes of proposal evaluation.

** Please fill in the blanks with one of the following: "FGT", "Gulfstream", or a numerical $/mmBTU value. If filled in with either "FGT" or "Gulfstream", FPL will use its forecast for FGT or Gulfstream firm gas transportation costs for purposes of proposal evaluation. **If filled in with a numerical $/mmBTU value, FPL will use that value for evaluation purposes.** For evaluation purposes, FPL will apply the Guaranteed Fuel Transportation Cost for gas-fired options to a set amount of firm gas based on unit type and capacity. (See Table E.1-1 in Appendix E.)

*** Please refer to instructions in Section F.2) b) of this Appendix.

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

3) Guaranteed Startup Payments ($/startup) excluding fuel, plus required fuel amount, for **2010 Options:** *

Type of Start:	**$/startup (excld.fuel)**	**mmBTU/startup**
Cold Start: (off-line >48hrs.)	_____	_____
Cold/Warm: (off-line 12 - 48 hours)	_____	_____
Warm/Hot Start: (off-line 4-12 hrs.)	_____	_____
Hot Start: (off-line < 4 hrs.)	_____	_____

* Successful starts are limited to one per dispatch cycle.

4) Costs and Information Included in the Payments for **2010 Options:**

a) Transmission Interconnection Costs:

Transmission interconnection cost included in the Guaranteed Capacity Payment values provided on page 4 of 9 of this form = _____ (millions, 2005$)

Basis for this cost estimate is : _____

_____

_____

_____

b) Third Party Transmission Service Information:

State whether third party transmission service rights have been requested and/or already procured for a portion of or all of the generation capacity being offered. To the extent a request for such long-term firm transmission rights have been requested, but not yet procured, provide all available studies associated with such requests.

_____

_____

_____

Transmission losses (MW) associated with the third party transmission service (which are accounted for in developing the Total Guaranteed Firm Capacity (As Delivered to FPL's System) values on Form # 4):

_____

_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

1) Guaranteed Capacity Payments for **2011 Options: *,****

Provide guaranteed total capacity pricing for each operational mode identified on Form # 4. Please insert "NA" for operational modes that are not applicable to your proposal.

Contract Year	for: Base Operational Mode Guaranteed Capacity Payment ($/kw-month)	for: Incremental Level 1 Operational Mode Guaranteed Capacity Payment ($/kw-month)	for: Incremental Level 2 Operational Mode Guaranteed Capacity Payment ($/kw-month)	for: Other (specify) Operational Mode Guaranteed Capacity Payment ($/kw-month)
2011				
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2021				
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* Guaranteed capacity pricing values must include all proposed payments for at least the following:
- generation capital, fuel delivery capital, and infrastructure capital;
- fixed O&M and capital replacement;
- transmission interconnection and 3rd party transmission service (as applicable) over other utility system.

(See page 9 of 9 of this form.)

** Please refer to instructions in Section F.1) of this Appendix.

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

2) Guaranteed Energy Pricing Payments for **2011 Options**:

Contract Year	Guaranteed Fuel Commodity Price (if applicable) • ($/mmBTU)	Guaranteed Fuel Transportation Price (if applicable) •• ($/mmBTU)	(for Base Operational Modes) Guaranteed Variable O&M Payment *** ($/MWH)	(for all Other Operational Modes) Guaranteed Variable O&M Payment *** ($/MWH)
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2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				

• If left blank, FPL will use its own fuel price forecast for purposes of proposal evaluation.

•• Please fill in the blanks with one of the following: "FGT", "Gulfstream", or a numerical $/mmBTU value. If filled in with either "FGT" or "Gulfstream", FPL will use its forecast for FGT or Gulfstream firm gas transportation costs for purposes of proposal evaluation. **If filled in with a numerical $/mmBTU value, FPL will use that value for evaluation purposes.** For evaluation purposes, FPL will apply the Guaranteed Fuel Transportation Cost for gas-fired options to a set amount of firm gas based on unit type and capacity. (See Table E.1-1 in Appendix E.)

*** Please refer to instructions in Section F.2) b) of this Appendix.

Florida Power & Light Company's
2005 Request for Proposal

Form # 5: Pricing Information for Purchased Power or System Sale Proposals

Facility Name: _____

3) Guaranteed Startup Payments ($/startup) excluding fuel, plus required fuel amount, for **2011 Options**: *

Type of Start:	**$/startup (excld.fuel)**	**mmBTU/startup**
Cold Start: (off-line >48hrs.)	_____	_____
Cold/Warm: (off-line 12 - 48 hours)	_____	_____
Warm/Hot Start: (off-line 4-12 hrs.)	_____	_____
Hot Start: (off-line < 4 hrs.)	_____	_____

* Successful starts are limited to one per dispatch cycle.

4) Costs and Information Included in the Payments for **2011 Options**:

a) Transmission Interconnection Costs:

Transmission interconnection cost included in the Guaranteed Capacity Payment values provided on page 7 of 9 of this form = _____ (millions, 2005$)

Basis for this cost estimate is : _____

b) Third Party Transmission Service Information:

State whether third party transmission service rights have been requested and/or already procured for a portion of or all of the generation capacity being offered. To the extent a request for such long-term firm transmission rights have been requested, but not yet procured, provide all available studies associated with such requests.

Transmission losses (MW) associated with the third party transmission service (which are accounted for in developing the Total Guaranteed Firm Capacity (As Delivered to FPL's System) values on Form # 4):

Florida Power & Light Company's
2005 Request for Proposal

Form # 6: Pricing Information for Sale of a New or an Existing Unit

Facility Name: _____

Pricing Information for: **2009 Options**

1) Date (month/day/year) of the proposed sale of the facility to FPL: ___/___/___

2) Guaranteed total sale price of the proposed facility on the Sale Date (**2009$**): _____

3) Projected Annual O&M and Capital Replacement Costs:

Contract Year	Fixed O&M Cost ($/kw)	Variable O&M Cost ($/MWH)	Capital Replacement Cost ($/kw)
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			

Florida Power & Light Company's
2005 Request for Proposal

Form # 6: Pricing Information for Sale of a New or an Existing Unit

Facility Name: _____

Pricing Information for: **2010 Options**

1) Date (month/day/year) of the proposed sale of the facility to FPL: ___/___/___

2) Guaranteed total sale price of the proposed facility on the Sale Date (**2010$**): _____

3) Projected Annual O&M and Capital Replacement Costs:

Contract Year	Fixed O&M Cost ($/kw)	Variable O&M Cost ($/MWH)	Capital Replacement Cost ($/kw)
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			

Florida Power & Light Company's
2005 Request for Proposal

Form # 6: Pricing Information for Sale of a New or an Existing Unit

Facility Name: _____

Pricing Information for: **2011 Options**

1) Date (month/day/year) of the proposed sale of the facility to FPL: ___/___/___

2) Guaranteed total sale price of the proposed facility on the Sale Date **(2011$)**: _____

3) Projected Annual O&M and Capital Replacement Costs:

Contract Year	Fixed O&M Cost ($/kw)	Variable O&M Cost ($/MWH)	Capital Replacement Cost ($/kw)
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

1) Description of Pollution Control equipment proposed (provide sufficient detail to characterize pollution reduction effectiveness and maturity at size/scale proposed, e.g. mature, emerging, or new application):

_____

_____

_____

a) Industry Experience:

# of Units in operation: _____

Years Experience: _____

Operational Issues: _____

_____

Other: _____

_____

b) Proposer Experience:

# of Units in operation: _____

Years Experience: _____

Operational Issues: _____

_____

Other: _____

_____

2) Proposer Compliance History (Last 5 years, i.e., 2000-2004)

Total and type of violation/non-compliance: _____

_____

Total dollars in:

Fines: _____

Penalties: _____

Payments or other in-kind contribution for settlement: _____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

3) Provide a listing of all required permits or approvals to license or permit the facility.

Include a major milestone permitting schedule *:

_____

_____

_____

* FPL is requiring that a Proposer's Site Certification Application must be filed within 39 months of the proposed Capacity Delivery Date. (See Section III.E.7)

Identify the need for any Variances to substantive standards and describe strategy to obtain same:

_____

_____

_____

Identify the need for Exceptions to substantive standards and strategy to obtain same:

_____

_____

_____

4) PSD/NSR Permitting

Provide anticipated emission rates for each regulated pollutant.

Lbs./hr _____
Lbs./mmBTU _____
ppm _____
TPY _____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

4) PSD/NSR Permitting (Continued):

Describe the overall strategy for permitting the proposed Pollution Control Technology for all regulated pollutants:

_____
_____
_____

Describe the emissions credit strategy:

_____
_____
_____

Provide HAPs emission rates (Lbs./hr. and TPY) for individual pollutant and total:

_____
_____
_____

Describe the basis for all regulated pollutant emission rates (e.g., vendor guarantee, EPA emissions factor, operating experience, etc.):

_____
_____
_____

Provide the expected cooling tower emission rates for regulated pollutants (lbs.hr. & TPY):

_____
_____
_____

Describe treatment/maintenance chemicals (including cycles of concentration):

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

4) PSD/NSR Permitting (Continued):

Describe compliance with AAQS, PSD increments and AQRVs:

_____
_____
_____

5) Describe strategy to address Land Use issues (current and proposed changes, if any; status or work plan required):

Comprehensive Plan/Amendment (current and proposed changes, if any; status or work plan required):

_____
_____
_____

Identify the need for Variances and the strategy to obtain same:

_____
_____
_____

Identify the need for Exceptions and the strategy to obtain same:

_____
_____
_____

Summary of Phase I/Phase II environmental site assessment findings, if any;
status of work plan required:

_____
_____
_____

Description of Archaeological or Historic Site Impacts, if any;
status of work plan required:

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

5) Describe strategy to address Land Use issues (current and proposed changes, if any; status or work plan required): (Continued)

Identification and quantity of hazardous materials stored on -site:

_____
_____
_____

Distance and direction of nearest residence to plant boundary:

_____
_____
_____

6) Describe strategy to address zoning issues (current and proposed changes, if any; status or work plan)

Identify the need for Variances and the strategy to obtain same:

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

6) Describe the strategy to address zoning issues (current and proposed changes, if any; status or work plan) (Continued)

Identify the need for Exceptions and the strategy to obtain same:

_____
_____
_____

Describe the strategy for compliance with noise standards:

_____
_____
_____

Describe the strategy for compliance with other standards:

_____
_____
_____

7) Describe experience with Community Outreach Plans, identify community benefits, and identify the proposed outreach activities for the proposed facilities.

_____
_____
_____

8) Description of the Water Supply Strategy:

Identify source(s), quantity, and quality (monthly or seasonal differences):

_____
_____
_____

Describe agreement(s) or authorization status (timetable or plan to acquire water supply):

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

8) Description of the Water Supply Strategy(Continued):

Identify any conflicts with regional WMD, or other local water authority, goals or plans:

_____
_____
_____

9) Description of the Water Discharge Strategy:

Location(s) of discharge(s) - water body, city/town, and latitude and longitude :

_____
_____
_____

Quality and quantity (monthly or seasonal differences):

_____
_____
_____

List of any required agreements or permits and provide status (timetable or work plan to acquire same):

_____
_____
_____

Identify any conflicts with WMD goals and FDEP rules:

_____
_____
_____

TMDLs:

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

9) Description of the Water Discharge Strategy (Continued):

Wetlands Impacts:

_____
_____
_____

Compatibility with adjacent land uses:

_____
_____
_____

10) Identify other infrastructure needs or requirements:

Water supply or discharge line ROW and easements - and the strategy to obtain same:

_____
_____
_____

Fuel supply ROW and easements - and the strategy to obtain same:

_____
_____
_____

Transmission line ROW and easements - and the strategy to obtain same:

_____
_____
_____

Transportation access ROW & easements - and strategy to obtain same:

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 7: Environmental & Permitting Information

Facility Name: _____

11) Description of Protected Species Impacts:

_____
_____

12) Florida permitting experience of Proposer and of identified environmental support contractors and consultants:

_____
_____
_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 8: Key Milestones

Facility Name: _____

Key Milestones for **2009 Options:**	Projected Date
a) Site Certification Application Filed	_____
b) Air Permit Application Filed	_____
c) Interconnection Application Filed	_____
d) Granted Site Certification	_____
e) Granted Air Permit	_____
f) Irrevocable Order Placed for All Major Equipment	_____
g) Firm Fuel Transportation Arrangement(s) Executed	_____
h) Contractor Mobilized, Financing Closed	_____
i) Construction Start	_____
j) Major Equipment Deliveries (specify all)	_____
k) Acceptance Testing (specify all)	_____
l) Capacity Delivery Date	_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 8: Key Milestones

Facility Name: _____

Key Milestones for **2010 Options:**	Projected Date
a) Site Certification Application Filed	_____
b) Air Permit Application Filed	_____
c) Interconnection Application Filed	_____
d) Granted Site Certification	_____
e) Granted Air Permit	_____
f) Irrevocable Order Placed for All Major Equipment	_____
g) Firm Fuel Transportation Arrangement(s) Executed	_____
h) Contractor Mobilized, Financing Closed	_____
i) Construction Start	_____
j) Major Equipment Deliveries (specify all)	_____
k) Acceptance Testing (specify all)	_____
l) Capacity Delivery Date	_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 8: Key Milestones

Facility Name: _____

Key Milestones for **2011 Options:**	Projected Date
a) Site Certification Application Filed	_____
b) Air Permit Application Filed	_____
c) Interconnection Application Filed	_____
d) Granted Site Certification	_____
e) Granted Air Permit	_____
f) Irrevocable Order Placed for All Major Equipment	_____
g) Firm Fuel Transportation Arrangement(s) Executed	_____
h) Contractor Mobilized, Financing Closed	_____
i) Construction Start	_____
j) Major Equipment Deliveries (specify all)	_____
k) Acceptance Testing (specify all)	_____
l) Capacity Delivery Date	_____

Florida Power & Light Company's
2005 Request for Proposal

Form # 9: Receipt Point(s) to FPL

Facility Name: _____

1) State the receipt point(s) to the FPL system including nearest substation(s):

_____

_____

_____

2) Attach a transmission map highlighting the receipt point(s) listed above.

Florida Power & Light Company's
2005 Request for Proposal

Form # 10: Proposer Exceptions *

Facility Name: _____

* Note: FPL will not consider proposed exceptions to the RFP's Minimum Requirements for proposal eligibility.

1) With regard to this proposal, the Proposer takes no exception to terms, conditions, or other facets of the RFP and/or PPA (Check One): _____ Agrees _____ Disagrees

2) If the answer to item (1) above is "Disagrees", then for each term, condition, or other facet of the RFP and/or PPA which the Proposer takes exception to, use the space below to:

a) identify the language (citing page and paragraph) in the RFP and/or PPA for which an exception is made; and,

b) write out the Proposer's desired revised language.

Florida Power & Light Company's
2005 Request for Proposal

Form # 11: Proposal Certification

Facility Name: _____

The undersigned certifies that (i) all of the information submitted in its proposal to FPL is complete and accurate, and that the pricing includes all of the following applicable costs for the proposal for the proposed full term of service including, but not limited to, the following costs:

- generator construction;
- generator operation and maintenance;
- transmission interconnection and 3rd party transmission service;
- gas pipeline interconnection (or other fuel delivery capital and O&M costs); and
- cost of fuel (as applicable);

(ii) the terms, conditions, and other facets of the RFP and/or PPA are acceptable, except as specifically noted on Form # 10; (iii) the Completion Security and Performance Security described in Section III.C.6 are acceptable and there are no pending legal or civil actions that would affect the ability of the Proposer and/or its guarantor to maintain these security amounts; (iv) the proposal has been submitted in the legal name of the entity which would be bound by any resulting contract; and (v) the proposal is firm and will remain open for 180 days from the Proposal Due Date.

Name of Legal Entity: _____

State of Incorporation: _____

Business Address: _____

Name of Person Certifying Proposal: _____

Title: _____

Date: _____

Telephone: _____

Signature:* _____

(* An Officer of the proposing company must sign a copy of this form which is included in each of the five (5) bound hard copies of the proposal.)

APPENDIX E

E.1 Evaluation Methodology
E.2 Transmission Integration & Losses
E.3 Net Equity Adjustment
E.4 Turnkey Offering Considerations

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E.1. Evaluation Methodology - Overall Process

A. Overview

The objective of the evaluation methodology is to determine the best portfolio of capacity alternatives that satisfies FPL's RFP capacity requirement for the 2009 – 2011 time periods. Individual proposals that partially satisfy the capacity requirement will be paired with other capacity options to develop feasible portfolio combinations that meet the capacity requirement.

The evaluation of how well a portfolio satisfies the capacity requirement is accomplished by evaluating the portfolio using both economic and non-economic criteria. The results of this combined analysis are: 1) a measure of the economic performance of the portfolio that is based on the system economics when the portfolio is included, and 2) a judgment of the relative risks presented by that portfolio.

Portfolios will be compared to determine the top portfolios which best satisfy the capacity requirement in an economic evaluation that provides a total system economics perspective including costs related to generation, fuels, transmission, and cost of capital. The standard basis for comparing the economics of competing resource plans is their relative impact on FPL's electricity rate levels, with the intent of minimizing FPL's levelized system average rate (i.e., a Rate Impact Measure or RIM methodology). However, in cases such as an RFP evaluation in which the demand side management (DSM) contribution is unchanged and the only competing options are new generating units or purchase options, comparisons of competing resource plans' impacts on electricity rates and on system revenue requirements are equivalent. Consequently, the competing resource plans evaluated in the RFP analyses will be evaluated on a cumulative present value of revenue requirements (CPVRR) basis.

Non-economic information will be used to: 1) determine that there is no critical and unforeseen fatal flaw in an otherwise eligible proposal, and 2) develop a non-economic assessment for the best portfolios as indicated by the economic evaluation. The economic cost and non-economic assessment offered by a given portfolio will be compared to FPL's next planned generating units to determine the best candidate portfolio(s).

The economic analysis will be conducted by FPL's Resource Assessment & Planning Department. An external consultant, the Independent Evaluator, will conduct parallel economic evaluations with an independent model.

A second external consultant will provide transmission integration cost and transmission loss impact calculations for the top-ranked portfolios. A third external consultant, as needed, will provide "upstream" gas pipeline infrastructure and plant site pipeline interconnection and meter station cost estimates as necessary.

The non-economic analysis will be conducted by a number of FPL departments which may also utilize other independent consultants in this assessment. The overall non-economic analysis work will be coordinated by FPL's Resource Assessment & Planning Department.

The evaluation of individual capacity options and portfolios, up to the point of a selection of Finalists, will be conducted using a seven (7) step process.

Step 1: Eligibility Determination

This initial step determines how proposals satisfy the General and Specific Minimum Requirements (Sections II.D and III.E, respectively) of the RFP. Proposals that do not satisfy the General and Specific Minimum Requirements will be deemed ineligible and will be returned to the Proposer, along with 75% of the RFP Evaluation Fee, and will not be evaluated further.

Step 2: Economic Evaluation of Individual Proposals

In order to assist in the analysis of a potentially large number of proposals, and to assist in verifying consistency of inputs between FPL and the Independent Evaluator, an economic ranking of each individual eligible proposal will be made based on their individual impact to the FPL system. The results of the analysis may be used to rank proposals based on their individual economic merit in order to reduce the number of proposals that are carried forward to the computationally intensive later steps of the economic evaluation. Proposals that are not evaluated beyond this step will be shown to be non-competitive by comparison of their results to other proposals that do proceed in the evaluation.

The Step 2 analyses will be performed using the EGEAS resource planning model and will include system impacts such as capital, capacity payments, fixed and variable O&M, capital replacement, firm gas transportation, system fuel, and effects on the subsequent generation expansion plan.

All economic analyses steps will use consistent assumptions regarding fuel costs, load growth, and generation expansion plan additions. A designated FPL Fossil Fuel Price and Natural Gas Availability Forecast will be utilized in these economic analyses. In addition, load growth will be modeled using FPL's Load Forecast and its approved DSM Goals. The resulting firm peak load growth will require additional generation in years beyond 2009-2011 to maintain FPL's required reserve margin level. The next units immediately following the 2009-2011 period for all portfolios will be FPL's proposed Super Critical Pulverized Coal units; two 850 MW units with projected in-service dates of 2012 and 2013, respectively. All subsequent generation additions (i.e., "filler" units) required to meet reserve margin will be assumed to be 2x1, 553 MW (Summer) combined cycle units.

Step 3: Creation and Economic Screening of Portfolios

Individual proposals identified as economically viable in Step 2 will then be evaluated in portfolio analyses that examine more than one of the competing capacity options at a time. Proposals that cannot, by themselves, meet FPL's full capacity requirement will be combined with other capacity options to create portfolios that can fully meet the RFP capacity requirement.

The creation of the portfolios and subsequent generation expansion plans (timing and quantity of "filler" units) will be carried out through the EGEAS resource planning model.

FPL envisions that two (2) types of portfolios may be constructed using proposals:

- "All Outside" portfolios that consist solely of one or more proposals received in response to the RFP that can meet FPL's capacity requirement;

- "Combination" portfolios that consist of a combination of one or more proposals and FPL's alternate generating unit.

The EGEAS model develops a projection of the costs of these portfolios and associated generation expansion plans. Many combinations of individual proposals may satisfy the capacity need, but may not be economically competitive. Therefore, if necessary, this cost projection may be used as an additional basis for screening non-competitive portfolios from further consideration. Competitive portfolios will continue through the evaluation process.

Step 4: Development of Additional System Costs for Portfolios

Competitive portfolios will then undergo additional economic analyses as well as a non-economic evaluation. In Step 4, the economic analysis will address four additional cost areas that must be specifically developed for each portfolio, as applicable. These costs are: (1) transmission-related costs (2) fuel system-related costs, (3) Fuel Switching Credit, and (4) the net impact on FPL's cost of capital.

4a. Transmission-Related Costs

The following transmission-related costs will be calculated:

- transmission integration costs;
- costs related to system capacity (MW) losses at FPL's system peak hour; and,
- costs related to system annual energy (MWH) losses.

The transmission integration facilities that are needed for each portfolio will be determined first. Next, costs for these integration facilities will be calculated. A transmission system analysis will then be conducted assuming that these integration facilities are in place. This analysis will serve as the basis to estimate the transmission system capacity losses at the system peak hour and annual energy losses associated with the portfolio.

Other transmission-related costs, including transmission interconnection costs and the costs of 3rd party transmission services (if applicable), are to be included in the price provided for each individual proposal. These items are discussed in more detail in Appendix E.2.

4b. Fuel System-Related Costs

A portfolio-specific fuel plan will be developed for each candidate portfolio. This fuel plan will estimate the firm fuel transportation costs required to provide the necessary firm transportation at the appropriate pressures and volume to the portfolio units consistent with FPL's normal fuel system management practices. Baseload, intermediate, and peaking units will be assigned a volume of, and price for, firm transportation depending upon the capacity of the unit, the gas pressure requirements of the unit (as appropriate), the assumed hours/day dispatch coverage of the unit, and the geographic location of a gas-fired unit from either the FGT or Gulfstream pipelines. Table E.1-1 presents a projection of these firm gas transportation costs.

In the event of portfolios that include one or more proposals with fuel arrangements in place, FPL will estimate the fuel plan necessary to serve the balance of the portfolio. For example, for proposals that are fueled by natural gas tolling arrangements, the fuel plan estimate will include "upstream" capital costs associated with additional natural gas pipeline and/or compression facilities that will be needed to supply the proper volume and pressure of natural gas to the units in the portfolio operating under a tolling arrangement and the firm gas transportation costs required to provide fuel supply continuity. This estimate will assume that the Proposer-defined facilities needed for the proposal fuel arrangements are in place including the necessary interconnection to the interstate or intrastate pipeline and a complete meter station.

FPL will generally rely on the delivered fuel prices published in a designated FPL Fossil Fuel Price and Natural Gas Availability Forecast as the basis for developing fuel plans for portfolios that contain proposals powered by fuels other than natural gas that are to be supplied by FPL through tolling arrangements. Facilities with fuel arrangements in place will rely on the Proposer-provided and Proposer-guaranteed fuel forecast.

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Table E.1 - 1

Firm Gas Transportation Cost Values for RFP 2005 Economic Evaluation

I. for Combined Cycle (CC) Units:

Type of CC Unit:	1x1 F	2x1 F	3x1 F	4x1 F	(Two) 4x1 F	1x1 G	2x1 G	3x1 G	(Two) 3x1 G	(One) 1x1 H	(Two) 1x1 H	(Three) 1x1 H	(Two) (Three) 1x1 H
Firm Gas Volume (mmBTU/day):	43,750	87,500	131,250	175,000	350,000	58,333	116,667	175,000	350,000	58,333	116,667	175,000	350,000
Firm Transportation Cost ($/mmBTU):													
- in Geographic Location # 1	$0.67	$0.65	$0.63	$0.60	$0.55	$0.67	$0.65	$0.60	$0.55	$0.67	$0.65	$0.60	$0.55
- in Geographic Location # 2	$0.74	$0.72	$0.70	$0.67	$0.57	$0.77	$0.77	$0.72	$0.62	$0.74	$0.72	$0.67	$0.57
- in Geographic Location # 3	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77

II. for Combustion Turbine (CT) Units:

Type of CT Unit:	1x0 F
Firm Gas Volume (mmBTU/day):	10,000
Firm Transportation Cost ($/mmBTU):	
- in Geographic Location # 1	$0.70
- in Geographic Location # 2	$0.77
- in Geographic Location # 3	$0.77

III. Description of Geographic Locations:

- in Geographic Location # 1 = within 5 miles of the existing Gulfstream mainline
- in Geographic Location # 2 = greater than 5 miles, and less than 40 miles, from the existing Gulfstream mainline
- in Geographic Location # 3 = all other locations in Florida

IV. Capital Cost Additions for CT Units:

- Within 5 miles of an existing mainline = no capital cost addition
- More than 5 miles from an existing mainline = add $3 million capital cost per mile from the closest mainline

V. Filler Units (2012 - on):

Type of CC Unit:	2x1 F
Firm Gas Volume (mmBTU/day):	87,500
Firm Transportation Cost ($/mmBTU):	
- Within 5 miles of an existing mainline =	$0.90
- More than 5 miles from an existing mainline =	$1.00

4c. Fuel Switching Credit

As previously discussed in Section III.C.5, FPL will apply a Fuel Switching Credit to each capacity option in a portfolio that offers the capability of switching between natural gas and residual fuel oil, where that opportunity is to the benefit of FPL's customers. The value of the option will be determined using a designated FPL Fossil Fuel Price and Natural Gas Availability Forecast and FPL's option pricing model. The sum of applicable fuel switching credit for all options that make up each portfolio will be credited to the final cost of the portfolio.

4d. Net Equity Adjustment

FPL will also estimate the impact to FPL's cost of capital associated with entering into a new purchased power agreement with a proposed term-of-service of more than 3 years. The costs of the resulting impact on FPL's capital structure are referred to as an equity adjustment. It is also recognized that a power purchase agreement also has the potential to mitigate completion and/or performance risks that would otherwise be borne by FPL if FPL were to construct a new generating unit. FPL assigns a cost savings to these "mitigating factors" and subtracts these values from the equity adjustment amount to derive a net equity adjustment. An explanation of the net equity adjustment evaluation, including an example calculation, is presented in Appendix E.3.

Step 5: Detailed Economic Analysis of Portfolios

Fixed and variable costs will be developed for each remaining portfolio and associated generation plan. The evaluation will be conducted in a format that will appreciate the efficiencies offered by combinations of proposals as portfolios, such as reduced fuel transportation costs or transmission-related costs.

FPL will utilize spreadsheets to develop the fixed costs associated with each of the portfolios and their associated generation plans. These fixed costs include costs for: capital, fixed O&M, capital replacement, firm gas transportation, and capacity payments.

The P-MAREA production cost model will be used to develop the variable cost of system operation for the portfolios. The P-MAREA model is used by FPL in its fuel cost recovery filings and other production cost applications. This detailed, hourly production costing model will develop the fuel and variable O&M costs for

each of the portfolios for the period 2005 to 2037. This production costing model will also account for limitations on the amount of power that can be imported into the Southeast Florida area and the corresponding impacts on the operation of FPL generating units located in Southeast Florida.

The spreadsheets and P-MAREA will also address, respectively, the fixed and variable costs of each portfolio's effects on the subsequent generation expansion plan.

Step 6: Combination of Detailed Economic Analysis Results with Other System Costs

The fixed costs and the variable costs are combined with the other costs developed in Step 4 to derive the total system revenue requirements for each portfolio and associated generation plan. The resulting total system costs that result from the inclusion of each portfolio will be used in the final economic evaluation.

Depending upon the nature of the proposals received FPL may also conduct "sensitivity" analyses to test how the best portfolios may perform under differing fuel price and filler unit assumptions. These analyses would be conducted in the same manner as described above, using modified input assumptions. The purpose of these analyses would be to add depth to the evaluation by analyzing scenarios that, while not the most likely, may occur in the future. The information gained from these sensitivities will be used to assess certain benefits or risks that are unique to specific proposals or portfolios.

Step 7: Non-Price Evaluation of Portfolios

A non-economic evaluation will be conducted on those parameters that, by their nature, are unable to be integrated into the economic evaluation. These parameters describe factors that represent elements of risk that FPL must evaluate in all generation addition scenarios. The result of the non-economic evaluation will be a summary report on the risk areas of the capacity options/portfolios. Detailed information requirements designed to assist FPL in the non-economic evaluation are outlined in the submittal forms in this RFP that are presented and discussed in Appendix D. These submittal forms will be used to evaluate specific non-economic parameters that can be summarized as falling into one or more of the following 3 areas:

7a. Environmental Area

- Items related to the Proposer's ability to successfully complete the permitting and siting aspects of the project as proposed and maintain compliance with applicable rules and regulations.

7b. Technical/Operational Area

- Items related to the long-term operational performance, reliability, and maintainability of the proposed generating alternatives.

7c. Project Execution Area

- Items related to the exceptions stated to the RFP and/or PPA and the impact of those exceptions on the proposed portfolio.
- Items that relate to the Proposer's ability to complete the development, construction, and operational aspects of the project as proposed.

Proposals that exhibit strong potential in the economic evaluation, but are unclear in certain non-economic evaluation areas, will be considered for a Panel Review. The Panel Review, if necessary, would provide for an exchange between the Proposer(s) and FPL panelists regarding the non-economic evaluation areas. This would allow for a more complete exchange of ideas in the important areas. Proposers will be notified individually if a need for a Panel Review is indicated, and a mutually convenient time will be arranged.

The specific parameters for each of these 3 areas are described in Tables E.1 - 2 through E.1 - 4.

Table E.1 - 2 Environmental Area Parameters

Compliance Experience
Control Technology
Violation/non - compliance
Proposed Project
Licensing/Permitting
PPSA/Permitting Issues
PSD/NSR Issues
Land Use Issues
Protected Species Issues
Zoning Issues
Variance Required
Exceptions Required
Community Outreach Plan
Water Supply Strategy
Water Discharge Strategy
FL Permitting Experience
PPSA
Non - PPSA
Other Infrastructure
Water Supply or Discharge Easements
Transportation Access
Fuel Supply Easements
Transmission Line Easements

Table E.1 - 3 Technical/Operational Area Parameters

Technology (Major Equip. Technology/Supplier)
Configuration (Type and configuration of Unit)
Operational Limitations (Limitations in hrs/yr. and/or time of year usage)
Fuel
Guaranteed Firm Capacity, Net MW (@GSU Transformer High Side)
Guaranteed Heat Rate (@Guaranteed Firm Capacity) Btu/kWh (HHV)
Generator(s) VAR Capability (Lead/Lag)
Commercial Availability Minimum % (Annual)
Startup Time, minutes (to committed Capacity) Cold Start (offline:>48 hrs.) Cold/Warm Start (off-line:12-48 hrs.) Warm/Hot Start (off-line:4-12 hrs.) Hot Start (offline:<4 hrs.)
Minimum Load, MW (@GSU Transformer High Side)
Startup Time, minutes **(to Minimum Load)** Cold Start (offline:>48 hrs.) Cold/Warm Start (off-line:12-48 hrs.) Warm/Hot Start (off-line:4-12 hrs.) Hot Start (offline:<4 hrs.)
Ramp Rate, MW/minute (minimum > Guaranteed)
Generating Units' Operating & **Maintenance Experience** Scope of historical O&M experience Performance Results Relevance

Table E.1 - 4 Project Execution Area Parameters

Nature of Exceptions
Impact to Risk Profile
Departure from Scope
Probability of Resolution
Development Experience
Design/Construct Experience
Operational Experience

Step 8: Comparison of Results

At the completion of parallel Steps 6 and 7, the completed economic and non-economic review results for each remaining portfolio will be examined and compared. In the event that two (or more) portfolios present equivalent/similar economic performance, the non-economic factors will help identify which portfolio offers the more desirable risk profile. Portfolios offering competitive alternatives to FPL's NPGU will be identified, resulting in a Short List of Proposers and their corresponding proposals.

B. Negotiations and FPL's Construction Projects/Contract Extension Options

In the Initial Negotiating period, selected Proposers will be asked to provide a Best and Final Offer and to provide answers to any remaining questions that have been identified during the evaluation process. Based on the Best and Final Offers and the answers to these questions, FPL will decide whether to continue negotiations with one or more of those Proposers.

E.2 Transmission Integration and Losses

A. Overview

In its evaluation of proposals received in response to this RFP, FPL will be incorporating five cost aspects of FPL's transmission system for individual capacity options or for portfolios containing these options. These five costs are:

1) transmission interconnection costs;
2) third party transmission service costs (as applicable);
3) transmission integration costs;
4) costs of transmission system losses; and
5) the impact on costs of operating existing FPL generation units in Southeast Florida to maintain reliability.

This appendix discusses the first four of these five costs. The fifth transmission-related cost listed; the impact on costs of operating existing FPL generating units in Southeast Florida, will be captured in the system production cost analyses described in Step 5 of Appendix E.1.

The transmission interconnection and third party transmission service costs are to be provided by each Proposer for their individual proposal(s). Transmission integration costs, as well as the costs of transmission system losses, will be developed by FPL and incorporated in the economic evaluation of portfolios. FPL anticipates that the determination of integration costs, as well as the determination of the costs of losses, will be carried out for a selected number of the most promising portfolios as indicated by the initial steps of the economic evaluation.

1. Transmission Interconnection Costs

As discussed in Appendix D for Form # 5, a Proposer whose proposal is based partially or totally on generators that need to be constructed and connected to a transmission system must include all costs of this interconnection in their proposal's Guaranteed Capacity Payment. In addition, these interconnection costs must be separately broken out on Form # 5 so that FPL may judge the reasonableness of this estimate. FPL reserves the right to review and, if it deems necessary, to adjust this estimate accordingly to provide a more accurate interconnection cost based on FPL's knowledge and experience with the transmission system. Proposers will be notified of any such adjustments affecting their proposal(s).

All proposals that are based partially or totally on generators that need to be constructed and connected to the transmission system

must also demonstrate on Form # 5 that they have a valid completed application for Generator Interconnection Service (GIS) in the FPL GIS Queue, or with the applicable third party if the new generator is to be connected to a third party's transmission system.

The process for requesting GIS and having a completed GIS application on the FPL system is delineated in FPL's Open Access Transmission Tariff.

2. Third Party Transmission Service Costs (as applicable)

As discussed in Appendix D for Form # 5, to the extent the generator(s) is connected to the transmission system of a third party, the Proposer shall include any and all third party transmission service costs in the Guaranteed Capacity Payment.

In addition, the Proposer shall state on Form # 5 whether such long-term transmission rights for third party transmission service has been requested and/or already procured for a portion of or all of the generation capacity being offered. To the extent a request for such long – term firm transmission rights has been made, but not yet procured, the Proposer shall provide all available studies and information associated with such request(s).

Finally, the Proposer shall also state on Form # 5 the transmission losses associated with the third party transmission service which are accounted for as the Proposer developed the Total Guaranteed Firm Capacity (as delivered to FPL's system) values on Form # 4 in Appendix D.

3. Transmission Integration Costs

The transmission integration costs are based on all modifications (new facilities and facility upgrades) to the FPL transmission system that are necessary to physically transfer the proposed power from the FPL Receipt Point to the load center consistent with reliability standards. The latest available Florida Reliability Coordinating Council (FRCC) peak load flow case representing the years 2009-2011 (updated as necessary to reflect the latest available information) will be used as the basis for determining the transmission integration modifications needed. Once these modifications are determined, costs for these modifications will be estimated. These costs will then be assigned to the portfolio in question. The process of determining the needed transmission integration modifications generally consists of three steps.

Integration Cost Step 1: Identify Needed New/Upgraded Facilities

The first step is to perform screening studies to identify new facilities and facility upgrades that would be needed to integrate the capacity resources in each portfolio into the transmission system as a network resource for FPL. The type of studies that will be performed are considered screening type studies since they are not as comprehensive as studies that are normally performed for a specific request for transmission service. However, the screening type studies are sufficient to provide a reasonable estimate of the upgrades and facilities necessary to integrate each portfolio into the FPL system meeting the same reliability standards for comparison purposes. The analysis will assure that the FPL transmission system is planned with sufficient capability such that FPL can serve its customers and meet its transmission service obligations in the years 2009 - 2011 consistent with NERC, FRCC, and FPL standards.

Each of the portfolios will be subjected to contingency screening of all transmission elements and generators, and the transmission system is monitored for violations of NERC, FRCC, and FPL standards. Contingency screening tests will be performed at Summer peak load conditions with all FPL generators/facilities assumed available and economically dispatched. Further, the generator deemed most critical to that case will be assumed to be unavailable and the remaining FPL generators dispatched to mitigate, if practicable, violation of reliability criteria for all contingencies tested. Violations of reliability criteria found on the FPL system are resolved by acceptable remedial action (e.g., switching), facility upgrades, or by new facilities, as appropriate. All proposed solutions will be subsequently introduced into the appropriate case and tested in order to verify the completeness of the solution.

During these studies, potential violations may be noticed on third party transmission systems. Should that occur, the following actions will be taken. The observance of such potential violations and the details surrounding these events will be communicated to the Proposer associated with the third party transmission system in question. Since the mitigation measures employed for the potential violations on third party systems will be at the discretion of, and based on the expertise of, third parties for their own transmission systems, identified potential violations will need to be communicated by the Proposer to the third party transmission system owner. Resolution of potential violations will be necessary

if the subject portfolio is selected to potentially meet FPL's need. As a result, any upgrades or facilities required on a third party system and attendant costs must be developed and provided by the Proposer so that they may be taken into consideration in the final evaluation. It is possible that a potential violation could be attributable in part to the portfolio combination being reviewed (e.g. violation on transmission system x of Proposal A is aggravated by existence of Proposal B on FPL system). Analysis of this type would require a coordinated effort and the involvement of multiple parties.

Integration Cost Step 2: Determine Total Cost of Needed Facilities

Once a list of new facilities and upgrades on the FPL system required for integration is identified, the second step of the evaluation process of developing cost estimates for the new and upgraded transmission facilities commences. Based on the need for incremental transmission facilities identified in each portfolio, a cost estimate for the facilities is developed in a consistent manner for each portfolio. The estimates will be based on engineering judgment and readily available cost information, including cost information previously obtained from equipment manufacturers for transmission reinforcements of the type and capacity required for each portfolio. The estimates do not involve any field inspections, or detailed analysis of the type that would be performed in response to a specific request for interconnection or transmission service, but are adequate for their intended purpose.

Integration Cost Step 3: Develop Monthly Cash Flows

The final step in the process involves transforming the total transmission integration cost for each portfolio developed in Step 2 into an estimated monthly cash flow (including AFUDC, as appropriate) of the costs for the transmission projects.

4. Costs of Transmission System Losses

Each portfolio will contain capacity additions at specific locations in relation to the FPL transmission system. Therefore, each portfolio will present a unique transmission loss impact when combined with the existing FPL transmission system. The difference in the economic impacts between portfolios related to losses will be estimated and applied in the economic comparison of portfolios.

There are two components that comprise transmission losses. In this analysis, the generation capacity required to compensate for transmission losses is based on losses during peak load conditions. Energy losses that occur over the entire year will be estimated based on losses during peak load and average system load conditions.

Transmission losses will vary from year-to-year with load growth, transmission system additions, and resource additions. It is not practicable to predict the amount of such variations due to the almost infinite combinations of future scenarios. It is, however, both certain and practical to assess the impact each portfolio would have in the 2009-2011 time frame of operation. Losses for all future years are calculated based on expected 2011 system conditions, while only accounting for term-of-service related changes in a particular portfolio over time as discussed below.

The losses for a given portfolio are determined, and costs are assigned to these losses, in a 3-step procedure discussed below. This discussion utilizes a hypothetical example to explain the loss evaluation and cost assignment methodologies. This example was developed to address the most complex case, a portfolio containing components of different terms of service. Most portfolios, and the corresponding analyses, will be greatly simplified. The hypothetical portfolio is comprised of five separate capacity options: for 2009 a 500 MW 25 year option in South Florida, a 250 MW 20 year option in Central Florida and a 150 MW 10 year option in North Florida; For 2010 a 1000 MW 25 year option in South Florida; and in 2011 a 500 MW 15 year option in North Florida.

Cost of Losses Step 1: Calculation of Peak Load and Average Load Losses

a) Peak Load Losses

The required FPL transmission system integration upgrades will be incorporated into the FRCC load flow base case (updated with the latest available information), resulting in a modified, portfolio-specific load flow case. The modified load flow case is set up with the portfolio resources on-line at full output, and the remaining system resources are dispatched economically. The losses (MW) at the peak load hour on the FPL transmission system (Peak Load Losses) are then calculated for the portfolio.

The portfolio associated with the lowest system Peak Load Losses for the year 2009 will be designated as the "reference" portfolio for both the 2009 Peak Load Losses and Average Load Losses analyses.

The difference between system Peak Load Losses associated with each portfolio and with the reference portfolio will be calculated for 2009.

Similarly, the portfolios associated with the lowest system Peak Load Losses for the years 2010 and 2011 will be designated as the "reference" portfolios for both the 2010 and 2011 Peak Load Losses and Average Load Losses analyses, respectively. The difference between system Peak Load Losses associated with each portfolio and with the reference portfolio will be calculated for both 2010 and 2011.

Starting with the year 2012, the total losses will remain constant for each portfolio until one of the components (capacity options) making up the portfolio reaches the end of its proposed term-of-service. If there are no changes to the reference portfolio during this period, the difference in transmission losses between the specific portfolio being evaluated and the reference portfolio will also be unchanged over this period.

In the example, the initial 20 MW difference in system Peak Load Losses associated with the hypothetical portfolio and with the reference portfolio can be seen in Column (12) of Table E.2 - 1 (2009), Table E.2 – 1 (2010), and Table E.2 – 1 (2011). In this example, the 20 MW difference is held constant for the next 8 years (i.e., 2011 through 2018) since the shortest term-of-service for a component in this portfolio is through 2018 and since none of the components of the reference portfolio terminates prior to the end of the analysis period.

For portfolios (including the actual reference portfolio) that have components whose proposed terms-of-service end prior to the end of the analysis period (as is the case with this hypothetical portfolio), the portfolio-specific load flow case mentioned above will be further modified. This additional modification will reflect the termination of a specific component along with a corresponding adjustment to the FPL load. The system Peak Load Losses associated with only the portfolio's remaining components are first calculated. Then, in order to compensate for the loss of the expired component's capacity, an equal amount of Filler unit capacity and load is introduced. This Filler unit capacity is assumed to have losses equal to FPL's current system average transmission losses (2.19%).[1]

[1] Note that the FPL system average transmission losses mentioned here are not the same as the Average Load Losses discussed in Section b) below.

The losses associated with the reference portfolio are subtracted from the system Peak Load Losses associated with the remaining portfolio components, plus the Filler unit losses. The resulting system Peak Load Loss value associated with the portfolio is carried forward until another component of the portfolio reaches the end of its proposed term-of-service (if applicable).

These resulting Peak Load Loss values of the hypothetical portfolio, relative to the reference portfolio can be seen in Column (12) of Table E.2 - 1 (2011) in the rows addressing the years 2019 – 2037.

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Table E.2 - 1 (2009)

Peak Load Losses Calculation for Hypothetical Portfolio: For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
								=(6)*(7)		=(8)+(9)		
Year	South Florida Option (MW)	Central Florida Option (MW)	North Florida Option (MW)	South Florida Option (MW)	North Florida Option (MW)	Filler Capacity Needed to Replace Portfolio's Expired Components (MW)	Filler Capacity Losses (%)	Filler Capacity Losses (MW)	FPL Transmission System Losses with Portfolio's Remaining Components (MW)	FPL Transmission System Losses with Portfolio's Remaining Components + Filler Capacity Losses (MW)	FPL Transmission System Losses with the Reference Portfolio (MW)	Difference in FPL Transmission System Losses between Portfolio in question and Reference Portfolio (MW)
2009	500	250	150			0	2.19%	0	550	550.00	530	20.00

Table E.2 - 1 (2010)

Peak Load Losses Calculation for Hypothetical Portfolio: For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
								=(6)*(7)		=(8)+(9)		
Year	South Florida Option (MW)	Central Florida Option (MW)	North Florida Option (MW)	South Florida Option (MW)	North Florida Option (MW)	Filler Capacity Needed to Replace Portfolio's Expired Components (MW)	Filler Capacity Losses (%)	Filler Capacity Losses (MW)	FPL Transmission System Losses with Portfolio's Remaining Components (MW)	FPL Transmission System Losses with Portfolio's Remaining Components + Filler Capacity Losses (MW)	FPL Transmission System Losses with the Reference Portfolio (MW)	[illegible] Transmission System Losses [illegible] Portfolio [illegible] (MW)
2010	500	250	150	1000		0	2.19%	0	530	530.00	510	[illegible]

Table E.2 - 1 (2011)

Peak Load Losses Calculation for Hypothetical Portfolio: For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
								=(6)*(7)		=(8)+(9)		
Year	South Florida Option (MW)	Central Florida Option (MW)	North Florida Option (MW)	South Florida Option (MW)	North Florida Option (MW)	Filler Capacity Needed to Replace Portfolio's Expired Components (MW)	Filler Capacity Losses (%)	Filler Capacity Losses (MW)	FPL Transmission System Losses with Portfolio's Remaining Components (MW)	FPL Transmission System Losses with Portfolio's Remaining Components + Filler Capacity Losses (MW)	FPL Transmission System Losses with the Reference Portfolio (MW)	Difference in FPL Transmission System Losses between Portfolio [illegible]
2011	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2012	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2013	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2014	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2015	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2016	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2017	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2018	500	250	150	1000	500	0	2.19%	0.00	540	540.00	520	[illegible]
2019	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2020	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2021	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2022	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2023	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2024	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2025	500	250		1000	500	150	2.19%	3.29	530	533.29	520	[illegible]
2026	500	250		1000		650	2.19%	14.24	525	539.24	520	[illegible]
2027	500	250		1000		650	2.19%	14.24	525	539.24	520	[illegible]
2028	500	250		1000		650	2.19%	14.24	525	539.24	520	[illegible]
2029	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2030	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2031	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2032	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2033	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2034	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2035	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2036	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]
2037	500			1000		900	2.19%	19.71	520	539.71	520	[illegible]

b) Average Load Losses

Another, separate set of load flow cases is then created for each portfolio. This second set of load flow cases represent specific portfolios in 2009, 2010 and 2011, under FPL's average system load (i.e., 60% of peak) and typical operation of FPL's system (e.g., peaking generation type components off-line). For each portfolio, the transmission system is modified to include the same transmission upgrades required for that portfolio as applied to the load flow cases used for the Peak Load Losses evaluation. This system representation is used to calculate the transmission system losses on the FPL system at average system load (Average Load Losses) for each portfolio including the reference portfolio defined in the Peak Load Losses calculations for years 2009, 2010 and 2011.

The difference between system Average Load Losses of each evaluated portfolio and the reference portfolio will be calculated for 2009, 2010 and 2011. Thereafter, the 2011 difference amount is carried forward for each year until one of the components making up the portfolio (or one of the components in the reference portfolio) reaches the end of its proposed term-of-service.

In the example, the 30 MW difference between the system Average Load Losses associated with the hypothetical portfolio and with the reference portfolio can be seen in Column (12) of Table E.2 – 2 (2009).

Similarly, in the example, the 20 MW difference between the system Average Load Losses associated with the hypothetical portfolio and with the reference portfolio can be seen in Column (12) of Table E.2 – 2 (2010).

In 2011, the 30 MW difference between the system Average Load Losses associated with the hypothetical portfolio and with the reference portfolio can be seen in Column (12) of Table E.2 – 2 (2011). The 30 MW difference is held constant for the next 8 years (i.e., 2011 through 2018) since the shortest term-of-service for a component in this portfolio is through 2018 and there is no change in the losses for the reference portfolio in this same time frame.

For portfolios that have components whose proposed terms-of-service end prior to the end of the analysis period and which would have been on-line in the typical operation of the system at FPL's system average load, that component would be replaced with Filler unit capacity. The loss calculations in these instances are based on

the same 2011 load flow case, but with the FPL load reduced by the amount of expired capacity and the existing FPL resources and the remaining portfolio resource components dispatched to represent typical operation of FPL's system (e.g. peaking type components off-line at this load level). In those circumstances in which a component is not typically in operation at FPL's average system load and whose term-of-service ends prior to the end of the analysis period, no Filler unit capacity is introduced for this analysis. In the example, the system Average Load Losses for such years associated with the hypothetical portfolio can be seen in Column (10) of Table E.2 – 2 (2011) in the rows addressing the years 2019 – 2037. The difference between the Average Load Losses of the hypothetical portfolio and the reference portfolio is shown in Column (12) of Table E.2 – 2 (2011).

Table E.2 - 2 (2009)

Average Load Losses Calculation for Hypothetical Portfolio: For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
								=(6)*(7)		=(8)+(9)		
Year	South Florida Option (MW)	Central Florida Option (MW)	North Florida Option (MW)	South Florida Option (MW)	North Florida Option (MW)	Filler Capacity Needed to Replace Portfolio's Expired Components (MW)	Filler Capacity Losses (%)	Filler Capacity Losses (MW)	FPL Transmission System Losses with Portfolio's Remaining Components (MW)	FPL Transmission System Losses with Portfolio's Remaining Components + Filler Capacity Losses (MW)	FPL Transmission System Losses with the Reference Portfolio (MW)	Difference in FPL Transmission System Losses between Portfolio in question and Reference Portfolio (MW)
2009	500	250	150			0	2.19%	0	510	510.00	480	30.00

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Table E.2 - 2 (2010)

Average Load Losses Calculation for Hypothetical Portfolio: For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
								=(6)*(7)		=(8)+(9)		(10)-(11)
Year	South Florida Option (MW)	Central Florida Option (MW)	North Florida Option (MW)	South Florida Option (MW)	North Florida Option (MW)	Filler Capacity Needed to Replace Portfolio's Expired Components (MW)	Filler Capacity Losses (%)	Filler Capacity Losses (MW)	FPL Transmission System Losses with Portfolio's Remaining Components (MW)	FPL Transmission System Losses with Portfolio's Remaining Components + Filler Capacity Losses (MW)	FPL Transmission System Losses with the Reference Portfolio (MW)	Difference in FPL Transmission System Losses between Portfolio under evaluation and Reference Portfolio (MW)
2010	500	250	150	1000		0	2.19%	0	490	490.00	470	20.00

Table E.2 - 2 (2011)

Average Load Losses Calculation for Hypothetical Portfolio: For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
								=(6)*(7)		=(8)+(9)		
Year	South Florida Option (MW)	Central Florida Option (MW)	North Florida Option (MW)	South Florida Option (MW)	North Florida Option (MW)	Filler Capacity Needed to Replace Portfolio's Expired Components (MW)	Filler Capacity Losses (%)	Filler Capacity Losses (MW)	FPL Transmission System Losses with Portfolio's Remaining Components (MW)	FPL Transmission System Losses with Portfolio's Remaining Components + Filler Capacity Losses (MW)	FPL Transmission System Losses with the Reference Portfolio (MW)	Difference in FPL Transmission System Losses between Portfolio in question and Reference Portfolio (MW)
2011	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2012	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2013	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2014	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2015	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2016	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2017	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2018	500	250	150	1000	500	0	2.19%	0.00	510	510.00	480	30.00
2019	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2020	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2021	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2022	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2023	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2024	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2025	500	250		1000	500	150	2.19%	3.29	495	498.29	480	18.29
2026	500	250		1000		650	2.19%	14.24	485	499.24	480	19.24
2027	500	250		1000		650	2.19%	14.24	485	499.24	480	19.24
2028	500	250		1000		650	2.19%	14.24	485	499.24	480	19.24
2029	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2030	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2031	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2032	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2033	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2034	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2035	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2036	500			1000		900	2.19%	19.71	475	494.71	480	14.71
2037	500			1000		900	2.19%	19.71	475	494.71	480	14.71

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Cost of Losses Step 2: Calculation of Peak Hour Capacity Loss Costs:

The cost of peak hour capacity losses associated with a portfolio is the product of the annual difference in the Peak Load Losses between a portfolio and the reference portfolio (calculated in Step 1) multiplied by a proxy purchase cost ($5/kw-month), and then escalated annually throughout the analysis period. This proxy purchase cost represents the economic value needed to bring this portfolio into equivalence with the reference portfolio.

An example of this calculation for the hypothetical portfolio is shown in Table E.2 – 3.

Note that peak hour capacity loss costs will not be assigned for the first two years after a capacity option is assumed to be added. Using a 2009 capacity option as an example, actual impacts to FPL transmission system losses from the addition of any portfolio in 2009 would first be quantified in line loss studies FPL would conduct in 2010 based on actual 2009 data. The results of these studies would then be incorporated into FPL's 2011 load forecast. Therefore, 2011 would be the first year in which loss impacts from 2009 capacity additions would result in higher or lower forecasted capacity needs, thus affecting costs to meet FPL's system capacity needs from 2011 – on.

An annual peak hour capacity loss cost is calculated for all years starting in 2011 and the annual costs are then present valued and summed. The sum of these present valued costs represents the difference in cost of peak hour capacity losses associated with the portfolio relative to the reference portfolio.

Cost of Losses Step 3: Calculation of Annual Energy Loss Costs:

Both the differences for the Peak Load Losses and Average Load Losses between a portfolio and the reference portfolio (calculated in Step 1) are first converted to energy (MWH) values. The Peak Load Loss value is multiplied by 876 hours each year (representing 10% of the annual 8760 hours) to derive an "on-peak" energy loss (MWH) value. These on-peak MWH values are then multiplied by projected on-peak marginal energy prices to derive on-peak energy loss costs for each portfolio relative to the reference portfolio.

Similarly, the Average Load Losses value is multiplied by an appropriate (to the type of capacity being offered in the portfolio) number of hours to derive an "off-peak" energy loss (MWH) value. These off-peak MWH values are then multiplied by projected off-peak marginal energy prices to derive off-peak energy loss costs for each portfolio relative to the reference portfolio.

These annual on-peak and off-peak energy loss costs are then summed to derive a total annual energy loss cost for each portfolio relative to the reference portfolio. This total annual energy loss cost is calculated for all years starting in 2009. These annual costs are then present valued and summed. The sum of these present valued costs represents the difference in the cost of energy losses associated with the portfolio relative to the reference portfolio.

Table E.2 – 4 presents an example of this calculation for the hypothetical portfolio. A proxy set of marginal energy costs based on FPL's May 2005 Fuel Price and Availability Forecast is used in this example. A designated FPL Fossil Fuel Price and Availability Forecast will be used in the economic evaluation of all capacity options. This designated forecast will also be used to develop projections of marginal energy costs for the subsequent RFP economic evaluations. Those marginal energy costs may differ from the marginal energy costs used in this example.

Table E.2 - 3

Calculation of Costs for Peak Hour Capacity (MW) Losses for Hypothetical Portfolio:
For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need; For 2010 a 1000 MW South Florida option with a 1000 MW need; and For 2011 a 500 MW North Florida option with a 500 MW FPL Capacity Need

Discount Rate =	0.084
Purchase Proxy Starting Cost ($/kw) =	$5.00
Annual Escalation Rate for Proxy Purchase =	2%

	(1)	(2)	(3)	(4)	(5)
				= (1)*(3)*12	= (2)*(4)
Year	Proxy Purchase Cost ($/kw-mo)	Discount Factor	Peak Load Loss (from Column 12, Table E.2 - 1) (MW)	Peak Hour Capacity Loss Cost Nominal ($ 000)	Peak Hour Capacity Loss Cost NPV ($ 000)
2005	$0.00	1.000	0.00	$0	$0
2006	$0.00	0.923	0.00	$0	$0
2007	$0.00	0.851	0.00	$0	$0
2008	$0.00	0.785	0.00	$0	$0
2009	$5.00	0.724	0.00	$0	$0
2010	$5.10	0.668	0.00	$0	$0
2011	$5.20	0.616	[illegible]	$1,248	$769
2012	$5.31	0.569	20.00	$1,273	$724
2013	$5.41	0.525	20.00	$1,299	$681
2014	$5.52	0.484	20.00	$1,325	$641
2015	$5.63	0.446	20.00	$1,351	$603
2016	$5.74	0.412	20.00	$1,378	$568
2017	$5.86	0.380	20.00	$1,406	$534
2018	$5.98	0.350	20.00	$1,434	$503
2019	$6.09	0.323	13.50	$972	$314
2020	$6.22	0.298	13.29	$991	$296
2021	$6.34	0.275	13.29	$1,011	$278
2022	$6.47	0.254	13.29	$1,031	$262
2023	$6.60	0.234	13.29	$1,052	$246
2024	$6.73	0.216	13.29	$1,073	$232
2025	$6.86	0.199	13.29	$1,094	$218
2026	$7.00	0.184	13.24	$1,616	$297
2027	$7.14	0.170	13.24	$1,648	$280
2028	$7.28	0.156	13.24	$1,681	$263
2029	$7.43	0.144	13.71	$1,757	$254
2030	$7.58	0.133	13.71	$1,792	$239
2031	$7.73	0.123	13.71	$1,828	$225
2032	$7.88	0.113	13.71	$1,865	$211
2033	$8.04	0.105	13.71	$1,902	$199
2034	$8.20	0.096	13.71	$1,940	$187
2035	$8.37	0.089	13.71	$1,979	$176
2036	$8.53	0.082	13.71	$2,019	$166
2037	$8.71	0.076	13.71	$2,059	$156
				NPV Total ($000) =	$8,520

Table E.2 - 4

Calculation of Costs for Annual Energy Losses for Hypothetical Portfolio:
For 2009 a 500 MW South Florida option, 250 MW Central Florida option and a 150 MW North Florida option with a 900 MW FPL Capacity Need;
For 2010 a 1000 MW South Florida option with a 1000 MW Need; and for 2011 a 500 MW North Florida option with a 500 MW Capacity Need

On-Peak Hours =	876	(or 10% of all hours)
Off-Peak Hours =	6,570	
Discount Factor =	0.084	

Year	(1) On-Peak Marginal Energy Cost ($/mwh)	(2) Off-Peak Marginal Energy Cost ($/mwh)	(3) Discount Factor	(4) Peak Load Loss (from Column 12, Table E.2 - 1) (MW)	(5) = (4)*On-Peak Hours On - Peak Hours Annual Energy Loss (MWH)	(6) = (1)*(5)/1000 On - Peak Hours Annual Energy Loss Cost Nominal ($ 000)	(7) Average Load Loss (from Column 12, Table E.2 - 2) (MW)	(8) = (7)*Off-Peak Hours Off - Peak Hours Annual Energy Loss (MWH)	(9) = (2)*(8)/1000 Off - Peak Hours Annual Energy Loss Cost Nominal ($ 000)	(10) = (6) + (9) Total Annual Energy Loss Cost Nominal ($ 000)	(11) = (3)*(10) Total Annual Energy Loss Cost NPV ($ 000)
2005	0	0	1.000	0	0	$0	0	0	$0	$0	$0
2006	0	0	0.923	0	0	$0	0	0	$0	$0	$0
2007	0	0	0.851	0	0	$0	0	0	$0	$0	$0
2008	0	0	0.785	0	0	$0	0	0	$0	$0	$0
2009	$65.41	$52.76	0.724	[illegible]	17,520	$1,146	[illegible]	197,100	$10,399	$11,545	$8,361
2010	$67.64	$53.01	0.668	20.0	17,520	$1,185	20.0	131,400	$6,966	$8,151	$5,446
2011	$72.78	$55.63	0.616	20.0	17,520	$1,275	30.0	197,100	$10,965	$12,240	$7,544
2012	$75.50	$56.97	0.569	20.0	17,520	$1,323	30.0	197,100	$11,229	$12,552	$7,137
2013	$78.30	$59.24	0.525	20.0	17,520	$1,372	30.0	197,100	$11,676	$13,048	$6,844
2014	$81.01	$59.89	0.484	20.0	17,520	$1,419	30.0	197,100	$11,804	$13,224	$6,399
2015	$84.29	$63.64	0.446	20.0	17,520	$1,477	30.0	197,100	$12,543	$14,020	$6,258
2016	$87.69	$66.41	0.412	20.0	17,520	$1,536	30.0	197,100	$13,089	$14,626	$6,023
2017	$90.44	$66.33	0.380	20.0	17,520	$1,585	30.0	197,100	$13,074	$14,658	$5,568
2018	$93.45	$67.76	0.350	20.0	17,520	$1,637	30.0	197,100	$13,355	$14,993	$5,254
2019	$97.52	$69.68	0.323	13.2	11,638	$1,135	18.2	120,132	$8,371	$9,506	$3,073
2020	$101.78	$71.43	0.298	13.2	11,638	$1,184	18.2	120,132	$8,581	$9,766	$2,912
2021	$105.40	$73.47	0.275	13.2	11,638	$1,227	18.2	120,132	$8,826	$10,053	$2,766
2022	$110.22	$74.47	0.254	13.2	11,638	$1,283	18.2	120,132	$8,946	$10,229	$2,596
2023	$114.22	$76.37	0.234	13.2	11,638	$1,329	18.2	120,132	$9,175	$10,504	$2,459
2024	$119.45	$77.46	0.216	13.2	11,638	$1,390	18.2	120,132	$9,305	$10,696	$2,310
2025	$124.97	$80.06	0.199	13.2	11,638	$1,454	18.2	120,132	$9,618	$11,072	$2,206
2026	$128.76	$81.44	0.184	19.2	16,850	$2,170	19.2	126,374	$10,292	$12,461	$2,291
2027	$134.15	$82.17	0.170	19.2	16,850	$2,260	19.2	126,374	$10,384	$12,645	$2,144
2028	$140.18	$84.29	0.156	19.2	16,850	$2,362	19.2	126,374	$10,652	$13,014	$2,036
2029	$144.82	$85.29	0.144	19.7	17,266	$2,500	14.7	96,645	$8,243	$10,743	$1,550
2030	$149.56	$87.78	0.133	19.7	17,266	$2,582	14.7	96,645	$8,483	$11,066	$1,473
2031	$157.73	$90.61	0.123	19.7	17,266	$2,723	14.7	96,645	$8,757	$11,480	$1,410
2032	$160.53	$89.67	0.113	19.7	17,266	$2,772	14.7	96,645	$8,666	$11,438	$1,296
2033	$168.34	$93.75	0.105	19.7	17,266	$2,907	14.7	96,645	$9,060	$11,967	$1,251
2034	$161.67	$88.12	0.096	19.7	17,266	$2,791	14.7	96,645	$8,516	$11,308	$1,090
2035	$170.26	$90.13	0.089	19.7	17,266	$2,940	14.7	96,645	$8,711	$11,650	$1,036
2036	$159.25	$88.18	0.082	19.7	17,266	$2,750	14.7	96,645	$8,522	$11,272	$925
2037	$149.94	$87.68	0.076	19.7	17,266	$2,589	14.7	96,645	$8,474	$11,063	$837
									NPV Total ($000) =		$100,496

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E.3 Net Equity Adjustment

A. Explanation of Equity Adjustment

In order to fairly evaluate the total cost of competing generation portfolios, FPL will consider the impact that the potential selection of each portfolio would have on FPL's overall capital structure. FPL's self-build options assume financing of incremental costs at 55% equity, 45% debt. These financing costs are included in the total cost of the FPL self-build options. Portfolios that include the purchase of facilities by FPL will also be evaluated assuming they are financed with 55% equity, 45% debt.

Consistent with that approach an adjustment will be made to the total cost of generation alternative portfolios containing long-term purchased power obligations (proposed terms-of-service greater than three years) to reflect the fact that such obligations draw upon the debt capacity of FPL and, other things being equal, must be offset by increasing the ratio of equity in FPL's capital structure. This is necessary to ensure that alternatives are compared against one another and to FPL's self-build options in a manner that is neutral relative to FPL's capital structure. Rating agencies explicitly evaluate purchase power obligations and, based on that examination, the rating agencies attribute a portion of the net present value (NPV) of the obligations under each power purchase agreement to the utility's balance sheet as a debt equivalent. The effect of this adjustment is to increase the relative share of debt and debt-like instruments in the capital structure. Therefore, FPL will calculate the incremental cost of the equity required to rebalance the capital structure at 55% equity, 45% debt to obtain a complete assessment of the related costs to FPL associated with the potential selection of each portfolio.

Standard & Poor's (S & P) methodology will be used to calculate the debt equivalent that would be added to FPL's capital structure. S & P begins by taking the NPV of the annual capacity payments over the life of the contract using a 10% discount factor. To determine the debt equivalent, the NPV is then multiplied by a risk factor. As a general guideline, S & P determines the risk factor for a vertically integrated utility as follows:

1. Contracts where purchased power costs are included as an operating expense in base tariffs would receive a risk factor of 50%.
2. For utilities in supportive regulatory jurisdictions with a precedent for timely and full cost recovery of fuel and

purchased-power costs, a risk factor of as low as 30% could be used.

3. Distribution utilities where recovery of purchased power costs has been legislated may receive a risk factor of 10% to 20%.

Based on the guidelines provided by S & P, a 30% risk factor will be used to calculate the debt equivalent.

Once the debt equivalent has been determined, the amount of equity required to rebalance the capital structure will be calculated. The equity adjustment represents the net present value of the incremental cost of equity (vs. debt) required to rebalance the capital structure. A detailed example of the calculation of the equity adjustment is presented in Table E.3 - 1.

B. Mitigating Factors

While the S & P methodology takes a broad look at the debt equivalence of purchase power obligations, there may be other factors which may be considered as mitigating the effect of such purchased power obligations. In conducting the equity adjustment evaluation, FPL has reviewed the presence or absence of mitigating factors. Some of the factors reviewed did not provide mitigation, or could not be practicably and reasonably quantified. Other factors have been quantified. The following discusses those factors that, in FPL's review, may offer some mitigation and can be quantified. These factors will be reflected as credits in the development of a modified or net equity adjustment factor. Other mitigating factors that can be quantified may come to light in the review of the proposals received.

1) Mitigation Offered by Completion Security

When FPL enters into a purchased power agreement (PPA) associated with a unit to be constructed, the Proposer will provide Completion Security to address the delivery risks associated with completing the project. Many of these risks can be combined and represented as the risk of delivering less capacity than that proposed, and upon which the selection was made and a PPA was executed. Under an FPL self-build option, there is some small probability that such an event might occur, and that impact might not be mitigated by FPL's contractual arrangements. If this occurred and it was determined by the FPSC that FPL was not imprudent, any incremental cost caused by such a delivery shortage may be allowed to be recovered from FPL's customers.

If this same sequence of events occurred under a PPA, in the form contemplated by FPL, the Completion Security could mitigate the impact of those costs on FPL's customers. This would be the source of mitigation provided by the PPA Completion Security that is different from an FPL self-build option.

In order to assess a quantitative value that could be assigned to this mitigation, both the risk of occurrence and the economic magnitude of the occurrence of a delivery shortage must be estimated.

FPL reviewed the history of FPL self-build projects relevant to this RFP to determine the probability of a delivery shortage. These projects represented 6,133 MW of promised capacity. The data showed that some projects over-delivered while others under-delivered. As a conservative approach, overages were not allowed to offset shortages. On this basis, a total shortage of 12 MW was seen over the promised 6,133 MW resulting in a probability of delivery shortage of 0.20%.

The economic impact of a delivery shortage can be identified as represented by the Completion Security amount established by FPL. It is noted that this amount could be mitigated by many factors for specific occurrences; i.e., component performance guarantees, engineering - procurement - construction (EPC) guarantees and Liquidated Damages (LD's), etc., but represents a "worst case" value that is conservatively derived and applied to the favor of the Proposer in developing the mitigation credit.

The value of the mitigation provided by a PPA would be the product of the probability of delivery shortage (risk) and the Completion Security amount (magnitude) identified in Section II.H of the RFP.

Example:

P_{DS} = Probability of FPL Delivery Shortage = 0.20%
CS = Completion Security = $319,000 per MW

CS Mitigation = CS * (P_{DS}) = 319,000* (0.0020) = $638 per MW

2) Mitigation offered by Performance Security

FPL recognizes that PPA-based capacity, if selected instead of an FPL self-build option, has the potential to provide better performance than that projected for an FPL self-build option at certain times. Therefore, FPL has calculated a Performance Mitigating Factor that attributes an appropriate amount of credit to a PPA for this potential benefit.

The Performance Mitigating Factor is not dependent upon the type or nature of the PPA in question. Instead, it is based on the projected forced outage factor (FOF) of FPL's NPGU in this RFP compared to recent FPL experience with new FPL units installed and operated by FPL that are most similar to the NPGU of this RFP. These existing units are FPL's Martin Unit 3 and Unit 4, combined cycle units that were installed on the FPL system in the mid-1990's.

The annual average FOF for these units over their 11-year operating history is 2.18%. The projected average annual FOF for FPL's NPGU is 2.00%. Consequently, using the average annual FOF for the Martin units as a possible projection of the actual FOF for the similar, but different, technology of FPL's NPGU, yields a possible FOF annual differential of 0.18%.

This translates to approximately 16 hours per full year (8760 hours/year x 0.0018 = 15.8 hours/year) in which the existing units on FPL's system might have to supply energy that is projected to be supplied by the NPGU. Then, using the same projection of FPL system marginal energy costs that is used in the calculation of the Costs of Transmission Losses in Section E.2, a calculation of the replacement energy costs for these 16 hours for each year is made. This annual nominal cost value is then present valued and added to the cumulative present value of these costs from prior years (beginning with the appropriate month/year of the PPA's proposed in-service date). This calculation is presented in Table E.3 – 2.

As seen in Table E.3 – 2, the values calculated are on a per MW basis and vary according to the proposed term of the PPA. The actual Performance Mitigating Factor that will be applied to a PPA will depend both upon the proposed capacity (MW) and the proposed term-of-service.

3) Application

Once the appropriate Performance Mitigating Factor is calculated for a PPA, this mitigating factor, plus the Completion Security Mitigating Factor discussed above, will be subtracted from the Equity Adjustment value to derive a Net Equity Adjustment value for the PPA. This net value will be included in the final economic evaluation of all portfolios containing this PPA.

An example application of the equity adjustment calculation, and the mitigating factors, to provide a net equity adjustment value is presented in the remainder of this section.

C. Example Net Equity Adjustment Calculations

The net equity adjustment calculations that FPL will use in its evaluation of purchased power Proposals received in response to its 2005 RFP is explained below using a hypothetical Proposal for 500 MW for a 10-year period at a constant price of $7/kw-month.

Table E.3 - 1

Equity Adjustment Sample Calculation

Calculation Assumptions:

Discount Rate applied to capacity charges(per Standard & Poor's)	10.00%	Discount Rate (FPL's incremental after-tax cost of capital) =	8.4%
Adjustment Factor (per Standard & Poor's methodology)	30%	Equity vs. Debt Cost Difference =	12.2%
Equity Percentage (FPL's target equity ratio) =	55%	Bid's Proposed Firm Capacity (MW) =	[redacted]
Effective Tax Rate =	38.58%		
Cost of Debt (FPL's incremental cost)	6.9%		
Cost of Equity =	11.75%		

Equity Adjustment Calculation

Year	(1) Monthly Capacity Payments ($/kw-month)	(2) Annual Capacity Payments ($000)	(3) NPV Capacity Payments ($000)	(4) Debt Equivalence ($000)	(5) Equity Replaced to Rebalance ($000)	(6) Equity Adjustment ($000)
2005	0.00	$0	$0	$0	$0	$0
2006	0.00	$0	$0	$0	$0	$0
2007	0.00	$0	$0	$0	$0	$0
2008	0.00	$0	$0	$0	$0	$0
2009	7.00	$42,000	$258,072	$77,422	$42,582	$5,207
2010	7.00	$42,000	$241,879	$72,564	$39,910	$4,881
2011	7.00	$42,000	$224,067	$67,220	$36,971	$4,521
2012	7.00	$42,000	$204,474	$61,342	$33,738	$4,126
2013	7.00	$42,000	$182,921	$54,876	$30,182	$3,691
2014	7.00	$42,000	$159,213	$47,764	$26,270	$3,213
2015	7.00	$42,000	$133,134	$39,940	$21,967	$2,686
2016	7.00	$42,000	$104,448	$31,334	$17,234	$2,108
2017	7.00	$42,000	$72,893	$21,868	$12,027	$1,471
2018	7.00	$42,000	$38,182	$11,455	$6,300	$770
2019	0.00	$0	$0	$0	$0	$0
2020	0.00	$0	$0	$0	$0	$0
2021	0.00	$0	$0	$0	$0	$0
2022	0.00	$0	$0	$0	$0	$0
2023	0.00	$0	$0	$0	$0	$0
2024	0.00	$0	$0	$0	$0	$0
2025	0.00	$0	$0	$0	$0	$0
2026	0.00	$0	$0	$0	$0	$0
2027	0.00	$0	$0	$0	$0	$0
2028	0.00	$0	$0	$0	$0	$0
2029	0.00	$0	$0	$0	$0	$0
2030	0.00	$0	$0	$0	$0	$0
2031	0.00	$0	$0	$0	$0	$0
2032	0.00	$0	$0	$0	$0	$0
2033	0.00	$0	$0	$0	$0	$0
2034	0.00	$0	$0	$0	$0	$0
2035	0.00	$0	$0	$0	$0	$0
2036	0.00	$0	$0	$0	$0	$0
2037	0.00	$0	$0	$0	$0	$0
					NPV Total =	$18,586

Explanation of calculation by column:

Column [1] = Monthly Capacity Payments ($/kw-month)

Column [2] = ((Capacity Payments ($/kw-month) * Proposal's Firm Capacity (MW) * 1000 kW/MW*12 months))/1000

Column [3] = Net Present Value (NPV) of the total sum of remaining annual capacity payments with values discounted at the discount rate used by Standard & Poor's to value off-balance sheet purchase power obligations.

Example: For 2009: NPV of capacity payments for (2009-2018)
For 2010: NPV of capacity payments for (2010 – 2018)
For 2011: NPV of capacity payments for (2011 – 2018)
Etc:

Column [4] = (Column [3]* Adjustment Factor)

Column [5] = (Column [4] * Equity Percentage)

Column [6] = (Column [5]* Equity vs. Debt Cost Difference)
Where Equity vs. Debt Cost Difference = ((Cost of Equity)/(1- Effective Tax Rate)) – Cost of debt

NPV Total is discounted back to current year (2005) using after tax cost of capital discount rate.

Completion Security Mitigation Example:

The Completion Security Mitigating Factor would be credited by applying the amount previously calculated:

CS mitigation/MW * Capacity = Completion Security Mitigation Factor

$638 * 500 MW = $319,000 (Nominal $) or
$319,000 * 0.724 = $230,956 (NPV $)

Performance Mitigation Example:

The Performance Mitigation example is presented in the following table.

Table E.3 - 2

Performance Security Mitigating Factor Calculation: for Bid with 2009 In-Service Date
(Note: Values shown are "per MW" values)

Assumptions: Capacity level (MW) = 1
Average Annual FOF "overage" for FPL CC's = [redacted]

Year	(1) @ 8.4% Discount Factor	(2) Average Annual Forced Outage "Overage" (MWH per MW)	(3) Average Marginal Energy Cost ($/MWH)	(4) = (2) x (3) Nominal Replacement Energy Cost ($)	(5) = (1) x (3) NPV Replacement Energy Cost ($)	(6) Cumulative NPV Replacement Energy Cost ($)
2005	1.000	0	$0.00	$0	$0	$0
2006	0.923	0	$0.00	$0	$0	$0
2007	0.851	0	$0.00	$0	$0	$0
2008	0.785	0	$0.00	$0	$0	$0
2009	0.724	9	$51.03	$468	$339	$339
2010	0.668	16	$51.98	$818	$546	$885
2011	0.616	16	$54.36	$855	$527	$1,412
2012	0.569	16	$55.51	$873	$496	$1,909
2013	0.525	16	$57.76	$909	$477	$2,385
2014	0.484	16	$58.59	$922	$446	$2,831
2015	0.446	16	$61.80	$972	$434	$3,265
2016	0.412	16	$64.72	$1,018	$419	$3,684
2017	0.380	16	$64.90	$1,021	$388	$4,072
2018	0.350	16	$66.40	$1,044	$366	$4,438
2019	0.323	16	$68.04	$1,070	$346	$4,784
2020	0.298	16	$69.99	$1,101	$328	$5,112
2021	0.275	16	$72.32	$1,138	$313	$5,425
2022	0.254	16	$73.51	$1,156	$293	$5,719
2023	0.234	16	$75.47	$1,187	$278	$5,997
2024	0.216	16	$76.71	$1,207	$261	$6,257
2025	0.199	16	$79.42	$1,249	$249	$6,506
2026	0.184	16	$80.94	$1,273	$234	$6,740
2027	0.170	16	$82.37	$1,296	$220	$6,960
2028	0.156	16	$84.79	$1,334	$209	$7,169
2029	0.144	16	$86.83	$1,366	$197	$7,366
2030	0.133	16	$89.35	$1,405	$187	$7,553
2031	0.123	16	$92.65	$1,457	$179	$7,732
2032	0.113	16	$93.46	$1,470	$167	$7,898
2033	0.105	16	$96.37	$1,516	$158	$8,057
2034	0.096	16	$93.96	$1,478	$142	$8,199
2035	0.089	16	$95.77	$1,506	$134	$8,333
2036	0.082	16	$95.29	$1,499	$123	$8,456
2037	0.076	16	$93.47	$1,470	$111	$8,568

In the table above, a 500 MW PPA with an in-service date of 2009 and a term of service through 2018 would have a Performance Mitigation amount of :

500 MW * $4,438/MW = $2,219,000

Net Equity Adjustment Example:

In this example the Completion Security Mitigation amount and the Performance Mitigation amount would be subtracted from the Equity Adjustment to yield a Net Equity Adjustment value for this PPA of:

$18,586,000 - $230,956 - $2,219,000 = $16,136,044

E.4 Turnkey Offering Considerations

A. Background

Rule 25-22.082, Florida Administrative Code, indicates that "providers of turnkey offerings" should be considered as potential participants in an RFP issued under the code. Turnkey offerings refer to a type of procurement option that is characterized by an abrupt change of custody at the completion of construction phase. This style of transaction is complicated in the instance of a utility-grade power generation facility by the fact that the long-term performance, reliability, cost and capabilities of the delivered facility are not proven at the point of transfer. This can result in significantly limited accountability on the part of the Seller and/or Seller's Contractors/Suppliers and offers limited capability to ensure the delivery of a quality facility.

Such a result is an unacceptable reliability and cost risk for FPL and its customers. Therefore, in order to accommodate a turnkey offering, FPL has developed specific considerations that must be accepted-in-concept by a Proposer of a turnkey offering. Further, specific submittals in addition to those required in the remainder of this RFP, allowing FPL to judge the desirability of a turnkey offering, are required. These considerations are described in this Appendix.

B. Origin of Special Considerations

Due to the contractual relationships commonly assumed in a turnkey offering, FPL relinquishes control of many factors that would otherwise allow FPL to directly manage factors related to the design, schedule, equipment warranties, performance, reliability, lifecycle operating costs and useful operating life of the facility that will ultimately be its responsibility. Consequently, there is a unique set of risks associated with future asset's performance, reliability, costs and capabilities. These risks must be managed by specific mechanisms fitted to the challenges presented by a turnkey offering.

C. General Scope of Turnkey Offerings

The scope of the turnkey offering must include all those aspects enumerated in the RFP, relevant to the technology proposed and necessary for full facility commercial operations (See Proposer Obligations, Section II.B, among others). Partial offerings (e.g., power island proposals, equipment-only proposals) are not appropriate responses to this RFP and will not be considered. FPL has other procurement avenues to address these sub-contract arrangements when appropriate.

D. Turnkey Offering Submittals

In addition to the requirements enumerated in the RFP and associated Appendices, the following discusses the specific submittals needed to support a turnkey offering proposal in response to this RFP.

1. Transmission Plan

The proposal must include costs for transmission interconnection in their sale price. The proposal must also include a transmission plan complete with cost estimates associated with delivery of firm capacity and energy using third party transmission systems and the associated peak and average system capacity and energy losses to deliver the full output of the proposed facility to the FPL system (if necessary). FPL will develop the transmission integration, system loss and impact to cost of operations values as described in Appendix E.

2. Fuels Plan

The proposal must include a fuels plan complete with capital cost estimates and development schedule. In the case of natural gas-fired facilities, the fuels plan will describe cost and development activities for all interconnecting lateral pipelines and upgrades to mainline facilities necessary to provide the required flow and pressure to support full facility operation throughout the year. Solid fuel proposals must describe and include the transportation, delivery, storage and handling requirements for the proposed facility.

3. Site Plan

The proposal must include a site plan describing the cost and schedule associated with the acquisition and development of the plant site and other land or infrastructure improvements necessary for the proposed facility. The site plan should include a schedule and discussion of all permits, authorizations and approvals needed to complete the project.

4. Long Term Service Agreement

The turnkey offering proposal price will include a Long Term Service Agreement (LTSA) of suitable term, covering the costs of major maintenance and capital replacement associated with the prime movers (Combustion Turbine Generators, Steam Turbine Generators) and backed by a credit-worthy (e.g. investment grade) entity or other security suitable to FPL. Reasonable and customary components of an LTSA include maintenance expectations, covered parts and price schedule, as well as intermediate performance guarantees.

FPL will not be obligated to enter into an LTSA; however, it considers the pricing of such a tool to be indicative of one alternative available to manage operating cost risks during operations. In lieu of a suitable LTSA, or sufficient credit support, FPL may adjust the proposal costs to match our experience associated with O&M costs, Major Maintenance and Capital Replacement expenditures.

5. Warranty

Proposer shall provide that all original equipment warranties are transferable to FPL. Additionally, Proposer shall provide summary warranty descriptions for all major equipment items (HRSG, STG, CT's etc.) as well as warranty wraps provided by EPC contractor, major subcontractors, and the Proposer itself.

6. Reasonableness Review

The nature of the turnkey approach places the cost responsibility of post-Commercial Operation Date (COD) operations on FPL. Therefore, FPL will reserve the right to conduct a reasonableness review on all post-COD cost estimates provided in the proposal. This review will be conducted using FPL and industry benchmark cost data. Should the results of the review identify additional costs

that FPL will be responsible for during operations, adjustments will be made to reflect the operational costs FPL deems prudent and reasonable. The economic evaluation of the proposal will be conducted with values supported as reasonable by FPL and industry experience.

E. Contract Concepts

The following concepts will be incorporated into any Contract supporting a turnkey offering entered into by FPL as a result of this RFP.

1. Rights of Contract Review

If a turnkey offering is selected as a finalist, FPL will conduct a review of pertinent proposed contracts associated with the project. FPL must approve any contracts associated with the procurement of major equipment (Combustion Turbine Generators, Steam Turbine Generators, Boilers/HRSGs, Catalyst System(s), Condensers, Cooling Towers, DCS systems, etc.). Specifically, FPL must concur on the EPC contractor selected (if applicable). Further, FPL must approve any contracts that obligate FPL (LTSA's, etc.) directly or by inference. Such approvals will not be unreasonably withheld.

2. Technical Due Diligence

As discussed in Section II.B of the RFP, customary and prudent due diligence will be concurrent to negotiations for all turnkey offerings selected as Finalists. Such due diligence will include a detailed review of the overall plant design, equipment specifications and construction specifications and specific reviews in, at least, the following areas:

Equipment Reliability
Operations
Material History
Environmental
Fuels Plans
Accounting/Tax
Risk/Mitigation
Project Schedule
Performance Guarantees
Technical Design
Maintenance
Human Resources
Transmission Plan
Management
Supply Chain/IT

3. Project Milestone Payment Structure

The payment milestones of the proposal will be established to protect FPL and it's customers from the risk of under-performance by the Proposer. The milestones provide a payout that balances the exposure of the Proposer and FPL as the facility transitions through the stages of design, construction, commissioning, and initial operations. The following schedule is indicative of the Pay-for-Performance arrangement FPL will require to consider a turnkey offering.

Table E.4-1. Turnkey Offering Milestone Payment Schedule

Milestone	Payment Amount	Cumulative Payment	Requirements
Up to Commercial Operation *	50%	50%	Facility achieves commercial deliveries on-time within all permits.
Year One Performance	10%	60%	CF, AF, EFOR, Average NPHR and defined budgetary goals achieved. Combustion inspections satisfactory.
Year Two Performance	15%	75%	CF, AF, EFOR, Average NPHR and defined budgetary goals achieved. HGP inspection satisfactory.
Year Three Performance	10%	85%	CF, AF, EFOR, Average NPHR and defined budgetary goals achieved. Combustion inspections satisfactory.
Year Four Performance	15%	100%	CF, AF, EFOR, Average NPHR and defined budgetary goals achieved. Final acceptance inspection satisfactory.

- Note: Balance of funds placed in Escrow, payment subject to future performance.

Appendix E

FPL's Forecast of Peak Demand, Net Energy for Load (NEL) & Results of Summer Peak and Winter Peak Runs

Year	Annual Peaks		Annual
	January (Winter) MW	August (Summer) MW	Net Energy for Load GWH
2005	20,791	20,614	111,695
2006	21,336	21,178	115,463
2007	21,898	21,769	119,477
2008	22,369	22,306	123,459
2009	22,916	22,884	127,521
2010	23,466	23,424	130,980
2011	24,035	23,964	133,674
2012	24,608	24,516	136,387
2013	25,197	25,059	139,429
2014	25,798	25,633	142,692
2015	26,410	26,212	145,925
2016	27,037	26,854	149,253
2017	27,678	27,466	152,550
2018	28,333	28,083	155,820
2019	29,000	28,711	159,110
2020	29,680	29,346	162,374
2021	30,373	30,001	165,695
2022	31,079	30,634	168,867
2023	31,797	31,304	172,226
2024	32,528	31,973	175,523
2025	33,272	32,649	178,855
2026	34,024	33,328	182,232
2027	34,789	34,015	185,638
2028	35,569	34,743	189,241
2029	36,365	35,479	192,890
2030	37,178	36,225	196,555

Appendix F

Table 1

FPL's "Most Likely" Natural Gas Fuel Forecast for
New Capacity Options & Existing FPL Units
(Nominal $/MMBtu)

YEAR	FGT FIRM $/MMBTU	FGT NON-FIRM $/MMBTU	GULFSTREAM FIRM $/MMBTU	GULFSTREAM NON-FIRM $/MMBTU	GULFSTREAM NON-FIRM BACKHAUL $/MMBTU	HENRY HUB $/MMBTU
2006	$11.83	$12.08	$11.83	$12.38	$12.67	$11.26
2007	$10.01	$10.27	$10.04	$10.59	$10.88	$9.54
2008	$7.92	$8.17	$7.98	$8.52	$8.81	$7.51
2009	$7.23	$7.49	$7.30	$7.84	$8.14	$6.84
2010	$6.30	$6.55	$6.38	$6.92	$7.21	$5.93
2011	$6.32	$6.57	$6.40	$6.95	$7.24	$5.96
2012	$6.55	$6.81	$6.63	$7.18	$7.47	$6.19
2013	$6.79	$7.04	$6.86	$7.41	$7.70	$6.41
2014	$7.02	$7.28	$7.10	$7.64	$7.93	$6.64
2015	$7.43	$7.47	$7.28	$7.83	$8.12	$6.82
2016	$8.01	$7.92	$7.73	$8.27	$8.56	$7.26
2017	$8.63	$8.54	$8.34	$8.88	$9.17	$7.86
2018	$9.10	$9.01	$8.80	$9.35	$9.64	$8.32
2019	$9.58	$9.49	$9.28	$9.83	$10.12	$8.79
2020	$10.08	$9.99	$9.77	$10.31	$10.60	$9.27
2021	$10.40	$10.31	$10.09	$10.63	$10.92	$9.59
2022	$10.94	$10.66	$10.43	$10.97	$11.27	$9.92
2023	$11.38	$11.02	$10.79	$11.33	$11.62	$10.28
2024	$11.76	$11.40	$11.16	$11.70	$11.99	$10.64
2025	$12.14	$11.78	$11.54	$12.08	$12.37	$11.02
2026	$12.53	$12.17	$11.92	$12.46	$12.76	$11.39
2027	$12.93	$12.57	$12.31	$12.86	$13.15	$11.78
2028	$13.34	$12.98	$12.72	$13.26	$13.55	$12.18
2029	$13.76	$13.40	$13.14	$13.68	$13.97	$12.59
2030	$14.20	$13.84	$13.57	$14.11	$14.41	$13.02
2031	$14.66	$14.30	$14.02	$14.57	$14.86	$13.46
2032	$15.14	$14.78	$14.49	$15.04	$15.33	$13.92
2033	$15.63	$15.27	$14.98	$15.52	$15.81	$14.40
2034	$16.14	$15.78	$15.48	$16.02	$16.31	$14.90
2035	$16.66	$16.30	$15.99	$16.54	$16.83	$15.40
2036	$17.20	$16.84	$16.53	$17.07	$17.36	$15.93
2037	$17.76	$17.39	$17.07	$17.62	$17.91	$16.47

Table 2

FPL's "Most Likely" Coal Fuel Forecast for
New Capacity Options and Existing FPL Units
(Nominal $/MMBtu)

YEAR	SCHERER DISPATCH PRICE $/MMBTU	ST. JOHNS RIVER POWER PARK DISPATCH PRICE $/MMBTU	ICL DISPATCH PRICE $/MMBTU	CEDAR BAY DISPATCH PRICE $/MMBTU	ST. LUCIE DISPATCH PRICE $/MMBTU
2006	$1.72	$2.02	$2.84	$2.28	$2.42
2007	$1.78	$1.85	$2.51	$2.02	$2.23
2008	$1.78	$1.88	$2.53	$2.05	$2.24
2009	$1.80	$1.90	$2.53	$2.08	$2.25
2010	$1.83	$1.93	$2.57	$2.12	$2.25
2011	$1.87	$1.97	$2.62	$2.16	$2.28
2012	$1.90	$2.01	$2.67	$2.20	$2.31
2013	$1.94	$2.04	$2.72	$2.24	$2.35
2014	$1.97	$2.08	$2.77	$2.28	$2.39
2015	$2.01	$2.12	$2.83	$2.32	$2.43
2016	$2.05	$2.16	$2.89	$2.36	$2.49
2017	$2.09	$2.20	$2.96	$2.41	$2.54
2018	$2.13	$2.24	$3.03	$2.46	$2.60
2019	$2.17	$2.29	$3.10	$2.51	$2.66
2020	$2.21	$2.33	$3.17	$2.56	$2.72
2021	$2.26	$2.38	$3.25	$2.61	$2.78
2022	$2.31	$2.43	$3.33	$2.66	$2.85
2023	$2.36	$2.49	$3.41	$2.72	$2.92
2024	$2.41	$2.54	$3.50	$2.78	$2.99
2025	$2.46	$2.59	$3.59	$2.84	$3.07
2026	$2.51	$2.65	$3.68	$2.90	$3.13
2027	$2.56	$2.70	$3.78	$2.96	$3.20
2028	$2.62	$2.76	$3.87	$3.02	$3.27
2029	$2.67	$2.82	$3.98	$3.08	$3.34
2030	$2.73	$2.88	$4.08	$3.15	$3.41
2031	$2.79	$2.94	$4.19	$3.22	$3.49
2032	$2.84	$3.00	$4.30	$3.28	$3.58
2033	$2.90	$3.06	$4.42	$3.35	$3.67
2034	$2.97	$3.13	$4.54	$3.42	$3.75
2035	$3.03	$3.19	$4.66	$3.50	$3.84
2036	$3.09	$3.26	$4.78	$3.57	$3.94
2037	$3.16	$3.33	$4.90	$3.64	$4.03

Table 3

FPL's "Most Likely" Residual Oil Fuel Forecast for
New Capacity Options and Existing FPL Units
(Nominal $/MMBtu)

YEAR	MARTIN 1% $/MMBTU	PORT EVERGLADES 1% $/MMBTU	MANATEE 1% $/MMBTU	TURKEY POINT 1% $/MMBTU	CANAVERAL 1% $/MMBTU	SANFORD 1% $/MMBTU	RIVIERA 1% $/MMBTU
2006	$9.14	$9.00	$9.06	$9.03	$8.98	$9.48	$8.95
2007	$9.13	$8.99	$9.05	$9.02	$8.96	$9.47	$8.94
2008	$7.99	$7.85	$7.91	$7.88	$7.82	$8.34	$7.80
2009	$7.93	$7.79	$7.85	$7.82	$7.76	$8.28	$7.74
2010	$7.14	$7.00	$7.06	$7.03	$6.97	$7.50	$6.95
2011	$7.61	$7.47	$7.53	$7.50	$7.44	$7.97	$7.42
2012	$8.03	$7.89	$7.95	$7.93	$7.86	$8.40	$7.84
2013	$8.44	$8.29	$8.35	$8.33	$8.26	$8.81	$8.24
2014	$8.85	$8.70	$8.76	$8.74	$8.67	$9.23	$8.65
2015	$9.26	$9.11	$9.18	$9.15	$9.09	$9.65	$9.06
2016	$10.11	$9.96	$10.02	$10.00	$9.93	$10.50	$9.90
2017	$10.96	$10.80	$10.87	$10.84	$10.77	$11.35	$10.75
2018	$11.83	$11.67	$11.74	$11.71	$11.64	$12.23	$11.62
2019	$12.72	$12.56	$12.63	$12.60	$12.53	$13.12	$12.50
2020	$13.61	$13.44	$13.51	$13.48	$13.41	$14.02	$13.39
2021	$14.03	$13.87	$13.94	$13.91	$13.84	$14.45	$13.81
2022	$14.48	$14.31	$14.38	$14.35	$14.28	$14.91	$14.25
2023	$14.95	$14.78	$14.85	$14.82	$14.75	$15.38	$14.72
2024	$15.43	$15.26	$15.33	$15.30	$15.23	$15.87	$15.20
2025	$15.93	$15.75	$15.83	$15.80	$15.72	$16.38	$15.69
2026	$16.43	$16.25	$16.33	$16.30	$16.22	$16.89	$16.19
2027	$16.95	$16.77	$16.85	$16.81	$16.73	$17.41	$16.71
2028	$17.48	$17.30	$17.38	$17.34	$17.26	$17.95	$17.23
2029	$18.03	$17.84	$17.92	$17.89	$17.81	$18.51	$17.78
2030	$18.60	$18.41	$18.49	$18.45	$18.37	$19.09	$18.34
2031	$19.19	$18.99	$19.08	$19.04	$18.96	$19.69	$18.92
2032	$19.80	$19.60	$19.69	$19.65	$19.56	$20.31	$19.53
2033	$20.43	$20.23	$20.32	$20.28	$20.19	$20.95	$20.16
2034	$21.08	$20.87	$20.96	$20.93	$20.84	$21.61	$20.80
2035	$21.75	$21.54	$21.63	$21.59	$21.50	$22.29	$21.47
2036	$22.44	$22.23	$22.32	$22.28	$22.19	$22.99	$22.15
2037	$23.15	$22.93	$23.02	$22.98	$22.89	$23.71	$22.86

Table 4

FPL's "Most Likely" Distillate Oil Fuel Forecast for
New Capacity Options and Existing FPL Units
(Nominal $/MMBtu)

YEAR	PORT EVERGLADES $/MMBTU	LAUDERDALE $/MMBTU	FT MYERS $/MMBTU	PUTNAM $/MMBTU	MARTIN & WCEC $/MMBTU
2006	$13.63	$13.63	$14.14	$13.92	$13.85
2007	$13.65	$13.65	$14.16	$13.94	$13.87
2008	$11.82	$11.82	$12.34	$12.12	$12.04
2009	$11.87	$11.87	$12.40	$12.17	$12.10
2010	$9.77	$9.77	$10.31	$10.08	$10.00
2011	$10.26	$10.26	$10.80	$10.57	$10.49
2012	$10.77	$10.77	$11.32	$11.08	$11.00
2013	$11.27	$11.27	$11.82	$11.59	$11.51
2014	$11.79	$11.79	$12.35	$12.11	$12.03
2015	$12.32	$12.32	$12.89	$12.65	$12.57
2016	$13.29	$13.29	$13.87	$13.62	$13.54
2017	$14.29	$14.29	$14.87	$14.62	$14.54
2018	$15.31	$15.31	$15.90	$15.65	$15.56
2019	$16.35	$16.35	$16.96	$16.70	$16.61
2020	$17.41	$17.41	$18.03	$17.76	$17.68
2021	$17.95	$17.95	$18.57	$18.31	$18.22
2022	$18.52	$18.52	$19.15	$18.88	$18.79
2023	$19.11	$19.11	$19.75	$19.48	$19.39
2024	$19.72	$19.72	$20.38	$20.10	$20.00
2025	$20.35	$20.35	$21.02	$20.73	$20.64
2026	$20.99	$20.99	$21.66	$21.37	$21.28
2027	$21.64	$21.64	$22.33	$22.03	$21.93
2028	$22.31	$22.31	$23.01	$22.71	$22.61
2029	$23.00	$23.00	$23.72	$23.41	$23.31
2030	$23.70	$23.70	$24.43	$24.12	$24.01
2031	$24.44	$24.44	$25.18	$24.87	$24.76
2032	$25.21	$25.21	$25.96	$25.64	$25.53
2033	$26.00	$26.00	$26.77	$26.44	$26.33
2034	$26.82	$26.82	$27.60	$27.26	$27.15
2035	$27.66	$27.66	$28.45	$28.11	$28.00
2036	$28.52	$28.52	$29.33	$28.98	$28.87
2037	$29.41	$29.41	$30.24	$29.88	$29.76

Appendix G

Financial and Economic Assumptions

I. FPL Capital Structure, Discount Rate, and AFUDC Rate:

a) Projected Capitalization Ratios and Projected Cost of Capital:

Component	Ratio	Cost
Debt	45%	6.90%
Preferred	0%	0%
Equity	55%	11.75%

b) Projected Discount Rate = 8.37%

c) Projected AFUDC Rates = 7.42% for 2005

7.60% for 2006

7.85% for 2007

8.01% for 2008

8.10% for 2009

8.19% for 2010

II. Tax Assumptions:

a) Composite Income Tax Rate = 38.58% (federal & state)

b) Combined Cycle Book Life = 25 years

c) Tax Depreciation Life = 20 years

III. FPL Generator Cost Escalation Assumptions:

Year	Capital	Fixed O&M	Capital Replacement	Variable O&M
2005	3.0%	3.9%	2.4%	2.4%
2006	3.0%	4.2%	-0.7%	-0.7%
2007	3.0%	4.3%	-0.4%	-0.4%
2008	3.0%	4.6%	-0.1%	-0.1%
2009	3.0%	4.5%	0.4%	0.4%
2010	3.0%	4.6%	1.0%	1.0%
2011	3.0%	4.7%	1.3%	1.3%
2012	3.0%	4.7%	1.3%	1.3%
2013	3.0%	4.5%	1.2%	1.2%
2014	3.0%	4.5%	1.3%	1.3%
2015	3.0%	4.5%	1.2%	1.2%
2016	3.0%	4.6%	1.2%	1.2%
2017	3.0%	4.6%	1.2%	1.2%
2018	3.0%	4.6%	1.3%	1.3%
2019	3.0%	4.6%	1.3%	1.3%
2020	3.0%	4.6%	1.2%	1.2%
2021	3.0%	4.6%	1.2%	1.2%
2022	3.0%	4.4%	1.2%	1.2%
2023	3.0%	4.4%	1.3%	1.3%
2024	3.0%	4.4%	1.3%	1.3%
2025	3.0%	4.4%	1.3%	1.3%
2026	3.0%	4.4%	1.3%	1.3%
2027	3.0%	4.4%	1.2%	1.2%
2028	3.0%	4.4%	1.2%	1.2%
2029	3.0%	4.4%	1.2%	1.2%
2030	3.0%	4.4%	1.2%	1.2%
2031	3.0%	4.4%	1.2%	1.2%
2032	3.0%	4.4%	1.2%	1.2%
2033	3.0%	4.4%	1.2%	1.2%
2034	3.0%	4.4%	1.2%	1.2%
2035	3.0%	4.4%	1.2%	1.2%
2036	3.0%	4.4%	1.2%	1.2%
2037	3.0%	4.4%	1.2%	1.2%

Appendix H

Notice Publication Affidavits

THE WALL STREET JOURNAL.

Advertising Services
8251 Presidents Drive
Orlando, FL 32809

STATE OF FLORIDA)
COUNTY OF ORANGE) SS:
CITY OF ORLANDO)

I, Pamela J. Garstka ,being duly sworn,

depose and say that I am the Advertising Clerk of the Publisher of

The Wall Street Journal (National Edition), a daily

national newspaper published and of general circulation in

(Princeton, New Jersey, Chicopee, Massachusetts, Silver Spring, Maryland, Charlotte, North Carolina, LaGrange, Georgia, Orlando, Florida, Sharon, Pennsylvania, Bowling Green, Ohio, Naperville, Illinois, Des Moines, Iowa, Highland, Illinois, Dallas, Texas, Beaumont, Texas, Seattle, Washington, Denver, Colorado, Palo Alto, California and Riverside, California), and that the attached Notice

has been regularly published in The Wall Street Journal

(National Edition) for insertion on the following date(s):

August 18, 2005

and that the foregoing statements are true and correct to the best

of my knowledge, information and belief.

Pamela J. Garstka
(Signature)

Sworn to before me this 30th
day of August, 2005.

CARRIE LEE WOLFE
Comm# DD0249448
Expires 9/27/2007
Bonded thru (800)432-4254
Florida Notary Assn., Inc

Audited by The Advertising Checking Bureau, Inc., 08/24/2005

What's Behind the Zooming Prices for Condos?



Kevin Burkepile

Sprint Nextel Objects To Value Assessment Of Wireless Affiliate

BP Cited for More Safety Lapses

New Zealand Investor Offers $2.32 Billion To Buy Carter Holt

U.S., China Near Textile Pact

Nortel, Korea's LG Forge Joint Venture For Telecom Gear

Biotechnology: Science for Managers
october 3-5, 2005

Biotechnology: Strategies for Growth
october 5-6, 2005

Kellogg on Branding: Building, Leveraging, and Rejuvenating Your Brand
october 9-12, 2005

Reinventing Leadership: A Breakthrough Approach
october 9-14, 2005

upcoming programs where it's business world's most courageous minds back executive challenges
www.kellogg.northwestern.edu
847.491.3100
Kellogg



REQUEST FOR PROPOSALS
GENERATION CAPACITY
FPL

The New York Times
229 WEST 43RD STREET • NEW YORK, NY 10036-3959

SEC. C PG. 7

REQUEST FOR PROPOSALS

GENERATION CAPACITY

Florida Power & Light Company (FPL) is soliciting proposals for firm capacity and energy with commencement of delivories beginning June 1, 2009.

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Proposals will compete with FPL's next planned generating units. The next planned generating units consist of two similar 1,100 MW (nominal) natural gas-fired combined cycle combustion turbine facilities at FPL's proposed West County Energy Center (WCEC), in the western portion of Palm Beach County, Florida with in-service dates of June 1, 2009 and June 1, 2010, respectively. FPL will make the 2009 WCEC unit available as a stand-alone alternative for potential combination with proposals that partially fulfill the capacity need.

The RFP will be available to registered participants on September 9, 2005 through the website. Proposals must be submitted by November 9, 2005 at 4:00 p.m. EDT to the RFP Contact Person. After initial screening and evaluation, it is anticipated that a short list of proposers will be announced in February 2006, with initial discussions and final evaluation to follow.

The RFP document will also include preliminary information regarding FPL's intent to solicit in 2005 proposals to complete with FPL's proposed advanced coal generation units, planned for 2012 and 2013.

An RFP Discussion Session will be held September 7, 2005 in Miami, FL to discuss the requirements of the RFP. A Workshop for participants will be held on September 14, 2005 in Miami, FL to discuss the RFP data requirements and assist potential proposers in understanding the RFP submittal process. Participants may attend either meeting in person or by teleconference. Information may be obtained by visiting our website at www.FPL.com/2005rfp or contacting the RFP Contact Person.

FPL reserves the right to reject all proposals and to modify, defer or cancel the RFP.

FPL
an FPL Group company

CERTIFICATION OF PUBLICATION

AUG 2 3 2005 20___

I, DEBRA BARNING, in my capacity as a Principal Clerk of the Publisher of The New York Times a daily newspaper of general circulation printed and published in the City, County and State of New York, hereby certify that the advertisement annexed hereto was published in the editions of The New York Times on the following date or dates, to wit on

AUG 1 8 2005 20___

Debra Barning

Approved:

THIS CERTIFICATION NOT VALID WITHOUT NYT RAISED SEAL

The Miami Herald

A Knight-Ridder Newspaper

PUBLISHED DAILY

MIAMI, FLORIDA

STATE OF FLORIDA
COUNTY OF DADE

Before the undersigned authority personally appeared:
KIM KERNER TEPPER

who on oath says that he/she is
NATIONAL ACCOUNT EXECUTIVE

of The Miami Herald a daily newspaper published at Miami in Dade County, Florida; that the advertisement for **Florida Power & Light** appeared in said newspaper in the issues of:

August 15, 2005	**3x10.5**
August 18, 2005	**2x5**
August 18, 2005	**6x21**

Affiant further says that the said The Miami Herald is a newspaper published at Miami, in the said Dade County, Florida and that the said newspaper has heretofore been continuously published in said Dade County, Florida, each day and has been entered as second class mail matter at the post office in Miami, in said Dade County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement.

Sworn to and subscribed before me

this 22nd day of August, 2005

NOTARY PUBLIC-STATE OF FLORIDA
Cory Brush
Commission # DD380938
Expires: DEC. 20, 2008
Bonded Thru Atlantic Bonding Co., Inc.

COLOMBIA

Pilots group had concerns on airline

As mud hampered the recovery of remains at the Venezuelan site of a plane crash that killed 160, questions emerged in Colombia about safety procedures of West Caribbean Airways.

BY STEVEN DUDLEY
sdudley@herald.com

BOGOTA — Colombia's low-cost West Caribbean Airways canceled all its scheduled flights indefinitely as authorities in Venezuela struggled to recover the remains of all the 160 people killed when one of the airline's planes crashed there.

French forensic experts arrived to assist in the recovery effort, which was hampered by muddy conditions. Venezuelan authorities announced they had recovered the second of two black boxes that might help determine the cause of the crash.

The airplane, a McDonnell Douglas MD-82, was chartered by 152 French citizens from the Caribbean island of Martinique. Eight Colombian crew members also died. The plane crashed Tuesday near the Venezuelan city Machiques, 400 miles west of Caracas.

In Colombia, the Medellín-based airline said it was canceling its scheduled flights to help in the investigation. In fact, the airline grounded only one plane. According to West Caribbean Airways President Jorge Pérez, six of the company's seven remaining planes were not flying because they were in maintenance.

The Colombian Pilots' Association said it had repeatedly warned the country's Civil Aeronautics Board about the carrier's safety procedures. "We had sent various letters announcing our worries, not only with regard to West, but also with regard to aerial security in general," Alberto Padilla, association president, told local radio.

Padilla said a March accident of a West Caribbean airplane leaving the island Providencia, which left eight dead, "opened their eyes to the security lapses" of the company.

The Colombian aviation authority meanwhile said it had fined West Caribbean on several occasions and for several reasons: pilots not getting sufficient rest between flights; lack of proper maintenance; lack of proper pilot training; and overweight cargoes.

But the authority said the infractions were not enough to ground the air carrier, which began servicing parts of northern Colombia and its Caribbean islands of San Andrés and Providencia in 1998.

The authority had also put the company under special watch because of its financial difficulties. Pérez told local radio Tuesday that Colombia's government owed West Caribbean substantial sums, threatening its financial solvency. He did not specify how much or elaborate.

Six of the company's seven remaining planes were in maintenance in part due to the financial woes, he said.

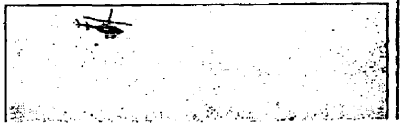
The plane that crashed Tuesday, a McDonnell Douglas MD-82, had flown nearly 20 hours straight to cover the company's remaining routes, before tacking on the fatal charter from Panama to Martinique. Its final set of flights, which began at 7 a.m. Monday, included seven stops in Colombian territory, one in Costa Rica and three in Panama before departing for Martinique.

"I'm calling on the leadership of the Civil Aeronautics Board, to whom we have complained about many things: the runways, the airport infrastructure, the absence of life-saving gear. Obviously what happened to West has to sound the alarms for all of us with regards to security," Padilla said.



PHOTOS BY GERARDO MARRERO/AP

GRIM, MUDDY TASK: Soldiers and rescue workers search for the remains of the 160 victims of the plane crash in Venezuela. The second black box was recovered.





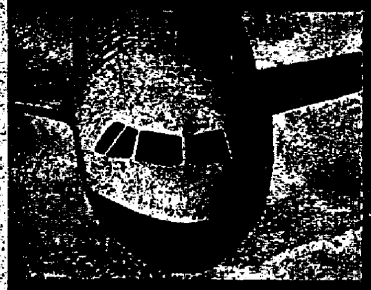


EERIE SIGHT: A helicopter on Wednesday flies over the wreckage of the chartered West Caribbean Airways jet.

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REQUEST FOR PROPOSALS

GENERATION CAPACITY

Florida Power & Light Company (FPL) is soliciting proposals for firm capacity and energy with commencement of deliveries beginning June 1, 2009.

Parties interested in submitting proposals in response to this request may obtain further information and register to participate by visiting our website at www.FPL.com/2005rfp, or you may contact Steven Scroggs, RFP Contact Person, Florida Power & Light Company, Resource Assessment and Planning Department, PO Box 029100, Miami, FL. Office 305-552-4199.

Proposals will compete with FPL's next planned generating units. The next planned generating units consist of two similar 1,100 MW (nominal) natural gas-fired combined cycle combustion turbine facilities at FPL's proposed West County Energy Center (WCEC), in the western portion of Palm Beach County, Florida with in-service dates of June 1, 2009 and June 1, 2010, respectively. FPL will make the 2009 WCEC unit available as a stand-alone alternative for potential combination with proposals that partially fulfill the capacity need.

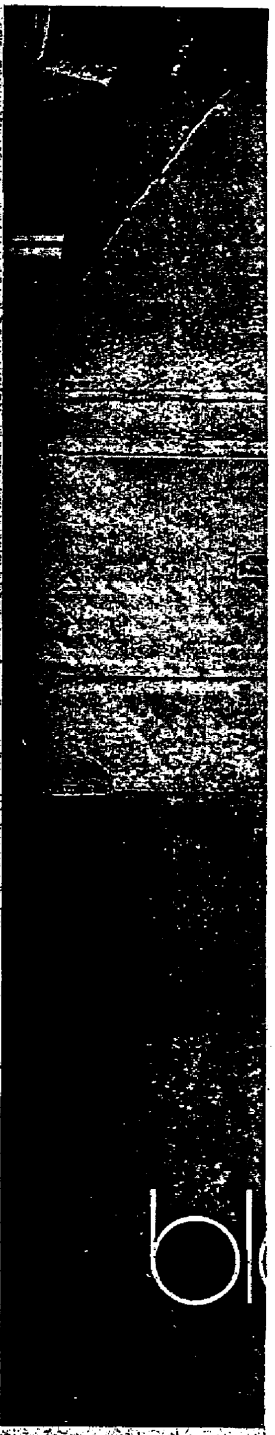
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The RFP document will also include preliminary information regarding FPL's intent to solicit in 2006 proposals to compete with FPL's proposed advanced coal generation units, planned for 2012 and 2013.

An RFP Discussion Session will be held September 7, 2005 in Miami, FL to discuss the requirements of the RFP. A Workshop for participants will be held on September 14, 2005 in Miami, FL to discuss the RFP data requirements and assist potential proposers in understanding the RFP submittal process. Participants may attend either meeting in person or by teleconference. Information may be obtained by visiting our website at www.FPL.com/2005rfp or contacting the RFP Contact Person.

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Florida Power & Light Company
Corporate Communications Dept.
Media Line: 305-552-3888
August 18, 2005

FOR IMMEDIATE RELEASE

With ongoing growth in its service area, FPL issues a "request for proposals" for power resources needed beginning in 2009

JUNO BEACH, Fla. – Florida Power & Light Company today confirmed the need to increase its power resources beginning in 2009 to respond to significant growth occurring in Florida, particularly in South Florida. In 2004, FPL added more than 100,000 new customers. Forecasts for increased customer use of electricity and growth are expected to continue throughout the coming decade.

In issuing a notice regarding its "request for proposals," the company outlined its future power needs and identified FPL's proposed projects, in accordance with Florida Public Service Commission rules. The company said it plans to add capacity by either building its own plants or purchasing power from other companies, selecting whichever is the best and most cost-effective way to meet customers' needs.

FPL's self-build options call for adding four new generating units as outlined in its annually updated, ten-year plan, which was filed with the Florida PSC in April 2005. The first two units would be operational in 2009 and in 2010 and consist of two, 1,100-megawatt natural gas-fired, combined-cycle generating units in western Palm Beach County. These units would be followed by two 850-megawatt advanced technology coal generating units, which are proposed to be located in southwestern St. Lucie County in 2012 and 2013. The four planned units would be capable of serving approximately 800,000 homes and businesses.

Using a competitive bidding process, FPL is seeking proposals from other companies to evaluate against its proposed projects. The 2005 two-part RFP seeks alternatives to FPL's western Palm Beach County projects by Nov. 9, 2005 with a final decision by early 2006. Part 2 of the RFP includes preliminary information on FPL's ten-year projected resource needs, as well as FPL's need for fuel diversity. An RFP supplement will be issued in mid-2006 seeking competitive bids for the longer term resource requirements and fuel diversity needs.

"Responding to growth and maintaining safe and reliable service by selecting the best and most cost-effective power resources for customers continues to be a priority for our company," said FPL President Armando Olivera. "Earlier this summer, we completed new plants in Manatee and Martin counties that added 1,900 megawatts to meet customer needs. We also started construction on a 1,100 megawatt plant in Miami-Dade County that will begin serving customers in 2007.

"Now, our attention must turn to meeting our customers' needs toward the end of this decade and the beginning of the next, while at the same time adjusting our overall fuel diversity to help mitigate rising fuel prices for oil and natural gas," Olivera added.

The combined-cycle and advanced technology coal options

If selected as the best and most cost-effective option to meet customers' electricity needs, FPL's new generation projects would be among the cleanest, most environmentally-advanced and efficient power plants in the nation. By placing new generation where growth is occurring, the proposed units would also improve system reliability.

(more)

FPL's two proposed natural gas-fired combined-cycle units and its two proposed advanced technology coal-fired units were selected to help maintain a balanced fuel supply for FPL customers. This selection was the result of FPL's integrated resource planning process, involving the analysis of many potential FPL projects and sites. The selection process addresses many factors, including the proximity of sites to transmission lines, fuel pipelines and railroad lines, for example, while also respecting and remaining compatible with the surrounding regions' environment and existing land uses.

"In the case of each of the projects, we are committed to an ongoing community outreach and dialogue with neighbors, which we began earlier this year. By doing so, we believe we can better align the benefits of these options with the interests and priorities of the communities we serve," Olivera said.

Olivera also said FPL will continue its commitment to conservation programs as well as load management programs that help meet peak periods of high electricity use.

"This summer's record breaking heat and high customer demand has resulted in a number of new peaks on our system, including a new all-time peak of 22,361 megawatts set yesterday (8/17)," Olivera said. "While we need to plan for the future, we want to urge our customers to use energy wisely right now to help moderate their electricity bills."

Over the past two decades, FPL customers have helped defer the need for 10 power plants by adopting cost-effective conservation measures and by participating in voluntary programs where power to certain appliances can be automatically reduced at peak periods in return for a credit or discount on monthly bills. FPL plans to continue that effort by deferring yet two more power plants in the coming decade. The company also offers customers renewable "green power" options as an alternative to building new plants.

To learn more about FPL's proposed projects, share your interests and priorities, request a presentation or sign up to be on a mailing list visit us at www.FPL.com About Us: Power Plant Projects.

The FPL "request for proposals"
In the interest of making sure customers get the best and most cost-effective new sources of future electricity, Olivera said the utility also welcomes and will thoroughly evaluate alternative third-party offers for better and more cost-effective proposals than FPL's projects.

In the RFP notice issued today, FPL provided the following information to prospective developers:

(more)

Request for Proposals
Generation Capacity

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Under the requirements of Florida's Power Plant Siting Act, most proposed capacity additions also must undergo about 12 to18 months of multi-agency review coordinated by the Florida Department of Environmental Protection and a PSC review and hearing. In a PSC hearing, the commission rules on the need for the project and determines whether the best and most cost-effective generation option has been selected for customers. The final approval of the project must come from the governor and Cabinet sitting as the Power Plant Siting Board.

Potential bidders interested in submitting proposals in response to FPL's RFP may obtain further information by visiting FPL's Web site at www.FPL.com/2005rfp, by contacting FPL's RFP contact person Steven_Scroggs@fpl.com or by calling 305-552-4199.

Florida Power & Light Company is the principal subsidiary of FPL Group, Inc. (NYSE: FPL), nationally known as a high quality, efficient and customer-driven organization focused on energy-related products and services. With annual revenues of more than $10 billion and a growing presence in 26 states, FPL Group is widely recognized as one of the country's premier power companies. Florida Power & Light Company serves 4.3 million customer accounts in Florida. FPL Energy, LLC, FPL Group's wholesale electricity generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at www.FPL.com, www.FPLGroup.com and www.FPLEnergy.com.

Addendum One

Corrections to Request for Proposal

This Addendum One to FPL's 2005 Capacity Generation Request for Proposals (RFP) is published to correct an error in Section III.C.6.a), (page 41).

The amounts associated with the Completion Security posting schedule were incorrect. The corrected table should read as follows:

Event	Security Amount ($/MW)
Commencement Date of PPA	$134,000
Irrevocable Orders Placed (nlt 28 months before CDD)	$164,000
Fuel Transportation Agreement Executed (nlt 24 months before CDD)	$202,000
Financing Closed (nlt 20 months before CDD)	$319,000

A replacement for page 41 is provided for your convenience. Please direct any questions or comments to the RFP Contact Person:

Steve Scroggs
Manager, Integrated Resource Planning
Steven_Scroggs@FPL.com
305-552-4154/4199

a) Completion Security for Proposals Supported by New Construction.

i. Proposer must provide Completion Security in an amount equal to $319,000 per MW of capacity bid.

ii. Completion Security must be posted in accordance with the following Milestone Schedule and remain in place up to and including the Capacity Delivery Date.

b) Event	c) Security Amount ($/MW)
Commencement Date of PPA	$134,000
Irrevocable Orders Placed (nlt 28 months before CDD)	$164,000
Fuel Transportation Agreement Executed (nlt 24 months before CDD)	$202,000
Financing Closed (nlt 20 months before CDD)	$319,000

iii. During the facility construction period, the selected supplier must provide evidence showing that they meet the Project Milestones Schedule specified in Section III.E.7. Failure to meet these milestones could result in termination of the Purchase Power Agreement and payment of liquidated damages.

b) Performance Security for Proposals Supported by New Construction.

i. Proposer must provide Performance Security in an amount equal to $160,000 per MW of capacity bid.

ii. Performance Security must be posted upon commencement of commercial operations for a proposal supported by new construction. Performance Security must be provided through the duration of the contract.

c) Performance Security for Proposals from Existing Facilities.

i. Proposer must provide Performance Security in an amount equal to $160,000 per MW of capacity bid.

ii. Performance Security must be posted upon execution of the Purchase Power Agreement and remain in place through the duration of the contract

RFP Notice #1

Fuel Price and Availability Forecast

Fuel markets have experienced several supply and price shocks in recent weeks as a result of weather events in the Gulf of Mexico and global oil market issues. The long term effect of these events is yet to be determined. In an effort to develop a fuel price and availability forecast for use in the 2005 RFP evaluation process, FPL has been reviewing the impact of these short term phenomenon on price and availability forecasts for all fuels.

Observations

The following conclusions have been drawn, and are offered to assist proposers in preparing their bids in response to FPL's 2005 RFP.

- The forward market prices for oil and natural gas commodity prices were rising prior to Hurricanes Katrina and Rita. The impact of these weather events has reinforced this price elevation.

- The longer term behavior of oil and natural gas prices are less certain, however prior forecasts that showed decreasing price trends during the period 2007 - 2010 continue to be likely.

- Long term delivered coal prices have seen some escalation, but have not experienced the large increases exhibited by natural gas and oil.

Fuel Forecast Publication

FPL will continue monitoring the fuel markets and will collect information from industry experts regarding long term fuel price expectations. FPL will develop and publish the Fuel Price and Availability forecast that will be used in the RFP evaluation when it is available.

Please direct any questions or concerns to the undersigned.

Sincerely,

Steve Scroggs
Manager, Integrated Resource Planning
Steven_Scroggs@FPL.com
305-552-4154/4199

RFP Notice #2

Part One RFP Evaluation Fuel Price Forecast

The attached tables provide the Fuel Price Forecast that will be used for Part One of the 2005 Generation Capacity RFP Evaluation.

Please direct any questions to the undersigned.

Sincerely,

Steve Scroggs
Manager, Integrated Resource Planning
Steven_Scroggs@FPL.com
305-552-4154/4199

Table 1

FPL's "Most Likely" Natural Gas Fuel Forecast for New Capacity Options and Existing FPL Units (Nominal $/MMBtu)

MONTH	FGT FIRM $/MMBTU	FGT NON-FIRM $/MMBTU	GULFSTREAM FIRM $/MMBTU	GULFSTREAM NON-FIRM $/MMBTU	GULFSTREAM NON-FIRM BACKHAUL $/MMBTU	HENRY HUB $/MMBTU
2005	$9.20	$9.46	$10.67	$9.61	$9.90	$8.72
2006	$11.83	$12.08	$11.83	$12.38	$12.67	$11.26
2007	$10.01	$10.27	$10.04	$10.59	$10.88	$9.54
2008	$7.92	$8.17	$7.98	$8.52	$8.81	$7.51
2009	$7.23	$7.49	$7.30	$7.84	$8.14	$6.84
2010	$6.30	$6.55	$6.38	$6.92	$7.21	$5.93
2011	$6.32	$6.57	$6.40	$6.95	$7.24	$5.96
2012	$6.55	$6.81	$6.63	$7.18	$7.47	$6.19
2013	$6.79	$7.04	$6.86	$7.41	$7.70	$6.41
2014	$7.02	$7.28	$7.10	$7.64	$7.93	$6.64
2015	$7.43	$7.47	$7.28	$7.83	$8.12	$6.82
2016	$8.01	$7.92	$7.73	$8.27	$8.56	$7.26
2017	$8.63	$8.54	$8.34	$8.88	$9.17	$7.86
2018	$9.10	$9.01	$8.80	$9.35	$9.64	$8.32
2019	$9.58	$9.49	$9.28	$9.83	$10.12	$8.79
2020	$10.08	$9.99	$9.77	$10.31	$10.60	$9.27
2021	$10.40	$10.31	$10.09	$10.63	$10.92	$9.59
2022	$10.94	$10.66	$10.43	$10.97	$11.27	$9.92
2023	$11.38	$11.02	$10.79	$11.33	$11.62	$10.28
2024	$11.76	$11.40	$11.16	$11.70	$11.99	$10.64
2025	$12.14	$11.78	$11.54	$12.08	$12.37	$11.02
2026	$12.53	$12.17	$11.92	$12.46	$12.76	$11.39
2027	$12.93	$12.57	$12.31	$12.86	$13.15	$11.78
2028	$13.34	$12.98	$12.72	$13.26	$13.55	$12.18
2029	$13.76	$13.40	$13.14	$13.68	$13.97	$12.59
2030	$14.20	$13.84	$13.57	$14.11	$14.41	$13.02
2031	$14.66	$14.30	$14.02	$14.57	$14.86	$13.46
2032	$15.14	$14.78	$14.49	$15.04	$15.33	$13.92
2033	$15.63	$15.27	$14.98	$15.52	$15.81	$14.40
2034	$16.14	$15.78	$15.48	$16.02	$16.31	$14.90
2035	$16.66	$16.30	$15.99	$16.54	$16.83	$15.40
2036	$17.20	$16.84	$16.53	$17.07	$17.36	$15.93
2037	$17.76	$17.39	$17.07	$17.62	$17.91	$16.47

Table 2.

FPL's "Most Likely" Coal Fuel Forecast for New Capacity Options and Existing FPL Units (Nominal $/MMBtu)

MONTH	SCHERER 4 DISPATCH PRICE $/MMBTU	HNS RIVER POWER DISPATCH PRICE $/MMBTU	ICL DISPATCH PRICE $/MMBTU	CEDAR BAY DISPATCH PRICE $/MMBTU	ST. LUCIE DISPATCH PRICE $/MMBTU
2005	$1.62	$2.52	$3.26	$2.80	$2.76
2006	$1.72	$2.02	$2.84	$2.28	$2.42
2007	$1.78	$1.85	$2.51	$2.02	$2.23
2008	$1.78	$1.88	$2.53	$2.05	$2.24
2009	$1.80	$1.90	$2.53	$2.08	$2.25
2010	$1.83	$1.93	$2.57	$2.12	$2.25
2011	$1.87	$1.97	$2.62	$2.16	$2.28
2012	$1.90	$2.01	$2.67	$2.20	$2.31
2013	$1.94	$2.04	$2.72	$2.24	$2.35
2014	$1.97	$2.08	$2.77	$2.28	$2.39
2015	$2.01	$2.12	$2.83	$2.32	$2.43
2016	$2.05	$2.16	$2.89	$2.36	$2.49
2017	$2.09	$2.20	$2.96	$2.41	$2.54
2018	$2.13	$2.24	$3.03	$2.46	$2.60
2019	$2.17	$2.29	$3.10	$2.51	$2.66
2020	$2.21	$2.33	$3.17	$2.56	$2.72
2021	$2.26	$2.38	$3.25	$2.61	$2.78
2022	$2.31	$2.43	$3.33	$2.66	$2.85
2023	$2.36	$2.49	$3.41	$2.72	$2.92
2024	$2.41	$2.54	$3.50	$2.78	$2.99
2025	$2.46	$2.59	$3.59	$2.84	$3.07
2026	$2.51	$2.65	$3.68	$2.90	$3.13
2027	$2.56	$2.70	$3.78	$2.96	$3.20
2028	$2.62	$2.76	$3.87	$3.02	$3.27
2029	$2.67	$2.82	$3.98	$3.08	$3.34
2030	$2.73	$2.88	$4.08	$3.15	$3.41
2031	$2.79	$2.94	$4.19	$3.22	$3.49
2032	$2.84	$3.00	$4.30	$3.28	$3.58
2033	$2.90	$3.06	$4.42	$3.35	$3.67
2034	$2.97	$3.13	$4.54	$3.42	$3.75
2035	$3.03	$3.19	$4.66	$3.50	$3.84
2036	$3.09	$3.26	$4.78	$3.57	$3.94
2037	$3.16	$3.33	$4.90	$3.64	$4.03

Table 3

FPL's "Most Likely" Residual Oil Fuel Forecast for New Capacity Options and Existing FPL Units (Nominal $/MMBtu)

MONTH	MARTIN 1% $/MMBTU	PORT EVERGLADES 1% $/MMBTU	MANATEE 1% $/MMBTU	TURKEY POINT 1% $/MMBTU	CANAVERAL 1% $/MMBTU	SANFORD 1% $/MMBTU	RIVIERA 1% $/MMBTU
2005	$7.52	$7.39	$7.45	$7.42	$7.37	$7.87	$7.34
2006	$9.14	$9.00	$9.06	$9.03	$8.98	$9.48	$8.95
2007	$9.13	$8.99	$9.05	$9.02	$8.96	$9.47	$8.94
2008	$7.99	$7.85	$7.91	$7.88	$7.82	$8.34	$7.80
2009	$7.93	$7.79	$7.85	$7.82	$7.76	$8.28	$7.74
2010	$7.14	$7.00	$7.06	$7.03	$6.97	$7.50	$6.95
2011	$7.61	$7.47	$7.53	$7.50	$7.44	$7.97	$7.42
2012	$8.03	$7.89	$7.95	$7.93	$7.86	$8.40	$7.84
2013	$8.44	$8.29	$8.35	$8.33	$8.26	$8.81	$8.24
2014	$8.85	$8.70	$8.76	$8.74	$8.67	$9.23	$8.65
2015	$9.26	$9.11	$9.18	$9.15	$9.09	$9.65	$9.06
2016	$10.11	$9.96	$10.02	$10.00	$9.93	$10.50	$9.90
2017	$10.96	$10.80	$10.87	$10.84	$10.77	$11.35	$10.75
2018	$11.83	$11.67	$11.74	$11.71	$11.64	$12.23	$11.62
2019	$12.72	$12.56	$12.63	$12.60	$12.53	$13.12	$12.50
2020	$13.61	$13.44	$13.51	$13.48	$13.41	$14.02	$13.39
2021	$14.03	$13.87	$13.94	$13.91	$13.84	$14.45	$13.81
2022	$14.48	$14.31	$14.38	$14.35	$14.28	$14.91	$14.25
2023	$14.95	$14.78	$14.85	$14.82	$14.75	$15.38	$14.72
2024	$15.43	$15.26	$15.33	$15.30	$15.23	$15.87	$15.20
2025	$15.93	$15.75	$15.83	$15.80	$15.72	$16.38	$15.69
2026	$16.43	$16.25	$16.33	$16.30	$16.22	$16.89	$16.19
2027	$16.95	$16.77	$16.85	$16.81	$16.73	$17.41	$16.71
2028	$17.48	$17.30	$17.38	$17.34	$17.26	$17.95	$17.23
2029	$18.03	$17.84	$17.92	$17.89	$17.81	$18.51	$17.78
2030	$18.60	$18.41	$18.49	$18.45	$18.37	$19.09	$18.34
2031	$19.19	$18.99	$19.08	$19.04	$18.96	$19.69	$18.92
2032	$19.80	$19.60	$19.69	$19.65	$19.56	$20.31	$19.53
2033	$20.43	$20.23	$20.32	$20.28	$20.19	$20.95	$20.16
2034	$21.08	$20.87	$20.96	$20.93	$20.84	$21.61	$20.80
2035	$21.75	$21.54	$21.63	$21.59	$21.50	$22.29	$21.47
2036	$22.44	$22.23	$22.32	$22.28	$22.19	$22.99	$22.15
2037	$23.15	$22.93	$23.02	$22.98	$22.89	$23.71	$22.86

Table 4

FPL's "Most Likely" Distillate Oil Fuel Forecast for New Capacity Options and Existing FPL Units (Nominal $/MMBtu)

MONTH	PORT EVERGLADES $/MMBTU	LAUDERDALE $/MMBTU	FT MYERS $/MMBTU	PUTNAM $/MMBTU	MARTIN & WCEC $/MMBTU
2005	$12.62	$12.62	$13.13	$12.91	$12.84
2006	$13.63	$13.63	$14.14	$13.92	$13.85
2007	$13.65	$13.65	$14.16	$13.94	$13.87
2008	$11.82	$11.82	$12.34	$12.12	$12.04
2009	$11.87	$11.87	$12.40	$12.17	$12.10
2010	$9.77	$9.77	$10.31	$10.08	$10.00
2011	$10.26	$10.26	$10.80	$10.57	$10.49
2012	$10.77	$10.77	$11.32	$11.08	$11.00
2013	$11.27	$11.27	$11.82	$11.59	$11.51
2014	$11.79	$11.79	$12.35	$12.11	$12.03
2015	$12.32	$12.32	$12.89	$12.65	$12.57
2016	$13.29	$13.29	$13.87	$13.62	$13.54
2017	$14.29	$14.29	$14.87	$14.62	$14.54
2018	$15.31	$15.31	$15.90	$15.65	$15.56
2019	$16.35	$16.35	$16.96	$16.70	$16.61
2020	$17.41	$17.41	$18.03	$17.76	$17.68
2021	$17.95	$17.95	$18.57	$18.31	$18.22
2022	$18.52	$18.52	$19.15	$18.88	$18.79
2023	$19.11	$19.11	$19.75	$19.48	$19.39
2024	$19.72	$19.72	$20.38	$20.10	$20.00
2025	$20.35	$20.35	$21.02	$20.73	$20.64
2026	$20.99	$20.99	$21.66	$21.37	$21.28
2027	$21.64	$21.64	$22.33	$22.03	$21.93
2028	$22.31	$22.31	$23.01	$22.71	$22.61
2029	$23.00	$23.00	$23.72	$23.41	$23.31
2030	$23.70	$23.70	$24.43	$24.12	$24.01
2031	$24.44	$24.44	$25.18	$24.87	$24.76
2032	$25.21	$25.21	$25.96	$25.64	$25.53
2033	$26.00	$26.00	$26.77	$26.44	$26.33
2034	$26.82	$26.82	$27.60	$27.26	$27.15
2035	$27.66	$27.66	$28.45	$28.11	$28.00
2036	$28.52	$28.52	$29.33	$28.98	$28.87
2037	$29.41	$29.41	$30.24	$29.88	$29.76

Appendix I

Registered Participants to FPL 2005 Request for Proposal &

Record of Attendance at RFP Process Meetings

Bidding Participants	Name	Registered via Website	Pre-Release Mtg	RFP Workshop	Fuel Diversity Call Dec 2005
Ameresco, Inc.	Linda Nugent	Yes	No	No	No
Arizona Public Service Co.	Andre Gib	Yes	No	No	No
Black & Veatch	Myron Rollins	Yes	Yes*	No	Yes*
Calpine Corporation	Joe Regenery	No	Yes*	Yes	No
Calpine Corporation	Mark Daley	Yes	Yes	Yes	Yes*
Cargill Power & Gas Markets	Chris Madland	Yes	No	No	No
Cogentrix	Bill Felts	Yes	No	No	Yes*
Cogentrix	Dan Raeder	No	No	No	Yes*
Consumers Energy Company	Mark Devereaux	Yes	No	No	No
EP LLC	James Leary	Yes	Yes	No	No
Enernoc, Inc.	Matthew Plante	Yes	No	No	No
Exelon Generation Company	Manueal Arancibia	Yes	No	No	No
FPSC Staff	Mike Haff	Yes	Yes*	Yes*	No
GE	David Swanson	Yes	No	No	No
Intergen	Mark Iamonaco	Yes	No	Yes	No
NewEnergy Associates	John Seelke	Yes	No	No	No
NewSouth Energy/Calpine	Michael Green	Yes	Yes	Yes	No
Northern Star Generation	Rick Knauth	Yes	Yes	No	No
Oglethorpe Power Company	Richard Clark	Yes	No	No	No
Panhandle Energy	Jimmy Dowden	Yes	No	No	No
Progress Energy Florida	Michael Keen	Yes	Yes	No	Yes*
Progress Energy Florida	John Warner	No	Yes	No	No
Progress Energy Ventures	John Cook	Yes	Yes	Yes*	No
Progress Energy Ventures	Tim Gerrish	Yes	Yes	No	No
PSE&G	John Travers	Yes	No	No	No
Reliant Energy	Michael Antonell	Yes	Yes	Yes	No
Seminole Electric Coop	Mark Anderson	Yes	No	No	No
Southern Company Services	Murry Weaver	Yes	Yes	Yes*	No
Summit Energy Partners	Mark Sajer	Yes	No	No	No
SWA Palm Beach	Bob Worobel	Yes	Yes	Yes*	No
SWA Palm Beach	Rich Zambo	Yes	Yes*	Yes*	Yes*
Suez LNG NA	David Fairley	Yes	No	No	No
Travers & Nau	John Travers	Yes	No	No	No

* Denotes attendence by phone

Organizations Represented	27
Registered Participants	31
Total Participants	33

The following presents questions and answers as received by FPL during the 2005 RFP.

1. ***Who are the Independent Evaluators for the following areas: Economic and Non-Economic Analysis, Transmission Integration and Gas Pipeline Interconnection?***

Sedway Consulting is the independent evaluator for the RFP evaluation, including economic and non-economic aspects. The transmission integration cost estimates (and transmission loss calculations) will be developed by Electric Power Resources, LLC, an independent transmission consultant. Similarly, the fuel transportation costs for each portfolio will be developed by Gas Supply Consulting, an independent fuels consultant. The results of these transmission and fuel transportation cost analyses are provided to FPL's Resource Assessment and Planning department, and incorporated in the economic and non-economic analysis as described in Appendix E. Sedway Consulting will review the entire evaluation process, including the transmission and fuel transportation cost analyses.

2. ***Who will be responsible for ancillary service product rate filings?***

In general, any filings that are required by facility owners, or become required at a later date, are the responsibility of the Proposer (Seller under a PPA).

3. ***Please explain what you mean by "binding" offer?***

FPL requires that proposals remain firm in price and terms for a period of 180 days after submittal to allow FPL time to evaluate the proposals, and if appropriate, conduct negotiations with qualified and competitive entities. A proposal may be withdrawn in its entirety at any point in the process. The RFP evaluation fee is not refundable for proposals that are withdrawn.

4. ***If an existing facility is modified to support a new off-take agreement, is it still deemed to be an existing facility? How does this affect the Completion and Performance Security requirements?***

The existing capacity of the project would be considered to be an existing facility for the purposes of Completion and Performance Security under the following conditions:

a. The modifications do not require a need determination, and

b. The modifications can be accomplished without removing the existing generation capacity from service for a period of 90 days, and during such period the existing units are not moved.

In the event that either one of the two conditions are not met, at least a portion of the existing project capacity, as well as the additional capacity, would be considered to be "new construction". Under this circumstance the following would apply.

a. If a need determination is required, the entire project would require a minimum term of 10 years.

b. If a natural gas tolling agreement is desired, the entire project would require a minimum term of 15 years.

c. If natural gas is the primary fuel, the project would require the installation of on-site distillate backup fuel storage and capability sufficient for 108 hours for the entire capacity of the project.

d. The project would require security at commencement of the PPA based upon the impact of the modification on the existing capacity. If any of the existing capacity would be rendered unavailable for a period longer than 90 days by the modification process or if the existing generator is to be physically moved that amount of existing capacity would be considered "new construction" for the purposes of establishing Completion Security. For example, consider a project where two CT's are to be converted to a 2x1 CC project by the addition of two HRSG's and a steam turbine.

- Assume in the first case the construction is planned such that the CT's are not moved and are only out of service for 60 days. In this case, the existing capacity (of the 2 CT's) would require Performance Security at commencement of the PPA, but not Completion Security. Only that amount of capacity that is being added would require Completion Security at commencement of the PPA. The entire project capacity would require Performance Security at commencement of commercial operation.

- Assume in the second case that the 2 CT's must be physically moved and/or that the period of unavailability is greater than 90 days. In this case the entire project capacity would be treated as "new construction" and requires Completion Security at commencement of the PPA. No Performance Security would be required at commencement of the PPA. The entire project capacity would require Performance Security at commencement of commercial operation.

5. ***FPL has interconnection requests in the OASIS system for the period of time of the RFP evaluation analysis. How will these (and other) queue requests be treated when estimating the transmission integration costs and energy and capacity loss values for each candidate portfolio?***

The RFP evaluation process will assess portfolios, accounting for existing and confirmed obligations, and will consider other applicable queue requests that, based on engineering judgment, could have a material impact on transmission related costs (e.g., interconnection and integration) of the portfolio. Additionally, queue requests that are not part of the portfolio under analysis, but are part of another independent candidate portfolio being assessed, will be not be analyzed concurrently. For example, WCEC 1 and 2 will not be included when analyzing alternative portfolios that would potentially be selected instead of WCEC 1 and 2.

6. ***What technology is being used for the NPGU's and what is the breakdown between baseload and peaking capacity?***

The NPGU's will employ 3 G technology combustion turbine generators in combined cycle with one steam turbine generator for each unit. Each unit has a total net output (Summer rating) of 1,219 MW, of which 1,115 MW is base load and 104 MW is peaking capacity.

7. ***Why is there a difference in fuel transportation costs between the Combined NPGU's and the stand-alone unit?***

FPL has ascertained through market reviews that the unit cost of firm gas transportation associated with the larger volume required by two units is lower than that needed for a single unit.

8. ***Does the evaluation provide any means of distinguishing between the added reliability offered by a new construction unit with on-site distillate capability and an existing unit that would not be required to have on-site distillate capability?***

Yes. The added reliability of a new unit with backup fuel (or conversely, the reduced reliability of an existing unit without backup fuel) would be a part of the risk assessment in the technical section of the non-economic evaluation. There is no economic credit or penalty applied to proposals with regard to dual fuel capability.

9. ***Assume an existing unit is presently under a short term PPA with FPL. Can a Proposal request that the PPA that would result from selection under this RFP retain the terms and conditions of the currently existing PPA?***

The evaluation process assumes that the General and Specific Minimum Requirements of Section II.D and Section III.E are met by all proposals being evaluated. To the extent that an existing PPA is consistent with all the minimum requirements of the 2005 RFP, such a PPA could be considered a reasonable starting point for negotiations. If the existing PPA is not consistent with all the minimum requirements, the Proposer must agree to all the minimum requirements in this RFP (Form #11). The Proposer may then request that the existing PPA, modified as necessary to incorporate compliance with all the minimum requirements, be used as the initial basis for negotiations for capacity selected under this RFP.

10. ***General Minimum Requirement 11 (pg. 17) requires that Proposers submit an analysis along with supporting information in Appendix D to support compliance with FIN 46R requirements. What is this analysis and when does it need to be submitted?***

No analysis is required to be submitted as a part of the Proposals, due November 9, 2005. The analysis would entail financial information regarding the project to assist FPL in determining the status of the contemplated PPA. The analysis would not be required unless the project is selected as a Finalist and would be specifically requested at that time.

Financial information requested in Appendix D must be provided and will be used to support the non-economic evaluation. Furthermore, the status of whether a PPA would be treated as a Variable Interest Entity is not a part of the RFP evaluation criteria.

11. ***What does AFUDC stand for and what does it represent?***

Allowance for Funds Used During Construction. This represents FPL's cost of capital on funds used during construction.

12. ***What is included in the calculation of levelized capital requirement provided in item 6 of the NPGU data sheet, Table III.B-1?***

The levelized capital revenue requirement value includes: construction of the facility, generation equipment, land, capital costs for fuel delivery and handling facilities, transmission interconnection, transmission integration, and AFUDC. (Fixed O&M, variable O&M, capital replacement, firm gas transportation costs, and fuel costs are not included.)

13. ***Looking at Table III.B-2, is it correct to say that the ongoing annual fixed costs for operation is the sum of the Fixed O&M value and the Capital Replacement value?***

The total annual fixed costs for the NPGUs and the Alternative Generation unit will be the sum of: Fixed O&M, Capital Replacement, and Firm Gas Transportation costs.

14. Will FPL answer questions directly to a participant, and not publish the response on the website?

FPL's process is to post all Q&A for the benefit of all participants. If questions (or answers) would contain confidential information, FPL will protect that by providing a detailed confidential response to the participant and paraphrase the Q&A on the website, maintaining the information protected.

15. I am unable to ascertain from available information the status of the 230 kv bus breakers at the Putnam-Black Creek 230 kv bay at the Seminole Plant Switchyard. It appears that the circuit breakers have been operated in the open position consistently for the last twenty years. In particular would FP&L be willing to commit to operate the bus breakers in an open position in connection with the siting of a sizeable new generation resource that would interconnect at FPL's Putnam substation?

While FPL has operated these breakers in the past during the majority of the time in the open position, from time-to-time FPL has closed these breakers as required due to system conditions.

In the future, FPL has a pre-existing firm long-term transmission service obligation commencing in year 2012 that requires these breakers to be operated closed with the designation of a large new Network Resource by one of its Network Customers also in the vicinity of the Putnam area. Such information, along with other information related to Facility Connection Requirements, Queue Priority of Generation Interconnection Requests, and General Information Regarding FPL's Transmission System Capability is available on FPL's OASIS site (http://floasis.siemens-asp.com/).

Additionally, FPL's native load and transmission service obligations may require that these breakers be operated in the closed position sooner than 2012.

In any event, to determine the impact of a specific request for transmission service an entity would need to request such service in accordance with FPL's Open Access Transmission Tariff. The impact of a request for transmission service may be dependent on a preceding request for transmission service. Accordingly, as discussed above, reference should be made to FPL's OASIS for information to existing requests or confirmed obligations.

16. Please confirm the required timing of the transmission interconnection application? There appears to be a conflict between the forms and the RFP itself. The RFP says 39 months prior to CDD, but the form implies that a valid interconnection application must be submitted prior to evaluation.

The references in Section III.E.7 and Appendix D are sequential rather than conflicting. Appendix D of the RFP requires (Appendix D, Section F.4.a) that a Proposer have submitted a valid completed application for Generator Interconnection Service (GIS) by the RFP Proposal Due Date. The information in the completed application will provide much of the basis for evaluating the interconnection and integration of the generator. Proposers may take exception to this requirement since it is not a minimum requirement, but are required to provide the same level of data required of a GIS application with the submitted proposal in order to allow evaluation of their proposal.

In contrast with Appendix D's requirement for submittal of the information in a completed GIS application, the minimum requirement of Section III.E.7 requires a Proposer to agree to submit a

completed GIS Application no-later-than 39 months before CDD. Accordingly, the referenced RFP provisions are complementary and do not conflict with one another.

17. What qualifies as demonstration that there are no significant barriers to obtaining necessary regulatory and governmental permits? This applies to both zoning and environmental.

The RFP requires, in responses to the questions of Form #7 - Environmental & Permitting Information, the Proposer demonstrate a knowledgeable and organized development and siting effort that has anticipated potential barriers to successfully permitting of the project and does not exhibit any fatal flaws. The review will be based upon the requirements and practices applied in the state of Florida, according to the accumulated experience of FPL's Environmental Services Department. In specific cases, FPL may consult with external consultants on specific issues. The individuals conducting this review are knowledgeable and experienced in the zoning and environmental permitting processes and are not involved in the activities associated with FPL's Next Planned Generating Units.

Should this review identify a significant barrier or fatal flaw, FPL would have the option of requesting a Panel Review with the Proposer to discuss the concerns. If the concerns were not resolved, the Environmental reviewers would identify the area of risk through the non-economic evaluation.

18. Does dual pipeline capability (e.g. Gulfstream and FGT) reduce or eliminate the dual fuel and/or 108 hour on-site oil storage requirements?

No. Having dual pipeline capability would not mitigate the effect of significant natural gas supply disruption events.

19. If a bidder submits proposals for less than the entire capacity, will FPL's Alternate Generating Unit always be used to combine with other proposals to meet the capacity need, or might it be possible that only bidders proposals were combined to meet the capacity need?

It is not FPL's intent to include the Alternate Generating Unit in all portfolios. Portfolios will consist of feasible combinations that meet the timing and magnitude of the 2009 - 2011 need for capacity. The portfolios may include only external proposals, or they may include an external proposal/proposals combined with the Alternate Generating Unit.

20. Will dispatch and operational control requirements noted [in Section II.A.3] be waived for waste-to-energy Qualifying Facilities (QF's) that essentially operate around the clock and cannot be dispatched?

No. Section II.D.3.b identifies a minimum requirement that "The firm capacity and energy must be fully dispatchable under the operational control of FPL, subject only to the operational capabilities of the facility for proposals other than system sales." Each Proposer is required to incorporate the potential impact of all RFP requirements into the fixed and variable cost components of the proposal.

Please note that QF's may have up to four different avenues to pursue a contract with FPL:

1. Participation in this or future RFPs, complying with the rules and requirements as stated.

2. Application under a Standard Offer Contract (COG-2 tariff), for units that qualify and comply with the rules and requirements of the tariff.

3. As of January 1, 2006, application under the new Renewable Standard Offer Contract for units that qualify and comply with the rules and requirements of the tariff.

4. Bi-lateral negotiation of terms directly with FPL's Purchase Power Department.

21. Please clarify the intent/purpose of the provision noted below [Section II.D.3]. What if the bidder is a QF seeking to only sell part of the output as firm and part as energy only, and/or use part of the capacity and energy on site? Does the phrase "all of the facility output" refer to the facility's "net" output after station service and auxiliaries loads are met?

The intent and purpose of the provision is to ensure that FPL's customers receive three important services from any facility selected through this RFP process, services that are inherently provided by an FPL owned asset such as the Next Planned Generating Unit. The three services are:

1. Complete Output - that 100% of the commercially available (net) production including all ancillary service capabilities is provided to FPL.

2. FPL Priority - that no other entity has a priority to utilize the net output of the facility that is superior to FPL.

3. Flexibility - that FPL retain the dispatch flexibility it would have with a unit owned by FPL.

No other off-take arrangements are allowed; as such arrangements would be inconsistent with the three principal areas protected by this requirement. Proposers with on-site service requirements should take those requirements into account when determining what firm capacity and energy output can be proposed while meeting the above requirements.

(Also; please review the response to Question #20 regarding other avenues available to contract with FPL.)

22. Will the security requirement be waived for a governmental entity such as the Solid Waste Authority? (See S. 377.709, Florida Statutes)

No. All proposals submitted under this RFP must meet the same minimum requirements, with one exception for QF's, that being the waiver of the minimum capacity size requirement.

23. Is it accurate to assume that relative performance risk is a function of PPA length of term? If so, will security requirements be reduced for a shorter PPA length of term?

The Performance Security requirements, as stated in the RFP, are not affected by the PPA term. FPL does, however, recognize that the Performance Security provided by a PPA does offer some level of economic mitigation that is not available through a self build alternative. Therefore, the value of this mitigation is recognized in the Net Equity Adjustment calculation as a credit to the benefit of the Proposer. The magnitude of the Performance Security mitigation credit is related to term length.

24. If the facility is an existing one, with a significant history of selling firm capacity and energy to FPL, will the requirement to provide various permitting, licensing, authorization, etc. information be waived or modified? If modified, what will FPL require to be provided?

No. The information requested in Appendix D, Form #7 is required of new construction or existing assets and will be used to complete the non-economic evaluation in the Environmental area. An existing facility should respond to all applicable permit information requested.

25. If the facility is an existing one, that is currently directly interconnected with FPL, will the requirement to provide various interconnection, transmission, technical, etc. information be waived or modified? If modified, what will FPL require to be provided?

No. The information requested in Appendix D, Form #5, Item 4 is required of new construction or existing assets and will be used to complete the evaluation in the Transmission area. An existing facility should respond to all applicable permit information requested. For example, under transmission interconnection costs a Proposer of an existing connected facility may identify "not applicable, unit currently connected to FPL system".

26. The language below [Section II.D.5] indicates that proposals will remain open for 180 days and may not be changed or modified except as provided. It is our understanding that a proposal may be withdrawn in its entirety at the sole discretion of the proposer at any time during the 180 period, and any extensions thereto, without liability on the part of proposer. Is our understanding in this regard correct?

Yes. There is no bid bond required, and it is not FPL's intention that breach of contract liability should arise from a Proposer's full and complete withdrawal of a proposal at any time during the 180 day period that begins with the submission of the proposal. Notwithstanding this, FPL expects that any proposals submitted are made in good faith and consistent with other legal requirements and obligations that may be applicable to the Proposer.

27. Does submittal of a Best and Final Offer act as a simultaneous withdrawal (render null and void) any prior proposals submitted by the proposer?

The BAFO will replace/supercede the original proposal in subsequent evaluations; the original proposal will not be evaluated further. In communicating the terms of the BAFO, it is acceptable to make specific changes to the existing proposal and allow unaltered portions of the proposal to remain as originally submitted.

28. May a Best and Final Offer also be withdrawn in its entirety at the sole discretion of the proposer at any time during the 180 day period following submittal, without liability on the part of proposer?

Yes. There is no bid bond required, and it is not FPL's intention that breach of contract liability should arise from a Proposer's full and complete withdrawal of a proposal at any time during the 180 day period that begins with the submission of the BAFO. No additional RFP Evaluation Fee is required for the BAFO. Notwithstanding this, FPL expects that any proposals submitted are made in good faith and consistent with other legal requirements and obligations that may be applicable to the Proposer.

29. The language below requires that an "Officer" of the proposing entity must certify the proposal. In the case of a local government entity such as the SWA, who would FPL consider to be the equivalent of "an Officer" of the proposing entity?

The individual(s) that an entity such as the SWA represents and warrants as having the legal authority to commit the output of the facility and to offer to enter into legally binding contracts.

30. ***The language below does not appear to be relevant to a "resource recovery" facility that is fueled by municipal solid waste. Heat rate is not necessarily an indicator of performance for such a facility and would not be specified in any proposal offered to FPL. Such facilities do incorporate other more appropriate means of monitoring performance, efficiency and compliance with permits. Will FPL waive the heat rate requirements and accept instead the performance indicators used by such a facility?***

FPL recognizes that solid waste generators may not be able to provide information in the specified format. Therefore, an exception will be made for municipal solid waste generators only. Proposals supported by municipal solid waste generation should propose either a firm or indexed firm all-in energy price ($/MWh) on Form # 5, item 2), (page D-39) under the Variable O&M ($/MWh) column. The all-in energy price must include all variable costs for the facility (fuel, Variable O&M, consumables).

31. ***The language below specifies use of Financial Accounting Standards Board (FASB) practices. The Solid Waste Authority does not adhere to the FASB practices but rather uses the Governmental Accounting Standards Board practices. Will FPL accept the GASB practices in the case of a local governmental agency such as the Solid Waste Authority?***

FIN 46R states that an enterprise shall not consolidate a governmental organization. Therefore, FPL will waive the FIN 46R requirement for governmental organizations.

32. ***Is our understanding of the RFP correct; namely that a bidder will be held to his price proposal (fixed and variable costs) even though the power project will not be operational until 2009, and the corresponding contract PPA term may be 10-25 years?***

Proposals may be based on either firm fixed prices or firm indexed prices as described in Appendix D. If a Proposer chooses an index methodology, FPL requires that the prices developed using the index values provided in the RFP and the index methodology is entered into the forms. Also, the index formulation must be described separately. In the event that the indexed price proposal is selected, that index methodology will be captured in any PPA that results from the process to preserve the economic basis on which the selection was made.

33. ***Is it correct to assume that FPL will be held to the same standard for its self-build project(s)? Namely, FPL will not seek additional ratepayer compensation for potential: changes in interest rate, capital cost over-runs, heat rate variation, changes in variable O&M (beyond allowed escalation index) and/or changes in fixed O&M, (beyond allowed escalation index)?***

Participants are reminded that the objective of the RFP Q&A process is to assist participants in understanding and interpreting the RFP requirements in order to develop a responsive proposal. An answer to this question is not required in order to develop a response to the RFP.

34. ***Is FPL willing to accept an independent auditor to monitor the actual future FPL self-build costs versus those identified by FPL in its solicitation documents? Is FPL willing to accept an independent auditor to monitor the actual future operating characteristics to ensure that any deficiencies (i.e. heat rate, availability, plant output, etc.), are not borne by FPL ratepayers?***

Please refer to the answer provided under Question #33.

35. ***FPL's self-build project(s) will have a number of components that will be required to assure that the self-build cost is all-inclusive. Can it be confirmed that FPL's WCEC #1 cost of $621.2MM (in 2009$) includes:***

(a) **Purchase of land and needed rights of way** Yes

(b) **Site preparation** Yes

(c) **Electrical switchyard necessary for interconnection** Yes

(d) **Corbett substation and system interconnection**

The Corbett substation is a currently existing transmission substation and is therefore not included in the WCEC #1 cost estimate. Costs required to interconnect and integrate the WCEC #1 project are included in the total cost and further detailed in item 11 of Table B.III-1.

(e) Gas connection and metering (on-site)

The lateral pipeline, meters, and regulators are included in the firm transportation service rate, item 9 of Table B.III-1. Costs required for other fuel-related equipment for the WCEC #1 project are included in the total cost and further detailed in item 11 of Table B.III-1.

(f) **Purchase of water supply rights (if applicable)** Yes

(g) **Water supply infrastructure, piping and treatment** Yes

(h) **Wastewater treatment system** Yes

(i) **Site improvements: fencing, roadways, security and landscaping** Yes

(j) **Warehouse and storage space** Yes

(k) **Insurance during construction (property and title)** Yes

(l) **Property tax during construction** Yes

(m) **Sales tax** Yes

(n) **Oil delivery, storage and pumping system** Yes

(o) **Supply of initial spares** Yes

(p) **Hiring and mobilization of O&M staff** Yes

(q) **Commissioning and start up costs** Yes

(r) **Start up and commissioning fuel costs** Yes

(s) **Legal costs (internal and external)** Yes

(t)	**FPL Corp. Administration during construction – senior management, construction management, procurement, finance and engineering.**	Yes
(u)	**Major equipment: gas turbines, steam turbine, condenser, HRSGs and cooling tower**	Yes
(v)	**Balance of plant equipment**	Yes
(w)	**General construction costs: labor, materials, supplies, tools, etc. needed to design/build/start-up the Project**	Yes
(x)	**Engineering: needed for design and construction management**	Yes
(y)	**Financing costs associated with: construction loan(s)**	No
(z)	**Interest during construction.**	No

Item (y) and (z) are included in the AFUDC estimate, which is a part of the revenue requirements analysis, and is therefore included in the evaluation comparison to alternatives.

36. Is it FPL's intent to publicly report construction costs throughout the construction, start-up and commissioning process?

Please refer to the answer provided under Question #33.

37. The P.B. Co. facility will require the construction of a natural gas line to the new facility. What is the estimated construction cost for this new pipeline? Will its cost be included in the $621.2MM project cost or will its cost be annualized and included in the Project's fixed O&M cost?

FPL assumes the question refers to FPL's WCEC project. Item 11 in Table III.B-1 identifies the costs of gas expansion and handling costs associated with WCEC #1 as $13.6 million ($2009 w/o AFUDC). This amount is included in the $621.2 MM figure. The above value includes the costs of the on-site gas compressor. The lateral pipeline, meters and regulators are included in the firm transportation rate of item 9, Table B.III-1. Similar values are provided for WCEC #2.

38. Connecting the P.B. Co. facility to the existing grid will include costs to the Corbett substation and the electrical grid system. What are the costs associated with the substation and the electrical grid system?

FPL assumes the question refers to FPL's WCEC project. Item 11 in Table III.B-1 identifies the costs of transmission interconnection and integration associated with WCEC #1 as $22.7 million ($2009 w/o AFUDC). This amount is included in the $621.2 MM figure. Similar values are provided for WCEC #2.

39. FPL proposes using G-class gas turbine technology. Has it been decided whether these units will be manufactured by MHI or Siemens Westinghouse?

FPL has tentatively selected G-class technology offered by Mitsubishi Heavy Industries (MHI), in the event that FPL's NPGU or Alternate Generating Unit is selected.

40. Does FPL have any first-hand operating experience with G-class gas turbines?

FPL has experience in operating equipment of similar technology.

41. Has FPL placed an order for the G-class gas turbines? If so, when? If not, what is the likely equipment ordering date to accommodate a 2009 operations date?

If a self-build option is selected after comparison among all of the RFP alternatives, FPL will satisfy the milestones identified in Section III.E.7, requiring Irrevocable Orders for Major Equipment to be placed no later than 28 months prior to unit Commercial Operation Date (Capacity Delivery Date for a PPA based resource).

42. FPL notes that the plant's heat rate at 75° F. – baseload will not exceed 6,582 Btu/kwh – HHV. Is this heat rate effective for the projected life of operation when at baseload operation and 75°F.? Will this be tested annually and made publicly available?

As stated in Table III.B-1, the heat rate at maximum baseload capacity is reported as a project average, not a "new and clean" value. Note that this is consistent with the nature of data Proposers are required to provide in their proposals. Please refer to the answer provided under Question #33 regarding the second question.

43. Will FPL allow itself heat rate adjustments for: start-up, shut-down, partial load and ambient temperatures? If so, what are the heat rate adjustment factors?

Heat rate impacts that result from startup, part load operation and temperature variations will be modeled similarly for all proposals and the NPGU/Alternate Generating Unit.

Startup fuel consumption is modeled per event using the information submitted on Form #5, Item 3 (MMBtu/startup). No shutdown costs are modeled.

The capacity and heat rate information requested for the 95° F temperature condition is informational, and is not used in the production cost modeling portion of the evaluation. A generic heat rate curve shape (heat rate as a function of unit capacity) will be used for all combustion turbine units (CC or CT), including FPL's NPGU and Alternate Generating Unit. A representative heat rate curve will be used for other technologies. The heat rate curve for each unit will use the 75° F (60% RH) base operation heat rate data point provided in the proposal as the full load heat rate. In application, the dispatch model logic does not normally assign units to operate at partial load, and therefore this level of detail is not expected to be influential on the evaluation results.

44. What facility monitoring mechanism will be implemented to assure ratepayers that they will only pay fuel efficiency costs for those occasions when the actual heat rate is at or below the stated values by FPL? Will real-time performance data be available publicly?

Please refer to the answer provided under Questions #33.

45. FPL's self-build project(s) will have a number of cost components that will be required to assure that the self-build cost is all-inclusive. Can it be confirmed that FPL's WCEC #1 Fixed O&M cost includes:

(a) **Corporate administration – FPL labor allocation for senior management, engineering, legal, environmental, operations, etc.?** No

(b) **Plant labor including salary and all benefits (full-time and part-time)?** Yes

(c)	**Environmental offsets (if any)**	Yes
(d)	**Property tax for land and facilities**	Yes
(e)	**Insurance for facilities and business interruption**	No
(f)	**Fixed gas transportation costs, these costs are detailed separately in item 9, Table III.B-1.**	No
(g)	**Fixed electrical interconnections O&M costs**	Yes
(h)	**Fixed cost associated with purchase of water rights**	Yes
(i)	**G&A (telephone, copying, etc.)**	Yes

46. What percent (%) of land and building costs will be subject to assessment for property tax?

The land for the project site and 90-95% of the plant equipment, exclusive of pollution control equipment will be subject to property taxes.

47. Has FPL assumed that some form of tax abatement or tax relief would be obtained from P.B. Co.?

No.

48. If actual fixed O&M costs in the future exceed the projected values, is it FPL's intention to be reimbursed by the actual amount or the projected amount?

Please refer to the answer provided under Question #33.

49. FPL's self-build project(s) will have a number of cost components that will be required to assure that the self-build cost is all-inclusive. Can it be confirmed that FPL's WCEC #1 Variable O&M cost includes:

(j)	**Routine Power Island maintenance**	No
(k)	**Routine balance-of-plant maintenance**	No
(l)	**Major maintenance for Power Island**	No
(m)	**Major maintenance for balance-of-plant**	No
(n)	**Air pollution control costs (SCR, etc.)**	No
(o)	**The above costs ((a through (e)) are included in either the Fixed O&M cost or the Capital Replacement cost categories in Table III.B-2.**	
(p)	**Water supply**	Yes
(q)	**Water treatment and conditioning**	Yes
(r)	**Wastewater treatment and disposal**	Yes

(s) **Chemicals and consumables** Yes

50. If actual Variable O&M costs in the future exceed the projected Variable O&M cost, is it FPL's intention to be reimbursed by the actual amount or the projected amount?

Please refer to the answer provided under Question #33.

51. Does FPL envision entering into a long-term major maintenance agreement with the OEM of the G-class gas turbines? Has such an agreement, including cost structure, been negotiated?

No.

52. Is the same true for the proposed steam turbine?

Please refer to the answer provided under Question #51.

53. It is stated that the self-build capital cost of $621.2 MM will yield an annual charge of $97.5MM at current ROE levels.

This implies that FPL will assume the full risk for such factors as:

(a) Construction cost overruns

(b) Over runs due to delay

(c) Cost of construction financing

(d) Cost of take-out debt financing

(e) Cost of take-out equity

(f) Debt/equity ratio

(g) Interest during construction

(h) Changes in inflation

Is this assumption correct? Is FPL "locking in" their revenue requirement at the current allowed ROE? If not, would a bidder be allowed to float the equity portion of his proposal at FPL's ROE changes?

Please refer to the answer provided under Question #33.

54. FPL is guaranteeing that the self-build project will have a net output of 1,219 MW. If the completed plant only produces 90% of this output, is it intended that FPL will only seek recovery of 90% of its capacity reimbursement?

Please refer to the answer provided under Question #33.

55. Has a long-term testing (MW output) procedure been established to check output on an annual basis in order to adjust fixed cost reimbursements, should future MW capacity fall below the targeted MW output? Will the results be publicly available?

Please refer to the answer provided under Question #33.

56. Is it FPL's intention to track and report actual planned outage hours and forced outage hours on a yearly basis, so that costs will be reimbursed to ratepayers for those occasions when actual hours exceed projected values?

Please refer to the answer provided under Question #33.

57. Would FPL provide clarification as to whether the Seller, assuming it is creditworthy, may also be the Guarantor. May the Seller also be the Guarantor if it is creditworthy?

A creditworthy Seller may also be the Guarantor. The draft PPA definition is not meant to exclude the Seller as a potential Guarantor.

58. What value will be placed on capacity above Level 1 Committed Capacity, for example due to duct firing?

The evaluation process will recognize the Proposer's input regarding committed capacity as an incremental operating level and evaluate that incremental capacity given the operating and cost parameters defined by the Proposer. The value of this incremental capacity will be related to how and when it is dispatched within the FPL system. FPL will not prescribe a specific "value" to Level 1 Committed Capacity.

59. Please define Importance Factor from Form 4_1 (question "e").

The term "Importance Factor" is a term defined in standard Building Codes (e.g., ASCE Code 7) related to a building's design basis for extreme events (hurricanes). Proposers of new generation should describe the Building Code referenced, and the related Wind Speed and Importance Factor used.

Appendix J

FPL's Self Build Construction Option

	New Generation Alternatives	1	
	Alternatives:	**3 x 1 CC G Moderate Duct Fired West County Unit 1 (2009)**	**3 x 1 CC G Moderate Duct Fired West County Unit 2 (2010)**
	I. CONSTRUCTION (1000) 2009 Unit 1/ 2010 Unit 2 $		
A	Permit/Eng/Fab (months)	24	24
B	Construction Phase (months)	24	24
C	Project Total (months)	48	48
D	Total Direct Cost	$523,600	$475,900
E	Total Indirect Cost	$74,900	$53,200
F	Dual Fuel Adder	(incl above)	(incl above)
G	Fuel Expansion/Handling	$0	$0
H	Transmission Expansion Interconnection (includes GSU TX)	$22,700	$33,600
I	Transmission Integration	$0	$0
J	AFUDC (excludes item G, H & I)	$67,400	$69,700
K	Total Other Cost	$90,100	$103,300
L	**Grand Total Cost (2009 Unit 1/ 2010 Unit 2 $)**	**$688,600**	**$632,400**
	II. PLANT CHARACTERISTICS (Unit Average)		
M	Net Sum 95FCapability (mw) - Base	1115	1115
N	Net Win 35F Capability (mw) - Base	1246	1246
O	Heat Rate btu/kwh 75F100% -Base	6,582	6,582
P	Heat Rate btu/kwh 75F 80% -Base	6,724	6,724
Q	Heat Rate btu/kwh 75F 60% -Base	6,911	6,911
R	Duct Firing-Incremental from Base Sum MW 95F	104	104
S	Duct Firing-Incremental from Base Win MW 35F	89	89
T	Duct Firing-Incremental from Base Ann Avg Heat Rate 75F	8,770	8,770
U	Peak Firing- Incremental from Base Sum MW 95F	0	0
V	Peak Firing- Incremental from Base Win MW 35F	0	0
W	Peak Firing- Incremental from Base Ann Avg Heat Rate 75F	n/a	n/a
X	Base Operation- Planned Outage Hours/Year	190	190
Y	Base Operation- Forced Outage Hours/Year	96	96
Z	Duct Firing Operation- Planned Outage Hours/Year	n/a	n/a
AA	Duct Firing Operation- Forced Outage Hours/Year	n/a	n/a
BB	Peak Firing Operation- Planned Outage Hours/Year	n/a	n/a
CC	Peak Firing Operation- Forced Outage Hours/Year	n/a	n/a
DD	Ramp Rate (MW/Minute)	30	30
EE	Minimum Load	280	280
	III. OPERATION COSTS (2009 $)		
FF	Fixed O&M ($/kw-yr)(Summer Peak Output)	4.61	3.07
GG	Variable (excl. fuel) ($/mwh) (Sum. Peak MW @ 85%cf)	0.138	0.138
HH	Capital Replacement ($/kw-yr) (Summer Peak Output)	7.04	7.04
II	Cold Startup Cost (greater than 48 hours off-line)($/startup)	$34,000	$34,000
	IV. EMISSION RATES		
JJ	NOx Emission Rates (lb/mmbtu)	0.010	0.010
KK	CO Emission Rates (lb/mmbtu)	0.031	0.031
LL	SO2 Emission Rates (lb/mmbtu)	0.006	0.006
MM	PM10 (lb/mmbtu)	0.007	0.007
	IV. SPENDING CURVES		
NN	See Monthly Cash Flows		
	Start of Constuction Date	5/1/2007	5/1/2007
	End of Construction Date	6/1/2009	6/1/2010
	In-Service Date	6/1/2009	6/1/2010
	Equipment	MPS 501G 3CT/HRSG&1ST	MPS 501G 3CT/HRSG&1ST
	Cooling	Tower	Tower
	SCR's	Yes	Yes
		Evap Coolers	Evap Coolers

Appendix K

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Appendix L

Transmission losses calculated for the year 2009

Portfolio	Transmission losses in MW relative to Portfolio 2	
	2009 Peak Load Level	2009 Average Load Level
Portfolio 1	0	1
Portfolio 4	0	1
Portfolio 5	0	0

Transmission losses calculated for the year 2010

Portfolio	Transmission losses in MW relative to Portfolio 2	
	2010 Peak Load Level	2010 Average Load Level
Portfolio 1	1	2
Portfolio 4	25	4
Portfolio 5	24	3

Transmission losses calculated for the year 2011

Portfolio	Transmission losses in MW relative to Portfolio 2	
	2011 Peak Load Level	2011 Average Load Level
Portfolio 1	1	2
Portfolio 4	26	11
Portfolio 5	25	11

Appendix M

Calculation of Costs for Peak Hour Capacity Losses: Portfolio 1

Discount Rate =	0.0837
Purchase Proxy Starting Cost ($/kw) =	$5.00
Annual Escalation Rate for Proxy Purchase =	2%

	(1)	(2)	(3)	(4)	(5)
				= (1)*(3)*12	= (2)*(4)
Year	Proxy Purchase Cost ($/kw-mo)	Discount Factor	Peak Load Loss (from Tables E-1) (MW)	Peak Hour Capacity Loss Cost Nominal ($ 000)	Peak Hour Capacity Loss Cost NPV ($ 000)
2005	$0.00	1.000	0.00	$0	$0
2006	$0.00	0.923	0.00	$0	$0
2007	$0.00	0.851	0.00	$0	$0
2008	$0.00	0.786	0.00	$0	$0
2009	$5.00	0.725	0.00	$0	$0
2010	$5.10	0.669	0.00	$0	$0
2011	$5.20	0.617	0.00	$0	$0
2012	$5.31	0.570	1.00	$64	$36
2013	$5.41	0.526	1.00	$65	$34
2014	$5.52	0.485	1.00	$66	$32
2015	$5.63	0.448	1.00	$68	$30
2016	$5.74	0.413	1.10	$75	$31
2017	$5.86	0.381	1.10	$77	$29
2018	$5.98	0.352	1.10	$79	$28
2019	$6.09	0.325	1.10	$80	$26
2020	$6.22	0.299	1.10	$82	$24
2021	$6.34	0.276	1.10	$83	$23
2022	$6.47	0.255	1.10	$85	$22
2023	$6.60	0.235	1.10	$87	$20
2024	$6.73	0.217	1.10	$88	$19
2025	$6.86	0.200	1.10	$90	$18
2026	$7.00	0.185	1.10	$92	$17
2027	$7.14	0.171	1.10	$94	$16
2028	$7.28	0.157	1.10	$96	$15
2029	$7.43	0.145	1.10	$98	$14
2030	$7.58	0.134	1.10	$100	$13
2031	$7.73	0.124	1.10	$102	$13
2032	$7.88	0.114	1.10	$104	$12
2033	$8.04	0.105	1.10	$106	$11
2034	$8.20	0.097	1.10	$108	$10
2035	$8.37	0.090	1.10	$110	$10
2036	$8.53	0.083	1.10	$112	$9
2037	$8.71	0.076	1.10	$114	$9
				NPV Total ($000) =	$523

Appendix N

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Appendix O

Non-Economic Evaluation Results

I. Background

FPL's 2005 Request for Proposal (RFP) discussed that a Non-Economic Evaluation would be performed as part of the effort to identify the best options for meeting FPL's 2009 – 2011 capacity needs. An overview of the Non-Economic Evaluation is found on pages 19 and 20 and pages E-9 through E-13 in Appendix E explain in detail the parameters that are addressed in this evaluation.

The intent of the Non-Economic Evaluation is to address parameters that, by their nature, are unable to be integrated into the economic evaluation. These parameters describe factors that represent risk that FPL must evaluate in all generation addition portfolios.

There were 3 risk areas that were addressed in this evaluation:

1) Environmental: These items relate to a Proposer's ability to successfully complete the permitting and siting aspects of the project as proposed and maintain compliance with applicable rules and regulations.

2) Technical: Items addressed relate to the long-term operational performance, reliability, and maintainability of the proposed generating option.

3) Project Execution: These items relate to exceptions stated to the RFP and/or PPA and the impact of those exceptions on the proposed portfolio, as well as items that relate to the Proposer's ability to complete the development, construction, and operational aspects of the project as proposed.

The specific parameters that were addressed in these 3 areas are listed on pages E-11 through E-13 in Appendix E of the RFP.

II. Results

The Non-Economic Evaluation addressed both individual proposals as well as portfolios comprised of the proposals and FPL's self-build options. Portfolio 2, consisting of WCEC 1 and WCEC 2, was also addressed in the Non-Economic Evaluation.

The results of the evaluations of individual proposals are presented below.

Evaluation of Individual Proposals:

	Non-Economic Evaluation Categories			
Proposal	**Environmental**	**Technical**	**Project Execution**	**Overall Risk**
P1	Satisfactory	Satisfactory	Unsatisfactory	Unsatisfactory
P2	Satisfactory	Satisfactory	Satisfactory	Satisfactory
P3	Satisfactory	Satisfactory	Unsatisfactory	Unsatisfactory
P4	Satisfactory	Satisfactory	Satisfactory	Satisfactory

The primary conclusions were that: (a) two of the Proposals, P1 and P3, were Unsatisfactory in regard to the Project Execution area of the evaluation, and (b) the other two proposals, P2 and P4, were Satisfactory in all three areas.

In regard to the Non-Economic Evaluation of the portfolios, the fact that proposal P1 plays an integral role in two of the portfolios, Portfolios 4 and 5, coupled with the Unsatisfactory risk finding for P1, resulted in these two portfolios being Unacceptable from a portfolio risk perspective. Portfolios 1 and 2 were Acceptable from a portfolio risk perspective. These results are presented.

Evaluation of Portfolios:

Portfolio Number	Description of Portfolios			Portfolio Risk
	2009	2010	2011	
1	WCEC 1 & P4	WCEC 2	---	Acceptable
2	WCEC 1	WCEC 2	---	Acceptable
4	WCEC 1 & P4	P1	---	Unacceptable due to P1 component
5	WCEC 1	P1	---	Unacceptable due to P1 component

Appendix P

FPL's Approved DSM Programs

FPL's Current DSM Programs:

FPL's currently approved DSM programs are summarized as follows:

Residential Conservation Service: This is an energy audit program designed to assist residential customers in understanding how to make their homes more energy-efficient through the installation of conservation measures/practices.

Residential Building Envelope: This program encourages the installation of energy-efficient ceiling insulation and reflective roofs in residential dwellings that utilize whole-house electric air conditioning.

Duct System Testing and Repair: This program encourages demand and energy conservation through the identification of air leaks in whole-house air conditioning duct systems and by the repair of these leaks by qualified contractors.

Residential Air Conditioning: This is a program to encourage customers to purchase higher efficiency central cooling and heating equipment.

Residential Load Management (On-Call): This program offers load control of major appliances/household equipment to residential customers, in exchange for monthly electric bill credits.

New Construction (BuildSmart): This program encourages the design and construction of energy-efficient homes that cost-effectively reduce coincident peak demand and energy consumption.

Residential Low Income Weatherization: This program addresses the needs of low-income housing retrofits by providing monetary incentives to various housing authorities, including weatherization agency providers (WAPS), and non-weatherization agency providers (non-WAPS). These incentives are used by the housing authorities to leverage their funds to increase the overall energy efficiency of the homes they are retrofitting.

Business Energy Evaluation: This program encourages energy efficiency in both new and existing commercial/industrial facilities by identifying DSM opportunities and providing recommendations to the customer.

Commercial/Industrial Heating, Ventilating, and Air Conditioning: This program encourages the use of high-efficiency heating, ventilation, and air conditioning (HVAC) systems in commercial/industrial facilities.

Commercial/Industrial Efficient Lighting: This program encourages the installation of energy-efficient lighting measures in commercial/industrial facilities.

Business Custom Incentive: This program encourages commercial/industrial customers to implement unique energy conservation measures or projects not covered by other FPL programs.

Commercial/Industrial Load Control: This program reduces peak demand by controlling customer loads of 200 kW or greater during periods of extreme demand or capacity shortages, in exchange for monthly electric bill credits. (This program was closed to new participants in 2000).

Commercial/Industrial Demand Reduction: This program, which started in 2002, is similar to the Commercial/Industrial Load Control program mentioned above in continuing the objective to reduce peak demand by controlling customer loads of 200 kW or greater during periods of extreme demand or capacity shortages in exchange for monthly electric bill credits.

Commercial/Industrial Building Envelope: This program encourages the installation of energy-efficient building envelope measures, such as roof/ceiling insulation and reflective roof coatings for commercial/industrial facilities.

Business On Call: This program offers load control of central air conditioning units to both small non–demand-billed and medium demand-billed commercial/industrial customers in exchange for monthly electric bill credits.

Research and Development

FPL continues to support research and development activities. Historically, FPL has performed extensive DSM research and development. FPL will continue such activities, not only through its Conservation Research and Development program, but also through individual research projects.

These efforts will examine a wide variety of technologies that build on prior FPL research where applicable and will expand the research to new and promising technologies as they emerge.

Conservation Research and Development Program

FPL's Conservation Research and Development Program is designed to evaluate emerging conservation technologies to determine which are worthy of pursuing for program development and approval. FPL has researched a wide variety of technologies such as condenser coil cleaner and coating, ultraviolet lights for evaporator coils, Energy Recovery Ventilators (ERV), fuel cell demonstrations, CO2 ventilation control, two-speed air handlers, and duct plenum repair. Many of the technologies examined have resulted in enhancements to existing programs or the development of new programs such as Residential New Construction, Commercial/Industrial Building Envelope, and Business On Call.

Green Power Pricing Research Project

Under this project, FPL is examining the feasibility of purchasing tradable renewable energy credits generated from new renewable resources including solar-powered technologies, biomass energy, landfill methane, wind energy, low impact hydroelectric energy, and/or other renewable sources. Residential customers who participate are charged higher premiums for purchasing the tradable renewable energy credits associated with electric energy generated by these sources.

Development of the Green Pricing program was completed and filed with the FPSC in August 2003. As part of this process, a supply contract was put into place that allows FPL to match supply with demand for green energy. Tradable renewable energy credits are used to supply the renewable benefits required of this project. The FPSC approved the program on December 2, 2003 with program implementation the first quarter of 2004. As of year-end 2005, FPL had over 23,000 project participants.

On Call Incentive Reduction Pilot

In March 2003, FPL received FPSC approval to perform a pilot for its On Call Program. Under the pilot FPL is offering to new participants a residential load control service similar to the On Call Program at a reduced incentive level. The offering of this pilot is allowing FPL to test its market research data and gauge whether FPL can repackage its current residential load control service,

minimize customer attrition, achieve current goals for residential load control, and, ultimately, change On Call incentive levels without damaging FPL system reliability.

Business Green Energy Research Project

As mentioned above, FPL currently has a R&D project addressing residential customer acceptance of green energy. In an attempt to determine business customer acceptance of green pricing rates, FPL is investigating if it is feasible to design and implement a Green Energy Program that addresses these customer segments.