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FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.	DOCKET NO. 130072-EQ ORDER NO. PSC-13-0322-PAA-EQ ISSUED: July 12, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING STANDARD OFFER CONTRACT AND RATE SCHEDULES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C).

CASE BACKGROUND

Section 366.91(3), Florida Statutes (F.S.) requires that each investor-owned utility (IOU) continuously offer to purchase capacity and energy from renewable energy generators. Rules 25-17.200 through 25-17.310, F.A.C., require each IOU to file with the Commission, by April 1 of each year, a standard offer contract based on the next avoidable generating unit or planned purchase. On April 1, 2013, Florida Power & Light Company (FPL) filed its petition for approval of a renewable energy standard offer contract, in accordance with Rules 25-17.200 through 25-17.310, F.A.C.

We have jurisdiction over the standard offer contract pursuant to Sections 366.04 through 366.06 and 366.91, F.S. and Rules 25-17.200 through 25-17.310, F.A.C.

ANALYSIS

Rule 25-17.250, F.A.C., requires that FPL, an IOU, continuously make available a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities (RF) and small qualifying facilities (QF) with design capacities of 100 kilowatts (kW) or less. Pursuant to Rule 25-17.250(1), F.A.C., the standard offer contract must provide a term of at least ten years, and the payment terms must be based on the utility's next avoidable fossil-fueled generating unit identified in its most recent Ten-Year Site Plan or, if no avoided unit is identified, its next avoidable planned purchase.

FPL's 2013 Ten-Year Site Plan does not include any avoidable fossil-fueled generating units, nor are there any planned purchases to be avoided or deferred during the 2013-2022 planning period. As a result of the lack of any avoidable unit or purchase, FPL could opt to offer only a standard contract for energy payments based on its as-available energy cost. In an effort to encourage renewable generation, however, FPL has identified its next avoidable unit, a 1,322 MW natural gas-fired combined cycle (CC) unit at a greenfield site, with an expected in-service date of June 1, 2025.

In its petition, FPL submitted a total of fourteen revised sheets, plus two original sheets. FPL's Standard Offer Contract contains six revised sheets, plus one new (original) sheet, and FPL's associated Rate Schedule QS-2 contains eight revised sheets, plus one new (original) sheet. The revisions include updates for the avoided unit, dates, payment information reflecting the current economic and financial assumptions for the avoided unit, as well as revisions to the indemnification provisions of Section 14 of the contract. All of the changes made to the revised standard offer contract and related rate schedule sheets, as well as the economic and financial assumptions used in the contract, are consistent with the updated unit. The type-and-strike format version of the revised standard offer contract and related rate schedule sheets are included in this Order as Attachment A.[1]

A RF/QF operator may elect to make no commitment as to the quantity or timing of its energy deliveries to FPL, and have a committed capacity of zero (0) MW. In such a case, the energy is delivered on an as-available basis and is eligible for only the energy payment. Alternatively, a RF/QF operator may elect to commit to certain minimum performance requirements based on the avoided unit, such as being operational and delivering an agreed-upon amount of capacity by the in-service date, and thereby become eligible for capacity payments in addition to the payments for energy. The Standard Offer Contract often serves as a starting point for separately negotiated contracts by providing payment information to the RF/QF operator that may wish to have contract terms different from those of the standard offer contract.

To promote RF/QF generation, we require IOUs, such as FPL, to offer multiple options for capacity payments so that a RF/QF operator may select the payment terms that best suit its financial requirements. If a RF/QF operator elects to receive capacity payments under the normal or levelized contract options, it would receive as-available energy payments only until after the in-service date of the avoided unit, in this instance June 1, 2025, and thereafter, would receive capacity payments in addition to the energy payments. If either the early or the early levelized option is selected, the RF/QF operator would begin to receive capacity payments sooner than the in-service date of the avoided unit. Payments made under either of the early payment options, however, would tend to be lower in the later years of the contract term because the net present value (NPV) of the total payments must remain equal for all contract options. In

[1] On June 20, 2013 and June 24, 2013, FPL filed revised tariff sheets to its standard offer contract filed on April 2013, replacing Seventh Revised Sheet No. 10.311 and Sixth Revised Sheet No. 9.033. The revised sheets have been incorporated into Attachment A of this Order.

addition, any capacity payments made which are greater than those called for under the normal option, require additional performance security from the RF/QF operator.

Table 1 estimates the annual payments for each payment option that will be made to a RF/QF operator with a 50 MW facility, operating at a capacity factor of 94 percent with an in-service date of January 1, 2014.

Table 1-- Estimated Annual Payments to a 50 MW Renewable Facility (94% Capacity Factor)

Year	Energy Payments	Capacity Payments (by Type)			
		Normal	Levelized	Early	Early Levelized
	($000)	($000)	($000)	($000)	($000)
2014	14,237	0	0	0	0
2015	14,039	0	0	0	0
2016	19,469	0	0	0	0
2017	17,226	0	0	0	0
2018	18,470	0	0	0	0
2019	19,416	0	0	0	0
2020	21,259	0	0	0	0
2021	22,116	0	0	3,642	4,342
2022	23,591	0	0	3,752	4,342
2023	24,658	0	0	3,864	4,342
2024	26,358	0	0	3,980	4,342
2025	24,610	6,154	6,989	4,099	4,342
2026	24,401	6,333	6,989	4,222	4,342
2027	25,229	6,518	6,989	4,349	4,342
2028	26,135	6,708	6,989	4,479	4,342
2029	26,923	6,903	6,989	4,614	4,342
2030	27,699	7,105	6,989	4,752	4,342
2031	28,871	7,312	6,989	4,895	4,342
2032	30,065	7,525	6,989	5,042	4,342
2033	31,137	7,745	6,989	5,193	4,342
2034	32,337	7,971	6,989	5,349	4,342
2035	33,583	8,203	6,989	5,509	4,342
Total	531,829	78,477	76,879	67,741	65,130
2013 NPV	233,024	23,252	23,252	23,252	23,252

The provisions of FPL's 2013 standard offer contract and related rate schedule QS-2 exceed the requirements of Rules 25-17.200 through 25-17.310, F.A.C. Additionally, although FPL does not have any avoidable fossil fueled generating units or avoidable power purchases in the upcoming ten-year planning period, FPL has identified its next avoidable unit, in an effort to encourage renewable generation, rather than offer only energy payments in its standard offer contract. FPL's standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. Therefore, we find it appropriate to approve FPL's revised standard offer contract and rate schedule QS-2 filed by FPL on April 1, 2013. Potential signatories shall be aware that, if a timely protest to this docket is filed, Florida Power & Light Company's standard offer contract may subsequently be revised.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's standard offer contract and related rate schedule QS-2 are hereby approved, effective June 25, 2013. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, F.A.C., is received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that, if no timely protest is filed and this Order becomes final, then this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 12th day of July, 2013.

Ann Cole

ANN COLE
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KFC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 2, 2013.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

(Continued from Sheet No. 9.031)

(c) If the QS is a REF, the QS shall, on an annual basis and within thirty (30) days after the anniversary date of this Contract and on an annual basis thereafter for the term of this Contract, deliver to FPL a report certified by an officer of the QS: (i) stating the type and amount of each source of fuel or power used by the QS to produce energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all energy sold by the QS to FPL during the Contract Year complies with Sections 1(a) and (b) of this Contract.

(d) If the QS is a REF, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91(2)(a) and (b), Florida Statutes, and FPSC Rules 25-17.210(1) and (2),F.A.C., and that the QS shall continue to meet such requirements throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.

(e) The Facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). A QS that is a qualifying facility with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's qualifying status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying status.

2. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall have the termination date stated in Appendix E, unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date (as defined in Section 5.5) of the Facility is not accomplished by the QS before June 1, 2021, or such later date as may be permitted by FPL pursuant to Section 5 of this Contract, FPL will be permitted to terminate this Contract consistent with the terms herein without further obligations, duties or liability to the QS.

3. Minimum Specifications

Following are the minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is ~~a 250 MW planned purchase~~detailed in Appendix II.

2. This offer shall expire on April 1, ~~2013~~ 2014.

3. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is ~~June 1, 2021~~the in-service date of the Avoided Unit, as detailed in Appendix II (or such later date as may be permitted by FPL pursuant to Section 5 of this contract) unless the QS chooses a capacity payment option that provides for early capacity payments pursuant to the terms of this contract.

4. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is as specified in Appendix E; provided, such period shall be no less than a minimum of ten (10) years after the in-service date of the Avoided Unit.

5. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	94.0%	94.0%

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

(Continued on Sheet No. ~~9.033~~9.032.1)

(Continued from Sheet No. 9.032)

3.2 QS, at no cost to FPL, shall be responsible to:

3.2.1 Design and construct the Facility.

3.2.2 Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements for the Wheeling Agreement(s) in order to schedule and deliver the Product to FPL.

3.2.3 Acquire all permits and other approvals necessary for the construction, operation, and maintenance of the Facility.

3.2.4 Demonstrate to FPL's reasonable satisfaction that QS has established Site Control, an agreement for the ownership or lease of the Facility's site, for the Term of the Contract.

3.2.5 Complete all environmental impact studies necessary for the construction, operation, and maintenance of the Project.

3.2.6 At FPL's request, provide to FPL electrical specifications and design drawings pertaining to the Facility for FPL's review prior to finalizing design of the Facility and before beginning construction work based on such specifications and drawings. QS shall provide to FPL reasonable advance notice of any changes in the Facility and provide to FPL specifications and design drawings of any such changes.

3.2.7 Within fifteen (15) days after the close of each month from the first month following the Execution Date until the Capacity Delivery Date, provide to FPL a monthly progress report (in a form reasonably satisfactory to FPL) and agree to regularly scheduled meetings between representatives of QS and FPL to review such monthly reports and discuss QS's construction progress. The Monthly Progress Report shall indicate whether QS is on target to meet the Capacity Delivery Date.

3.3 FPL shall have the right, but not the obligation, to:

3.3.1 Notify QS in writing of the results of the review within thirty (30) days of FPL's receipt of all specifications for the Facility, including a description of any flaws perceived by FPL in the design.

3.3.2 Inspect the Facility's construction site or on-site QS data and information pertaining to the Facility during business hours upon reasonable notice.

(Continued on Sheet No. 9.033)

(Continued from Sheet No. 9.032)

4. Sale of Energy and Capacity by the QS

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

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

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

5. Committed Capacity/Capacity Delivery Date

5.1 The QS commits to sell capacity to FPL at the Delivery Point, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity shall be ________ KW, with an expected Capacity Delivery Date no later than ~~June 1, 2021~~ the in-service date of the Avoided Unit.

5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period (defined herein) for the first Committed Capacity Test shall commence no earlier than six (6) months prior to the commencement date for deliveries of firm capacity and energy (as such is specified in Appendix E) and testing must be completed by 11:59 p.m. on ~~May 31, 2021~~the date prior to the in-service date of the Avoided Unit, as detailed in Appendix II. The first Committed Capacity Test shall be deemed successfully completed when the QS demonstrates to FPL's satisfaction that the Facility can make available capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1, the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the capacity requirements of the Contract.

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

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

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

5.6 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided, the Capacity Delivery Date occurs on or before June 1, 2021the in-service date of the Avoided Unit (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before ~~June 1, 2021~~the in-service date of the Avoided Unit, FPL shall be entitled to the Completion/Performance Security (as set forth in Section 9) in full, and in addition, FPL may, but shall not be obligated to, allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either by (i) ~~June 1, 2021~~the in-service date of the Avoided Unit or (ii) such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and FPL will be permitted to terminate this Contract, consistent with the terms herein, without further obligations, duties or liability to the QS.

ATTACHMENT A

~~Fifth~~Sixth Revised Sheet No. 9.033
Cancels ~~Fourth~~ Fifth Sheet No. 9.033

FLORIDA POWER & LIGHT COMPANY

(Continued on Sheet No. 9.034)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: ~~March 27, 2013~~

(Continued from Sheet No. 9.039)

12. **Default**

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

~~(a)~~12.1 The QS fails to meet the applicable requirements specified in Section 1 of this Contract;

~~(b)~~12.2 The QS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;

~~(c)~~12.3 After the Capacity Delivery Date, the Facility fails, for twelve (12) consecutive months, to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 70%;

~~(d)~~12.4 The QS fails to comply with any of the provisions of Section 9.0 hereof;

~~(e)~~12.5 The QS fails to comply with any of the provisions of Section 10.0 hereof;

~~(f)~~12.6 The QS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QS or if a receiver shall be appointed for the QS or any of its assets or properties; or if any part of the QS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;

~~(g)~~12.7 The QS fails to give proper assurance acceptable to FPL of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;

~~(h)~~12.8 The QS materially fails to perform as specified under this Contract, including, but not limited to, the QS's obligations under any part of Sections 8, 9, 10, and 14-18;

~~(i)~~12.9 The QS fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than ~~December 1, 202~~one year prior to the in-service date of the Avoided Unit;

~~(j)~~12.10 The QS fails to comply with any of the provisions of Section 18.3 Project Management hereof;

~~(k)~~12.11 Any of the representations or warranties made by the QS in this Contract is false or misleading in any material respect as of the time made;

~~(l)~~12.12 The occurrence of an event of default by the QS under the Interconnection Agreement or any applicable Wheeling Agreement;

~~(m)~~12.13 The QS fails to satisfy its obligations under Section 18.17 of this Contract;

~~(n)~~12.14 The QS ~~breaches~~fails to perform any material ~~provision of~~covenant or obligation under this Contract not specifically mentioned in this Section 12; or

~~(o)~~12.15 If at any time after the Capacity Delivery Date, the QS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

(Continued on Sheet No. 9.041)

(Continued from Sheet No. 9.040)

13. FPL's Rights In the Event of Default

13.1 Upon the occurrence of any of the Events of Default in Section 12, FPL may:

(a) terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QS, and offset against any payment(s) due from FPL to the QS, any monies otherwise due from the QS to FPL;

~~(b)~~ (b) draw on the Completion/Performance Security pursuant to Section 9 or ~~collect~~ collect the Termination Fee pursuant to Section 10 hereof as applicable; and

(c) exercise any other remedy(ies) which may be available to FPL at law or in equity

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

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

14. Indemnification/Limits

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

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

14.3 Limitation on Consequential, Incidental and Indirect Damages. TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE QS NOR FPL, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, MEMBERS, PARENTS, SUBSIDIARIES OR AFFILIATES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS CONTRACT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS CONTRACT, INCLUDING WITHOUT LIMITATION, ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, UNDER ANY INDEMNITY PROVISION OR ANY OTHER THEORY OF RECOVERY. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY, AND SUCH DIRECT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE MEASURE OF DAMAGES AND

(Continued on Sheet No. 9.042)

(Continued from Sheet No. 9.041)

ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED; PROVIDED, HOWEVER, THE PARTIES AGREE THAT THE FOREGOING LIMITATIONS WILL NOT IN ANY WAY LIMIT LIABILITY OR DAMAGES UNDER ANY THIRD PARTY CLAIMS OR THE LIABILITY OF A PARTY WHOSE ACTIONS GIVING RISE TO SUCH LIABILITY CONSTITUTE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS CONTRACT. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE DEEMED TO BE A WAIVER OF A PARTY'S RIGHT TO SEEK INJUNCTIVE RELIEF.

15. Insurance

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

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

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

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

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

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

16. Force Majeure

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

(Continued on Sheet No. 9.043)

(Continued from Sheet No. 9.044)

17.6.3 Changes in Environmental and Governmental Regulations

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

17.7 Interconnection/Wheeling Agreement

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

17.8 Technology and Generator Capabilities

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

18. **General Provisions**

18.1 Project Viability

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

18.2 Permits, Site Control

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

18.3 Project Management

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

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

18.4 Assignment

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, such consent to be granted or withheld in such other Party's sole discretion. Any direct or indirect change of control of QS (whether voluntary or by operation of law) shall be deemed an assignment and shall require the prior written consent of FPL. Notwithstanding the foregoing, either Party may, without the consent of the other Party, assign or transfer this Agreement (i) to any lender as collateral security for obligations under any financing documents entered into with such lender, (ii) to an affiliate of such Party; *provided*, that such affiliate's creditworthiness is equal to or better than that of such Party (and in no event less than Investment Grade) as determined reasonably by the non-assigning or non-transferring Party and; *Provided, further*, that any such affiliate shall agree in writing to be bound by and to assume the terms and conditions hereof and any and all obligations to the non-assigning or non-transferring Party arising or accruing hereunder from and after the date of such assumption. "Investment Grade" means BBB- or above from Standard & Poor's Corporation or Baa3 or above from Moody's Investor Services.

18.5 Disclaimer

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

(Continued on Sheet No. 9.046)

RATE SCHEDULE QS-2
APPENDIX A
TO THE STANDARD OFFER CONTRACT
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY
FROM A RENEWABLE ENERGY FACILITY
OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS ~~(2021 Avoided Unit)~~

SCHEDULE
QS-2, Firm Capacity and Energy

AVAILABLE
The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less ~~(2021 Avoided Unit)~~" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17.0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

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

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

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

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

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

A. Commit to commence deliveries of firm capacity and energy no later than ~~June 1, 2021~~the in-service date of the Avoided Unit, as detailed in Appendix II, and to continue such deliveries for a period of at least 10 years up to a maximum of the life of the avoided unit;

B. Are not currently under contract with the Company or with any other entity for the Facility's output for the period specified above

(Continued on Sheet No. 10.301)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: ~~March 27, 2012~~

(Continued from Sheet No. 10.300)

RATES FOR PURCHASES BY THE COMPANY

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company~~. The Company's Avoided Unit has been identified as a 250 MW one year power purchase agreement in 2021.~~, and is detailed in Appendix II to this Schedule. Appendix I to this Schedule describes the methodology used to calculate payment schedules, applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.91, Florida Statutes and to FPSC Rules 25-17.082 through 25-17.091, F.A.C and 25-17.200 through 25-17.310, F.A.C.

A. Firm Capacity Rates

Options A through E are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. A payment schedule, for the normal payment option as shown below, contains the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and is based on a contract term which extends ten (10) years beyond ~~June 1, 2021~~ the in-service date of the Avoided Unit. Payment schedules for other contract terms, as specified in Appendix E, will be made available to any QS upon request and may be calculated based upon the methodologies described in Appendix I. The currently approved parameters used to calculate the ~~following~~ schedule of payments are found in Appendix II to this Schedule.

Adjustment to Capacity Payment

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

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

Option A - Fixed Value of Deferral Payments - Normal Capacity

Payment schedules under this option are based on the value of a single year purchase with an in-service date of ~~June 1, 2021~~ the Avoided Unit, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

~~EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/KW/MONTH~~
~~2021 POWER PURCHASE AGREEMENT (250 MW)~~
~~STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS~~
~~FOR A CONTRACT TERM OF 10 YEARS~~
~~(\$/KW/MONTH)~~

~~Contract Year~~		~~Normal Payment Starting~~
~~From~~	~~To~~	~~06/01/2021~~
~~6/1/2021~~	~~5/31/2028~~	~~3.52~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~
~~6/1/2026~~	~~5/31/2027~~	~~0.00~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~
~~[illegible]~~	~~5/31/2029~~	~~0.00~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~
~~[illegible]~~	~~[illegible]~~	~~0.00~~

(Continued on Sheet No. 10.302)

(Continued from Sheet No. 10.302)

B. Energy Rates

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

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

Option A – Energy Payments based on Actual Energy Costs

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

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

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

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

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

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

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

Option C- Energy Payments based on Actual Energy Costs starting on ~~June 1, 2021~~the in-service date of the Avoided Unit, as detailed in Appendix II.

The calculation of payments to the QS for energy delivered to FPL on and after ~~June 1, 2021~~the in-service date of the Avoided Unit shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/KWh); and (b) the amount of energy (KWH) delivered to FPL from the Facility during that hour.

(Continued on Sheet No. 10.304)

(Continued from Sheet No. 10.303)

For any Dispatch Hourthe firm energy rate shall be. on an hour-by-hour basis. the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to FPL. the firm energy rate in cents per kilowatt hour (¢/KWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825. FAC. and FPL's Rate Schedule COG-1. as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost. in cents per kilowatt-hour (¢/KWh) shall be defined as the product of: (a) the fuel price in $/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report. first of the month posting for Florida Gas Transmission Zone 3. plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS: and (b) ~~an~~the average annual heat rate of ~~13,000 BTU per kilowatt-hour~~the Avoided Unit, plus (c) an additional ~~0.26095¢ per kilowatt-hour in mid 2021 dollars~~payment for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the Delivery Point. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the Delivery Point of the QS is located.

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

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

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next ten annual periods are ~~as follows~~provided in Appendix II to this schedule. In addition. avoided energy cost payments will include ~~0.4018¢/KWh~~a payment for variable operation and maintenance expenses.

~~Applicable Period~~	~~On-Peak ¢/KWh~~	~~Off-Peak ¢/KWh~~	~~Average ¢/KWh~~
~~2012~~	~~4.55~~	~~3.80~~	~~4.08~~
~~2013~~	~~4.18~~	~~3.68~~	~~3.85~~
~~2014~~	~~4.26~~	~~3.90~~	~~4.02~~
~~2015~~	~~4.40~~	~~4.06~~	~~4.17~~
~~2016~~	~~5.14~~	~~4.66~~	~~4.82~~
~~2017~~	~~5.54~~	~~5.07~~	~~5.23~~
~~2018~~	~~5.93~~	~~5.50~~	~~5.64~~
~~2019~~	~~6.25~~	~~5.90~~	~~6.01~~
~~2020~~	~~7.05~~	~~6.56~~	~~6.72~~
~~2021~~	~~7.54~~	~~7.18~~	~~7.30~~
~~2022~~	~~7.81~~	~~7.26~~	~~7.45~~

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

ESTIMATED UNIT FUEL COST

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

~~$/MMBTU~~

~~2021~~	~~2022~~	~~2023~~	~~2024~~	~~2025~~	~~2026~~	~~2027~~	~~2028~~	~~2029~~	~~2030~~
~~8.53~~	~~9.16~~	~~9.81~~	~~10.49~~	~~11.17~~	~~11.41~~	~~11.62~~	~~11.82~~	~~12.01~~	~~12.25~~

(Continued on Sheet No. 10.305)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: ~~June 19, 2012~~

(Continued from Sheet No. 10.304)

DELIVERY VOLTAGE ADJUSTMENT

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

~~Delivery Voltage~~	~~Adjustment Factor~~
~~Transmission Voltage Delivery~~	~~1.0088~~
~~Primary Voltage Delivery~~	~~1.0102~~
~~Secondary Voltage Delivery~~	~~1.0460~~

PERFORMANCE CRITERIA

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

A. **Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit~~(i.e., June 1, 2021)~~, as detailed in Appendix II. B. **Availability and Capacity Factor**

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

METERING REQUIREMENTS

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

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

BILLING OPTIONS

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

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

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

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

(Continued on Sheet No. 10.306)

(Continued from Sheet No. 10.305)

CHARGES TO ENERGY FACILITY

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

A. **Customer Charges:**
Monthly customer charges for meter reading, billing and other applicable administrative costs as per applicable Customer Rate Schedule.

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

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

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

~~Equipment Type~~	~~Charge~~
~~Metering Equipment~~	~~0.169%~~
~~Distribution Equipment~~	~~0.202%~~
~~Transmission Equipment~~	~~0.111%~~

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

(Continued on Sheet No. 10.307)

APPENDIX II

TO RATE SCHEDULE QS-2
~~**CAPACITY OPTION PARAMETERS**~~
AVOIDED UNIT INFORMATION

The Company's Avoided Unit has been determined to be a 1,322 MW Greenfield Combined Cycle Unit with an in-service date of June 1, 2025 and a heat rate of 6,330 Btu/kWh.

Example Standard Offer Contract Avoided Capacity Payments
For a Contract Term of Ten Years
($/kW-Month)

Contract Year From	Contract Year To	Normal Payment Starting 6/1/2025
6/1/2029	5/31/2025	10.26
6/1/2026	5/31/2027	10.55
6/1/2027	5/31/2025	10.80
6/1/2029	5/31/2025	11.18
6/1/2029	5/31/2025	11.51
6/1/2030	5/31/2031	11.84
6/1/2031	5/31/2032	12.19
6/1/2032	5/31/2025	12.54
6/1/2033	5/31/2034	12.91
6/1/2034	5/31/2025	13.28

Estimated As-Available Energy Costs for Ten Years
(Using a block size of 58 to 65 MW)

Applicable Period	On-Peak (¢/kWh)	Off-Peak (¢/kWh)	Average (¢/kWh)
2013	5.82	2.13	3.14
2014	4.32	3.13	3.86
2015	4.72	2.92	3.41
2016	6.44	4.16	4.72
2017	6.22	3.42	4.18
2018	6.44	3.75	4.89
2019	6.44	4.06	4.72
2020	7.01	4.44	5.15
2021	7.30	4.61	5.37
2022	7.51	5.06	5.73
2023	7.82	5.45	5.99

Estimated Unit Fuel Costs
$/MMBtu

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
9.04	9.36	9.68	10.00	10.33	10.63	11.08	11.50	11.95	12.41

Delivery Voltage Adjustment	Factor
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0103
Secondary Voltage Delivery	1.0325

Equipment Type	Charge
Metering Equipment	0.148%
Distribution Equipment	0.211%
Transmission Equipment	0.117%

~~**FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS**~~

~~Where, for a one year deferral: Value~~

~~VAC_m = Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m; $3.53~~

~~K = present value of carrying charges for one dollar of investment over L years with carrying~~

APPENDIX II
TO RATE SCHEDULE QS-2
AVOIDED UNIT INFORMATION

The Company's Avoided Unit has been determined to be a 1,322 MW Greenfield Combined Cycle Unit with an in-service date of June 1, 2025 and a heat rate of 6,330 Btu/kWh.

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

Contract Year	Option A Normal Capacity Payment	Option B Early Capacity Payment	Option C Levelized Capacity Payment	Option D Early Levelized Capacity Payment
2021		6.07		7.24
2022		6.25		7.24
2023		6.44		7.24
2024		6.63		7.24
2025	10.26	6.83	11.65	7.24
2026	10.55	7.04	11.65	7.24
2027	10.86	7.25	11.65	7.24
2028	11.18	7.47	11.65	7.24
2029	11.51	7.69	11.65	7.24
2030	11.84	7.92	11.65	7.24
2031	12.19	8.16	11.65	7.24
2032	12.54	8.40	11.65	7.24
2033	12.91	8.65	11.65	7.24
2034	13.28	8.91	11.65	7.24
2035	13.67	9.18	11.65	7.24

ESTIMATED AS AVAILABLE ENERGY COST

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

Estimated As-Available Energy Cost

Applicable Period	On-Peak (¢/kWh)	Off-Peak (¢/kWh)	Average (¢/kWh)
2013	5.82	2.13	3.14
2014	4.32	3.13	3.46
2015	4.72	2.92	3.41
2016	6.44	4.06	4.72
2017	6.22	3.42	4.18
2018	6.44	3.75	4.49
2019	6.44	4.06	4.72
2020	7.01	4.44	5.15
2021	7.37	4.61	5.37
2022	7.51	5.06	5.73
2023	7.42	5.45	5.99

ESTIMATED UNIT FUEL COSTS ($/MMBtu):

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

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
9.04	9.36	9.68	10.00	10.33	10.63	11.08	11.50	11.95	12.41

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FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:			Value
VAC_m	=	Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	$10.26
K	=	present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year:	1.4183
I_n	=	total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n;	$1,250.69
O_n	=	total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	$20.88
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.45%
L	=	expected life of the Company's Avoided Unit;	30
n	=	year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2025

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A_m	=	monthly capacity payments to be made to the QS starting on the year the QS elects to start receiving early capacity payments, in dollars per kilowatt per month;	*
i_p	=	annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i_o	=	annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.50%
n	=	year for which early capacity payments to a QS are to begin; (at the election of the QS early capacity payments may commence anytime after the actual in-service date of the QS facility and before the anticipated in-service date of the Company's avoided unit)	*
F	=	the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	$1,476.92
r	=	annual discount rate, defined as the Company's incremental after-tax cost of capital;	7.45%
t	=	the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing in the year the QS elects to start receiving early capacity payments prior to the in-service date of the Company's Avoided Unit;	*
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	$160.95

*From Appendix E

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