

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities and approval of tariff schedule REF-1, by Gulf Power Company.

DOCKET NO. 140064-EQ
ORDER NO. PSC-14-0376-PAA-EQ
ISSUED: July 18, 2014

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING A STANDARD OFFER CONTRACT AND APPROVAL OF TARIFF
SCHEDULE REF-1, BY GULF POWER COMPANY

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.

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, Florida Administrative Code (F.A.C.), implement the statute and require each IOU to file with the Commission by April 1 of each year a standard offer contract to purchase the capacity and energy from such renewable generators, with estimated payments based on the next avoidable fossil-fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan.

Gulf Power Company (Gulf or Utility) did not have any avoidable fossil-fueled generating unit or avoidable power purchases in its 2013 Ten-Year Site Plan. However, in an effort to encourage renewable generation, in 2013 Gulf identified an 803 MW natural gas-fired combined cycle (CC) unit at a greenfield site with an expected in-service date of June 1, 2023, as

its next avoidable unit so that capacity payments could be offered in addition to energy payments. Gulf's 2014 Ten-Year Site Plan, however, includes a planned generating unit which serves as the avoided unit upon which the 2014 standard offer contract is based.

On March 31, 2014, Gulf filed a petition for approval of its standard offer contract and associated rate schedule REF-1. We have jurisdiction over this standard offer contract pursuant to Sections 366.04 through 366.06 and 366.91, F.S.

Decision

Rule 25-17.250, F.A.C., requires that Gulf, 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(3), 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 the most recent Ten-Year Site Plan or, if no avoided unit is identified, its next avoidable planned purchase. Gulf has identified a 349 MW natural gas-fired combustion turbine (CT) unit as its next avoidable fossil-fueled generating unit in its 2014 Ten-Year Site Plan. The projected in-service date of this unit is June 1, 2023.

The RF/QF operator may elect to make no commitment as to the quantity or timing of its deliveries to Gulf, and to have a committed capacity of zero (0) MW. Under such a scenario, the energy is delivered on an as-available basis and the operator receives only an energy payment. Alternatively, the RF/QF operator may elect to commit to certain minimum performance requirements based on the identified avoided unit, such as being operational and delivering the agreed upon amount of capacity by the in-service date of the avoided unit, and thereby becomes eligible for capacity payments in addition to payments received for energy. The standard offer contract can also serve as a starting point for negotiation of contract terms by providing payment information to an RF/QF operator, in a situation where one or both parties desire particular contract terms other than those set down in the standard offer.

In order to promote renewable generation, we require the IOU to offer multiple options for capacity payments, including options to receive early or levelized payments. If the RF/QF operator elects to receive capacity payments under the normal or levelized contract options, it will receive as-available energy payments only until the in-service date of the avoided unit (in this case June 1, 2023), and thereafter begin receiving capacity payments in addition to the energy payments. If either the early or early levelized option is selected, then the operator will begin receiving capacity payments earlier than the in-service date of the avoided unit. However, payments made under the early capacity payments options 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.

Table 1 below estimates the annual payments for each payment option available under the revised standard offer contract to an operator with a 50 MW facility and an in-service date of January 1, 2015, and operating at capacity factor of 95 percent, which is the minimum capacity factor required to qualify for full capacity payments.

**Table 1- Estimated Annual Payments to a 50 MW Renewable Facility
(95% Capacity Factor)¹**

Year	Energy Payment	Capacity Payment (By Type)			
		Normal	Levelized	Early	Early Levelized
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
2015	13,064	0	0	1,603	1,874
2016	14,554	0	0	1,644	1,883
2017	16,072	0	0	1,685	1,893
2018	16,765	0	0	1,728	1,902
2019	17,664	0	0	1,772	1,912
2020	18,583	0	0	1,816	1,922
2021	19,832	0	0	1,862	1,932
2022	21,023	0	0	1,909	1,942
2023	22,611	2,349	2,588	1,958	1,953
2024	24,314	4,107	4,455	2,007	1,964
2025	25,611	4,211	4,479	2,058	1,976
2026	26,794	4,317	4,503	2,110	1,987
2027	28,363	4,427	4,527	2,163	1,999
2028	30,125	4,539	4,552	2,218	2,011
2029	31,481	4,653	4,578	2,274	2,024
2030	33,267	4,771	4,605	2,332	2,037
2031	34,776	4,892	4,632	2,391	2,050
2032	36,160	5,015	4,660	2,451	2,063
2033	37,902	5,142	4,688	2,513	2,077
2034	39,735	5,272	4,717	2,577	2,091
Total	508,695	53,695	52,985	41,070	39,492
2014 NPV	252,041.00	21,697	21,697	21,697	21,697

The type-and-strike format versions of the revised standard offer contract and associated rate schedule are included as Attachment A to this Order. Revisions include updates to the avoided unit, dates, and payment information which reflect the current economic and financial assumptions for the avoided unit. All of the changes made to the revised rate schedule sheets, as well as the economic and financial assumptions used in the contract, are consistent with the updated unit.

¹ Capacity payments shown in Table 1 were calculated using a calendar year from January to December, while the tariff sheets used a calendar year from June to May. Therefore these calculations will differ from any made using values in the tariff sheet.

Conclusion

The provisions of the revised standard offer contract and associated schedule, as filed on April 1, 2014, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. This 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. We find that the revised standard offer contract and rate schedule REF-1 shall be approved as filed. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the revised standard offer contract and rate schedule REF-1, submitted by Gulf Power Company, is hereby approved as filed. 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, Florida Administrative Code, is received by the 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 18th day of July, 2014.



CARLOTTA S. STAUFFER
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.

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 8, 2014.

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.



Section No. IX
First-Second Revised Sheet No. 9.81
Canceling Original-First Revised Sheet No. 9.81

**STANDARD OFFER CONTRACT RATE FOR PURCHASE OF
FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY
FACILITY OR SMALL QUALIFYING FACILITY**
(Schedule REF-1)

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For purposes of this Rate Schedule the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.). Also, the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080-(3), F.A.C. Both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility".

AVAILABILITY:

Gulf Power Company (Company) will purchase firm capacity and energy under this schedule from any Facility that produces electrical energy for delivery to the Company, irrespective of its location, which is either directly or indirectly interconnected with the Company under the provisions of this schedule. The offer to purchase such capacity and energy is continuously available to any Facility and will remain open until revised by the Company upon approval of the FPSC or until closed pursuant to FPSC Rule 25-17.250 (2), F.A.C. The Company may negotiate and contract with any Facility, irrespective of its location, which is either directly or ~~indirect~~-indirectly interconnected with the Company for the purchase of firm capacity and energy pursuant to FPSC Rules 25-17.240 and 25-17.0832, F.A.C.

APPLICABILITY:

This offer is applicable to any Facility meeting the requirements of FPSC Rules 25-17.210, 25-17.220, and/or 25-17.0832, F.A.C., irrespective of its location, 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 "Renewable Standard Offer Contract." Firm capacity and energy are described by the FPSC in its Rule 25-17.0832, F.A.C., and are produced and sold by a Facility pursuant to a negotiated or Renewable Standard Offer Contract and subject to certain contractual provisions as to quantity, time, and reliability of delivery.

CHARACTER OF SERVICE:

The character of service for purchases from Facilities directly interconnected with the Company shall be, at the option of the Company, single or three phase, 60 hertz, alternating current at any available standard Company voltage. The character of service for purchases from Facilities indirectly interconnected with the Company shall be three phase, 60 hertz, alternating current at the voltage level available at the interchange point between the Company and the utility delivering firm capacity and energy from the Facility.

ISSUED BY: Mark Crosswhite



Section No. IX
Fifth ~~Sixth~~ Revised Sheet No. 9.82
Canceling Fourth ~~Fifth~~ Revised Sheet No. 9.82

PAGE	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.81)

LIMITATIONS:

Purchases under this schedule are subject to the Company's "General Standards for Safety and Interconnection of Cogeneration and Small Power Production Facilities to the Electric Utility System" and to FPSC Rules 25-17.080 through 25-17.091, F.A.C., and are limited to those Facilities that:

- A. Beginning upon the date, as prescribed by the FPSC, that a Renewable Standard Offer is deemed available, execute the Company's Renewable Standard Offer Contract for the purchase of firm capacity and energy; and
- B. Commit to commence deliveries of firm capacity and energy no later than the date specified by the Facility's owner or representative, or the anticipated in-service date of the Company's generating facility or purchased power resource ("Avoided Unit or Resource") that is designated herein. Such deliveries will continue for a minimum of ten (10) years from the anticipated in-service date of the Company's Avoided Unit or Resource up to a maximum of the life of the Company's Avoided Unit or Resource.

DETERMINATION OF FACILITY'S COMMITTED CAPACITY VALUE

Prior to execution of a Renewable Standard Offer Contract, or negotiated contract, between the Company and a Facility, the Company will determine the Facility's capacity value in relation to the Company's Avoided Unit or Resource during the term of the contract as provided in FPSC Rules 25-17.240 (2), 25-17.250 (1), and 25-17.0832 (3) and (4) F.A.C. ~~If it is determined by the Company that the Facility will provide capacity value, then this capacity amount will be designated as the~~ The "Committed Capacity" and will be used as the basis for capacity payments to be received by the Facility from the Company during the term of the Renewable Standard Offer Contract.

RATES FOR PURCHASES BY THE COMPANY

Firm capacity is purchased in accordance with the provisions of paragraph A below at a unit cost, in dollars per kilowatt per month, based on the value of the Avoided Unit or Resource that Gulf has designated below for purposes of the Renewable Standard Offer. The Avoided Unit is currently designated as 803349 MWs of ~~Combined Cycle Combustion Turbine~~ generation with a June 1, 2023 anticipated in-service date. Energy is purchased at a unit cost, in cents per kilowatt-hour, at the Company's energy rates in accordance with the provisions of paragraph B below.

ISSUED BY: S. W. Connally, Jr.



Section No. IX
 Sixth ~~Seventh~~ Revised Sheet No. 9.85
 Canceling Fifth ~~Sixth~~ Revised Sheet No. 9.85

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(Continued from Schedule REF-1, Sheet No. 9.84)

capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

All capacity payments made by the Company prior to the anticipated in-service date of the Company's Avoided Unit or Resource are considered "Early Payments". The owner, owner's representative, or operator of the Facility, as designated by the Company, shall secure its obligation to repay, with interest, the accumulated amount of Early Payments to the extent that the cumulative present value of the capacity payments made to the Facility over the term of the contract exceeds the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1, or to the extent that annual firm capacity payments made to the Facility in any year exceed that year's annual value of deferring the Company's Avoided Unit or Resource in the event the Facility defaults under the terms of its Renewable Standard Offer Contract with the Company. The Company will provide to the Facility monthly summaries of the total outstanding balance of such security obligations. A summary of the types of security instruments which are generally acceptable to the Company is set forth in Paragraph C of the SPECIAL PROVISIONS Section below.

**MONTHLY CAPACITY PAYMENT RATE (MCR)
 BASED ON GULF'S CURRENTLY SPECIFIED
 AVOIDED UNIT OR RESOURCE**

June - May Contract Period	Option 1 Normal \$/KW-MO	Option 2 Early \$/KW-MO	Option 3 Levelized \$/KW-MO	Option 4 Early Levelized \$/KW-MO
2014 to 2015	0.00	2.36	0.00	2.74
2015 to 2016	0.00	2.42	0.00	2.75
2016 to 2017	0.00	2.48	0.00	2.76
2017 to 2018	0.00	2.54	0.00	2.78
2018 to 2019	0.00	4.902.61	0.00	5.462.79
2019 to 2020	0.00	5.022.67	0.00	5.492.81
2020 to 2021	0.00	5.152.74	0.00	5.532.82
2021 to 2022	0.00	5.282.81	0.00	5.572.84
2022 to 2023	0.00	5.412.88	0.00	5.612.85
2023 to 2024	9.216.75	5.552.95	9.907.31	5.662.87
2024 to 2025	9.456.92	5.693.03	9.977.35	5.702.89
2025 to 2026	9.697.09	5.833.10	10.057.39	5.742.90
2026 to 2027	9.937.27	5.983.18	10.127.43	5.792.92
2027 to 2028	10.187.45	6.133.26	10.207.47	5.832.94
2028 to 2029	10.447.64	6.293.34	10.287.51	5.882.96
2029 to 2030	10.707.84	6.453.43	10.367.55	5.932.98
2030 to 2031	10.978.03	6.613.52	10.447.60	5.982.99
2031 to 2032	11.258.24	6.783.60	10.537.64	6.033.01
2032 to 2033	11.548.45	6.953.70	10.617.69	6.083.04

ISSUED BY: S. W. Connally, Jr.



Section No. IX
~~Second-Third~~ Revised Sheet No. 9.88
Canceling ~~First-Second~~ Revised Sheet No. 9.88

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(Continued from Schedule REF-1, Sheet No. 9.87)

For the first performance period of the Renewable Standard Offer Contract, the repayment obligation shall be determined as below, except that the period for which the availability requirement applies and which is subject to repayment shall begin on the Avoided Unit or Resource's in-service date and end on the August 31 immediately following the Avoided Unit or Resource's in-service date.

In addition to the foregoing, when early capacity payments have been elected and received, the failure of the Facility to satisfy the availability requirement set forth below shall also result in an obligation for additional repayments by the Facility to the Company. The amount of such additional repayment shall be equal to the difference between: (1) what the Facility would have been paid during the previous twelve months ending August 31 had it elected the normal payment option; and (2) what it was paid pursuant to the payment option selected. Prior to the in-service date of the Avoided Unit or Resource, all performance requirements as listed in Paragraph B of the following Section will apply at the time initial capacity and energy deliveries from the Facility commence.

ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month performance period ending August 31. For purposes of this Schedule, the annual capacity availability is determined using the NERC Generation Availability Data System (GADS) formula for EAF that is shown below. The Facility will be entitled to retain capacity payments received during the annual period if an EAF of 99.95% is maintained for each performance period. If the Facility fails to maintain this EAF, then the Facility will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure in Paragraph A.

$EAF = \{ [AH - (EUDH + EPDH + ESEDH)] / PH \} \times 100 (\%)$ where,

AH = Available Hours
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.

EPDH = Equivalent Planned Derated Hours
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.

ESEDH = Equivalent Seasonal Derated Hours
NMC less the NDC, times the Available Hours (AH), divided by the NMC.

EUDH = Equivalent Unplanned Derated Hours
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.

ISSUED BY: S. W. Connally, Jr.



Section No. IX
~~Third-Fourth~~ Revised Sheet No. 9.89
Canceling ~~Second-Third~~ Revised Sheet No. 9.89

PAGE	EFFECTIVE DATE
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(Continued from Schedule REF-1, Sheet No. 9.88)

- NDC = Net Dependable Capacity
NMC modified for ambient limitations.
- NMC = Capacity a unit can sustain over a specified period when not restricted by ambient conditions or equipment deratings, minus the losses associated with station service or auxiliary loads.
- PH = Period Hours
Number of hours a unit was in the active state. A unit generally enters the active state on its commercial date.
- RSH = Reserve Shutdown Hours
Total number of hours the unit was available for service but not electrically connected to the transmission system for economic reasons.
- SH = Service Hours
Total number of hours a unit was electrically connected to the transmission system.

A. Capacity Repayment Calculation

The following conditions will determine the amount of the Facility's Capacity Repayment obligation:

1. If EAF is greater than or equal to ~~90~~95%, then;
Capacity Repayment (CR) = 0
2. If EAF is less than ~~90~~95% but equal to or greater than 60%, then;
$$CR = \text{Monthly Capacity Rate (MCR)} \times \text{Committed Capacity (CC)} \times \text{Months in Performance Period (MPP)} \times \frac{(\del{90}95 - \text{EAF})}{\del{90}95}$$
3. If EAF is less than 60%, then;
$$CR = \text{MCR} \times \text{CC} \times \text{MPP}$$

B. Additional Performance Criteria

1. The Facility shall provide monthly generation estimates by October 1 for the next calendar year; and
2. The Facility shall promptly update its yearly generation schedule when any changes are determined necessary; and

ISSUED BY: S. W. Connally, Jr.



Section No. IX
Second~~Third~~ Revised Sheet No. 9.91
Canceling First~~Second~~ Revised Sheet No. 9.91

PAGE	EFFECTIVE DATE
11 of 16	April 11, 2012

(Continued from Schedule REF-1, Sheet No. 9.90)

Facility as well as net delivered energy at the point of interconnection. Purchases from Facilities indirectly interconnected with the Company shall be measured as the quantities scheduled for interchange to the Company by the utility delivering firm capacity and energy to the Company.

BILLING OPTIONS

The Facility may elect to make either simultaneous purchases and sales or net sales. The decision to change billing methods can be made once every twelve (12) months coinciding with the next Fuel and Purchased Power Cost Recovery Factor billing period providing the Company is given at least thirty days written notice before the change is to take place. In addition, allowance must be made for the installation or alteration of needed metering or interconnection equipment for which the Facility must pay; and such purchases and/or sales must not abrogate any provisions of the tariff or contract with the Company.

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

CHARGES TO THE FACILITY

A. Base Charges

Monthly base charges for meter reading, billing and other applicable administrative costs shall be equal to the base charge applicable to a customer receiving retail service under similar load characteristics.

B. Interconnection Charge for Non-Variable Utility Expenses

The Facility, in accordance with Rule 25-17.087, F.A.C., shall bear the cost required for interconnection including the cost of metering and the cost of accelerating construction of any transmission or distribution system improvements required in order to accommodate the location chosen by the Facility. The Facility shall have the option of payment in full for interconnection or making equal monthly installment principle payments over a thirty-six (36) month period plus interest at the ~~then prevailing rate for thirty (30) days dealer commercial paper rates as published on the first day of each month in the Wall Street Journal.~~

ISSUED BY: Mark Crosswhite



Section No. IX
~~Original-First Revised~~ Sheet No. 9.92
~~Canceled~~ Original Sheet No. 9.92

PAGE	EFFECTIVE DATE
12 of 16	May-22, 2007

(Continued from Schedule REF-1, Sheet No. 9.91)

C. Interconnection Charge for Variable Utility Expenses

The Facility shall be billed monthly for the cost of variable utility expenses associated with the operation and maintenance of the interconnection. These include (a) the Company's inspections of the interconnection, and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the Facility if no sales to the Company were involved.

D. Taxes and Assessments

The Facility shall hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy ~~or~~ and capacity from the Facility in lieu of other energy ~~or~~ and capacity. Any savings in regards to taxes or assessments shall be included in the avoided cost payments made to the Facility to the extent permitted by law. In the event the Company becomes liable for additional taxes, assessments or impositions arising out of its transactions with the Facility under this tariff schedule or any related interconnection agreement or due to changes in laws affecting the Company's purchases of energy ~~or~~ and capacity from the Facility occurring after the execution of an agreement under this tariff schedule and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under such agreement itself, the Company may bill the Facility monthly for such additional expenses or may offset them against amounts due to the Facility from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this tariff schedule that are not already reflected in the avoided energy or avoided capacity payments made to the Facility hereunder, shall be passed on to the Facility to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

TERMS OF SERVICE

- A. It shall be the Facility's responsibility to inform the Company of any change in its electric generation capability.
- B. Any electric service delivered by the Company to the Facility shall be metered separately and billed under the applicable retail rate schedule and the terms and conditions of the applicable rate schedule shall pertain.
- C. A security deposit will be required in accordance with FPSC Rules 25-17.082(5) and 25-6.097, F.A.C. and the following:
 - 1. In the first year of operation, the security deposit shall be based upon the singular month in which the Facility's projected purchases from the Company exceed, by the greatest

ISSUED BY: Susan Story



Section No. IX
~~Second-Third~~ Revised Sheet No. 9.97
Canceling ~~First-Second~~ Revised Sheet No. 9.97

**STANDARD OFFER CONTRACT FOR PURCHASE OF FIRM
CAPACITY AND ENERGY FROM A RENEWABLE ENERGY
FACILITY OR SMALL QUALIFYING FACILITY**
("RENEWABLE STANDARD OFFER CONTRACT")

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THIS AGREEMENT is made and entered into this ____ day of _____, ____ by and between _____, hereinafter referred to as the "Facility Seller"; and Gulf Power Company, a corporation, hereinafter referred to as the "Company". The Facility Seller and the Company shall collectively be referred to herein as the "Parties".

WITNESSETH:

WHEREAS, for purposes of this contract, the term "Renewable Energy Facility" means a facility that produces electrical energy from one or more of the sources stated in Florida Public Service Commission (FPSC) Rule 25-17.210 (1), Florida Administrative Code (F.A.C.), and the term "Small Qualifying Facility" means a facility with a design capacity of 100 KW or less as defined in FPSC Rule 25-17.080-(3), F.A.C., thus, both "Renewable Energy Facility" and "Small Qualifying Facility" are herein referred to as "Facility"; and

WHEREAS, the ~~Facility Seller~~ desires to sell, and the Company desires to purchase, ~~electricity firm capacity and energy~~ to be generated by the Facility, such sale and purchase to be consistent with FPSC Rules 25-17.080 through 25-17.091; and

WHEREAS, the ~~Facility Seller~~, in accordance with FPSC Rule 25-17.087, F.A.C., has entered into an interconnection agreement with the utility that the Facility's ~~generating facility~~ is directly interconnected, attached hereto as Appendix A; and

WHEREAS, the FPSC has approved the following standard contract for use in the acceptance of the Company's standard offer for the purchase of firm capacity and energy from Facilities.

NOW THEREFORE, for mutual consideration the Parties agree as follows:

ISSUED BY: Mark Crosswhite



Section No. IX
~~Original-First Revised~~ Sheet No. 9.98
 Canceling Original Sheet No. 9.98

PAGE 2 of 18	EFFECTIVE DATE May 22, 2007
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(Continued from Standard Offer Contract, Sheet No. 9.97)

1. Facility

The ~~Facility-Seller~~ either contemplates installing and operating or has installed and is operating a ~~facility-Facility~~ comprised in whole or in part of the following generator units located at

 _____:

Unit	Description (Type)	Initial In-Service Date	KVA Nameplate Rating	KW Output Rating	Fuel Source	
					Primary	Secondary
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

ISSUED BY: Susan Story



Section No. IX
Fourth-Fifth Revised Sheet No. 9.99
Canceling Third-Fourth Revised Sheet No. 9.99

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(Continued from Standard Offer Contract, Sheet No. 9.98)

The entire Facility, whether comprised in whole or in part of the generator units set forth above, is designed to produce a maximum of _____ kilowatts (KW) of electric power at an 85% power factor. Hereinafter, the designated generator units listed above and related equipment will be collectively referred to as "Facility."

2. Term of the Agreement

This ~~Agreement~~ shall begin immediately upon its execution and the contemporaneous payment by the ~~Facility Seller~~ to the Company of a completion security deposit in the amount of \$20.00 times each KW of nameplate capacity of the Facility's generator unit(s). This Agreement shall end at 12:01 A.M., _____, 20____ (date specified shall be no earlier than May 31, 2033).

Notwithstanding the foregoing, if construction and commercial operation of the Facility are not accomplished before June 1, 2023, the Company's obligations to the ~~Facility Seller~~ under this Agreement shall be considered to be of no force and effect. The Company shall be entitled to retain and use the funds required by the Company as a completion security deposit under this section of the Agreement.

At the election of the ~~Facility Seller~~, the completion security deposit may be phased in such that one half of the total deposit due is paid upon contract execution and the remainder is to be paid within 12 months after contract execution. If the ~~Facility Seller~~ elects to phase in payment of the completion security deposit due under this paragraph, the effective date of the contract shall be the date of execution provided, however, that the Company shall have no further obligation to the ~~Facility Seller~~ if either installment of the completion security deposit is not timely received by the Company.

ISSUED BY: S. W. Connally, Jr.



Section No. IX
~~Third-Fourth~~ Revised Sheet No. 9.100
Canceling ~~Second-Third~~ Revised Sheet No. 9.100

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(Continued from Standard Offer Contract, Sheet No. 9.99)

Depending on the nature of the Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of this Agreement, one of the following, at the Company's discretion in accordance with the provisions of Schedule REF-1, may be used as an alternative to a cash deposit as a means of securing the completion of the Facility's project in accord with this Agreement:

- (a) an unconditional, irrevocable direct pay letter; or
- (b) surety bond; or
- (c) other means acceptable to the Company.

In the case of a governmental solid waste facility, pursuant to FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company: the unsecured promise of a municipal, county, or state government to pay the actual damages incurred by the Company because the governmental facility fails to come on line prior to June 1, 2023.

The specific completion security vehicle agreed upon by the parties is: _____

(IN ORDER FOR THIS FORM OF CONTRACT TO BE USED TO TENDER ACCEPTANCE OF THE COMPANY'S STANDARD OFFER BY A ~~FACILITY SELLER~~ OTHER THAN A GOVERNMENTAL SOLID WASTE FACILITY, THE ABOVE LINE MUST SPECIFY CASH DEPOSIT IN THE APPROPRIATE AMOUNT UNLESS THE ~~FACILITY SELLER~~ HAS SECURED THE PRIOR WRITTEN CONSENT FROM THE COMPANY TO AN ALTERNATIVE COMPLETION SECURITY VEHICLE.)

3. Sale of Electricity by the Facility

The Company agrees to purchase ~~electric power~~ firm capacity and energy generated at the Facility and transmitted to the Company by the Facility. The purchase and sale of ~~electricity~~ firm capacity and energy pursuant to this Agreement shall be in accordance with the following billing methodology (choose one):

- () Net Billing Arrangement; or
- () Simultaneous Purchase and Sales Arrangement.

ISSUED BY: S. W. Connally, Jr.



Section No. IX
~~Original-First Revised~~ Sheet No. 9.101
~~Canceled~~ Original Sheet No. 9.101

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(Continued from Standard Offer Contract, Sheet No. 9.100)

The billing methodology chosen above may not be changed except in accordance with and subject to the following provisions of Rules 25-17.082 and 25-17.0832 F.A.C.:

- (a) when a Facility selling as-available energy enters into a negotiated contract or standard offer contract for the sale of firm capacity and energy; or
- (b) when a firm capacity and energy contract expires or is lawfully terminated by either the Facility or the purchasing utility; or
- (c) when the Facility is selling as-available energy and has not changed billing methods within the last twelve months; and
- (d) upon at least thirty days advance written notice to the Company;
- (e) upon the installation of any additional metering equipment reasonably required to effect the change in billing and upon payment by the Facility for such metering equipment and its installation;
- (f) upon completion and approval of any alterations to the interconnection reasonably required to effect the change in billing an upon payment by the Facility for such alterations; and
- (g) where the election to change billing methods will not contravene the provisions of Rule 25-17.0832 or the tariff under which the Facility receives electrical service, or any previously agreed upon contractual provision between the Facility and the Company.

4. Payment for Electricity Produced by the Facility

4.1 Energy

The Company agrees to pay the ~~Facility-Seller~~ for energy it ~~the Facility~~ produces and delivers for sale to the Company. The purchase and sale of energy pursuant to this Agreement shall be in accordance with the rates and procedures contained in Paragraph B of the **RATES FOR PURCHASES BY THE COMPANY** section of Schedule REF-1 as it exists at the time this Agreement is properly submitted by the ~~Facility-Seller~~ to the Company as tendered acceptance of the Company's Standard Offer.

ISSUED BY: Susan Story



Section No. IX
~~Third-Fourth~~ Revised Sheet No. 9.102
Canceling ~~Second-Third~~ Revised Sheet No. 9.102

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For all energy delivered by the Facility to the Company, the ~~Facility-Seller~~ elects to be paid pursuant to the method described in:

- Paragraph B (1), or
- Paragraph B (3)(b),
and (if applicable);
- Paragraph B (2), or
- Paragraph B (3)(a)

of the **RATES FOR PURCHASES BY THE COMPANY** section of Schedule REF-1. If the ~~Facility Seller~~ elects any payment method under Paragraph B (3), the details underlying the derivation of the associated energy payments will be described in an exhibit to this Standard Offer Contract. The Company will provide the ~~Facility-Seller~~ an energy payment schedule for the elected payment method within thirty (30) days after receipt of a ~~Facility's Seller's~~ request for such information.

4.2 Capacity

4.2.1 Anticipated Committed Capacity. ~~As discussed in Schedule REF-1, if the Company determines that the Facility's generator unit(s) provides capacity value to the Company, the~~ The Facility is expected to ~~sell~~ deliver approximately _____ kilowatts of capacity, beginning on or about _____, 20____. (Date specified may not be later than June 1, 2023.)

The Facility may finalize its Committed Capacity (CC) after initial facility testing, and specify when capacity payments are to begin, by completing Paragraph 4.2.2 at a date subsequent to the execution of this Agreement by the parties. However, the ~~Facility-Seller~~ must complete Paragraph 4.2.2 before June 1, 2023 in order to be entitled to any capacity payments pursuant to this Agreement. The final Committed Capacity set forth in Paragraph 4.2.2 shall not exceed plus or minus ten percent of the above estimate. The date specified in Paragraph 4.2.2 as the date on which capacity payments shall begin shall be no earlier than the date specified above, nor any later than June 1, 2023.

ISSUED BY: S. W. Connally, Jr.



Section No. IX
~~Sixth-Seventh~~ Revised Sheet No. 9.103
Canceling ~~Fifth-Sixth~~ Revised Sheet No. 9.103

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4.2.2 Actual Committed Capacity. The capacity committed by the Facility (Committed Capacity or CC) for the purposes of this Agreement is _____ kilowatts beginning _____, _____. The Facility-Seller is committing this amount of capacity based on its agreement and commitment that this capacity will maintain an Equivalent Availability Factor (EAF) of ~~90~~95%. The EAF will be based on the economic operation of a combustion turbine generating facility (Avoided Unit) that Gulf has designated as the Avoided Unit for purposes of the Standard Offer. The Facility-Seller elects to receive, and the Company agrees to commence calculating, capacity payments in accordance with this Agreement starting with the first billing month following the date specified in this paragraph as the date on which capacity sales under this Agreement will begin.

4.2.3 Capacity Payments. The Facility-Seller chooses to receive capacity payments from the Company under Option _____ or _____ a customized payment stream as described in the Company's Schedule REF-1 of the Company Tariff for Retail Electric Service as it exists at the time this Agreement is properly submitted by the Facility-Seller to the Company as tendered acceptance of the Company Standard Offer. If the customized payment option is chosen by the Facility-Seller as the preferred capacity payment option, the details underlying the derivation of such payment stream will be described in an exhibit to this Standard Offer Contract.

The Capacity Payments to be made by the Company to the Facility-Seller are based upon the Avoided Unit that the Company has designated for purposes of the Standard Offer. The Capacity Payments to the Facility-Seller are based on a ~~an avoided gas-fired Combined Cycle Combustion Turbine~~ generating facility with the following economic assumptions:

Size: 803-349 MW total	Installed Costs (2023): \$ 1146 988/kw
Discount Rate: 6.466 39%	AFUDC Rate: 7.447 33%
Annual Inflation: 2.50%	K-factor: 1.388 1.3285
Annual Capacity Factor: 709 5%	Fixed O & M: \$ 33.53 18.03/kw-yr
Equivalent Availability: 90 95%	Unit Life: 40 years

ISSUED BY: S. W. Connally, Jr.



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Canceling ~~Second-Third~~ Revised Sheet No. 9.104

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The Company agrees it will pay the Facility-Seller a capacity payment. This capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Facility's Seller's chosen capacity payment option in accordance with the Company's Schedule REF-1, as it exists at the time this Agreement is properly submitted by the Facility-Seller to the Company as tendered acceptance of the Company's Standard Offer. In the event either: (1) the date specified in Section 2 of this Agreement is later than June 1, 2033; or (2) the date specified in Paragraph 4.2.2 as the date capacity payments are to begin is one other than the dates shown in Schedule REF-1, a payment schedule will be calculated by the Company and attached to this agreement as Exhibit D. Under those circumstances, the payment schedule set forth in Exhibit D will be used in the calculation of capacity payments pursuant to this paragraph. The Company will provide the Facility-Seller a capacity payment schedule for the chosen payment method within thirty (30) days after receipt of a Facility's Seller's request for such information. The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Facility-Seller as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month period ending August 31. For purposes of this Agreement, availability means Equivalent Availability Factor (EAF) as defined by the North American Electric Reliability Council Generating Availability Data System (NERC GADS) or its successor's indice. If the availability (EAF) of the Facility is not equal to or greater than ~~0.900~~ 0.95 (9095%), then the Facility-Seller will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure detailed in the **ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION** section of Rate Schedule REF-1.

ISSUED BY: S. W. Connally, Jr.



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Original-~~First~~ Revised Sheet No. 9.105
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Repayment under this paragraph shall not be construed as a limitation of the Company's right to pursue a claim against the Facility-Seller in any appropriate court or forum for the actual damages the Company incurs as a result of the Facility's non-performance or default.

5. Metering Requirements

Hourly demand recording meters shall be required for each individual generator unit comprising a facility-Facility with a total installed capacity of 100 kilowatts or more. Where the total installed capacity of the facility is less than 100 kilowatts, the Facility may select any one of the following options (choose one):

- () hourly demand recording meter(s);
- () dual kilowatt-hour register time-of-day meter(s); or
- () standard kilowatt-hour meter(s).

Unless special circumstances warrant, meters shall be read at monthly intervals on the approximate corresponding day of each meter reading period.

6. Electricity Production Schedule

During the term of this Agreement, the Facility-Seller agrees to:

- (a) Adjust reactive power flow in the interconnection so as to remain within the range of 85% leading to 85% lagging power factor;
- (b) Provide the Company, prior to October 1 of each calendar year (January through December), an estimate of the amount of electricity-firm capacity and energy to be generated by the facility-Facility and delivered to the Company for each month of the following calendar year including the time, duration and magnitude of any planned outages or reductions in capacity;
- (c) Promptly update the yearly generation schedule and maintenance schedule as and when any changes may be determined necessary;
- (d) Coordinate its scheduled facility-Facility outages with the Company;

ISSUED BY: Susan Story



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- (e) Comply with reasonable requirements of the Company regarding day-to-day or hour-by-hour communications between the parties relative to the performance of this Agreement; and
- (f) Promptly notify the Company of the Facility's inability to supply any portion of its Committed Capacity ~~from the facility~~. (Failure of the ~~Facility-Seller~~ to notify the Company of a known derating or inability to supply its full Committed Capacity from the ~~facility-Facility~~ may, at the sole discretion of the Company, result in a determination of non-performance.)

7. The Facility's Seller's Obligation if the Facility-Seller Receives Early Capacity Payments

The ~~Facility's Seller's~~ payment option choice pursuant to paragraph 4.2.3 may result in payment by the Company for capacity delivered prior to June 1, 2023. The parties recognize that capacity payments received for any period through May 31, 2023, are in the nature of "early payment" for a future capacity benefit to the Company. To ensure that the Company will receive a capacity benefit for which early capacity payments have been made, or alternatively, that the ~~Facility-Seller~~ will repay the amount of early payments received to the extent the capacity benefit has not been conferred, the following provisions will apply:

The Company shall establish a Capacity Account. Amounts shall be added to the Capacity Account for each month through May 2023, in the amount of the Company's capacity payments made to the ~~Facility-Seller~~ pursuant to the ~~Facility's Seller's~~ chosen payment option from Schedule REF-1 or Exhibit D if applicable. The monthly balance in the Capacity Account shall accrue interest at the rate then prevailing for thirty (30) days highest grade commercial paper; such rate is to be determined by the Company thirty days prior to the date of each payment or posting of interest to the account. Commencing on June 1, 2023, there shall be deducted from the Capacity Account an Early Payment Offset Amount to reduce the balance in the Capacity Account. Such Early Payment Offset Amount shall be equal to that amount which the Company would have paid for

ISSUED BY: S. W. Connally, Jr.



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capacity in that month if the capacity payment had been calculated pursuant to Option 1 in Schedule REF-1 and the Facility-Seller had elected to begin receiving payment on June 1, 2023 minus the monthly capacity payment the Company makes to the Facility-Seller pursuant to the capacity payment option chosen by the Facility-Seller in paragraph 4.2.3.

The Facility-Seller shall owe the Company and be liable for the outstanding balance in the Capacity Account. The Company agrees to notify the Facility-Seller monthly as to the current Capacity Account balance. Prior to receipt of early capacity payments, the Facility-Seller shall execute a promise to repay any outstanding balance in the Capacity Account in the event the Facility ~~defaults-of a default~~ pursuant to this Agreement. Such promise shall be secured by means mutually acceptable to the Parties and in accordance with the provisions of Schedule REF-1.

The specific repayment assurance selected for purposes of this Agreement is:

Any outstanding balance in the Capacity Account shall immediately become due and payable, in full, in the event of default ~~by the Facility~~ or at the conclusion of the term of this Agreement. The Facility's Seller's obligation to pay the balance in the Capacity Account shall survive termination of this Agreement.

8. Non-Performance Provisions

The Facility-Seller shall be entitled to receive a complete refund of the security deposit described in Section 2 of this contract (or in the event an alternative completion security vehicle is in effect, release of that completion security) upon the Facility's achieving commercial in-service status (which, for purposes of this Agreement, shall include the demonstration of capability to perform by actual delivery of electricity-firm capacity and energy to the Company) provided that this occurs prior to June 1, 2023 and that said

ISSUED BY: S. W. Connally, Jr.



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commercial in-service status is maintained from the date of initial demonstration to, through and including June 1, 2023. The ~~Facility-Seller~~ shall not be entitled to any of its security deposit if ~~it-the~~ Facility fails to achieve commercial in-service status prior to June 1, 2023 and maintain that status to, through and including said date. Additionally, once construction of the ~~facility-Facility~~ or any additions necessary for the Facility to have the capability to deliver the anticipated ~~committed capacity-Committed Capacity~~ and energy to the Company from the ~~facility-Facility~~ has commenced, the ~~Facility-Seller~~ will allow Company representatives to review quarterly the construction progress to provide the Company with a level of assurance that the Facility will be capable of delivering the anticipated ~~committed capacity-Committed Capacity~~ from the Facility on or before June 1, 2023.

Additionally, failure of the ~~Facility-Seller~~ to notify the Company of a known derating or inability to supply its full Committed Capacity from the ~~facility-Facility~~ may, at the sole discretion of the Company, result in a determination of non-performance. Upon such determination by the Company, capacity payments to the ~~Facility-Seller~~ shall be suspended for a period of time equal to the time of the known derating or inability to supply the full Committed Capacity from the Facility or six months, whichever shall be longer.

9. Default

9.1 Mandatory Default. The ~~Facility-Seller~~ shall be in default under this Agreement if: (1) ~~Facility-Seller~~ either voluntarily declares bankruptcy or becomes subject to involuntary bankruptcy proceedings; or (2) ~~the~~ Facility ceases all electric generation for either of the Company's peak generation planning periods (summer or winter) occurring in a consecutive 12 month period. For purposes of this Agreement, the Company's summer peak generation planning period shall be May through September and the Company's winter peak generation planning period shall be December through February. The months included in the Company's peak generation planning periods may be changed, at the sole discretion of the Company, upon 12 months prior notice to the FacilitySeller.

ISSUED BY: S. W. Connally, Jr.



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~~Third-Fourth~~ Revised Sheet No. 9.109
Canceling ~~Second-Third~~ Revised Sheet No. 9.109

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9.2 Optional Default. The Company may declare the Facility-Seller to be in default if: (1) ~~at any time prior to June 1, 2023 and after capacity payments have begun, the Company has sufficient reason to believe that the Facility is unable to deliver its Committed Capacity from the facility;~~ (2) because of a Facility's Seller's refusal, inability or anticipatory breach of its obligation to deliver its Committed Capacity after June 1, 2023; or (3) the Company has made three or more determinations of non-performance due to the failure of the Facility-Seller to notify the Company of a known derating or inability to supply Committed Capacity during any eighteen month period.

10. General Provisions

10.1 Permits. The Facility-Seller hereby agrees to ~~seek to obtain~~ any and all governmental permits, certifications, or other authority the Seller and/or Facility ~~is-are~~ required to obtain as a prerequisite to engaging in the activities provided for in this Agreement. The Company hereby agrees to ~~seek to obtain~~ any and all governmental permits certifications or other authority the Company is required to obtain as a prerequisite to engaging in the activities provided for in this Agreement.

10.2 Indemnification. The Facility-Seller agrees to indemnify and save harmless the Company, its subsidiaries or affiliates, and their respective employees, officers, and directors, against any and all liability, loss, damage, cost or expense which the Company, its subsidiaries, affiliates, and their respective employees, officers, and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Facility-Seller in performing its obligations pursuant to this Agreement or the Facility's Seller's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the Facility-Seller against any and all liability, loss, damage, cost or expense which the Facility-Seller may hereafter incur, suffer or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provision of this Agreement. The Facility-Seller agrees to include the Company as an additional named insured in any liability insurance policy or policies the Facility-Seller obtains to protect the Facility's Seller's interests with respect to the Facility's Seller's indemnity and hold harmless assurances to parties contained in this Section.

ISSUED BY: S. W. Connally, Jr.



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Original-First Revised Sheet No. 9.110
Canceling Original Sheet No. 9.110

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(Continued from Standard Offer Contract, Sheet No. 9.109)

The Facility-Seller shall deliver to the Company at least fifteen days prior to the delivery of any capacity ~~or and~~ energy under this Agreement, a certificate of insurance certifying the Seller's and Facility's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida, protecting and indemnifying the Facility-Seller and the Company as an additional named insured, their officers, employees, and representatives, against all liability and expense on account of claims and suits for injuries or damages to persons or property arising out of the Seller's and the Facility's performance under or failure to abide by the terms of this Agreement, including without limitation any claims, damages or injuries caused by operation of any of the Facility's equipment or by the ~~Facility's~~Seller's failure to maintain the ~~facility's~~Facility's equipment in satisfactory and safe operating conditions, or otherwise arising out of the performance by the Facility-Seller of the duties and obligations arising under the terms and conditions of this Agreement.

The policy providing such coverage shall provide comprehensive general liability insurance, including property damage, with limits in an amount not less than \$1,000,000 for each occurrence. In addition, the above required policy shall be endorsed with a provision whereby the insurance company will notify the Company within thirty days prior to the effective date of cancellation or a material change in the policy. The Facility-Seller shall pay all premiums and other charges required or due in order to maintain such coverage as required under this section in force during the entire period of this Agreement beginning with the initial delivery of capacity ~~or and~~ energy to the Company.

10.3 Taxes or Assessments. It is the intent of the parties under this provision that the Facility-Seller hold the Company and its general body of ratepayers harmless from the effects of any additional taxes, assessments or other impositions that arise as a result of the purchase of energy or capacity from the Facility in lieu of other energy or capacity and that any savings in regards to taxes or assessments be included in the avoided cost payments made to the Facility Seller to the extent

ISSUED BY: Susan Story



Section No. IX
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permitted by law. In the event the Company becomes liable for additional taxes, assessments or imposition arising out of its transaction with the Facility-Seller under either this agreement or any related interconnection agreement or due to changes in laws affecting the Company's purchases of energy or capacity from the Facility occurring after the execution of this agreement and for which the Company would not have been liable if it had produced the energy and/or constructed facilities sufficient to provide the capacity contemplated under this agreement itself, the Company may bill the Facility-Seller monthly for such additional expenses or may offset them against amounts due the Facility-Seller from the Company. Any savings in taxes, assessments or impositions that accrue to the Company as a result of its purchase of energy and capacity under this agreement that are not already reflected in the avoided energy or avoided capacity payments made to the Facility-Seller hereunder, shall be passed on to the Facility-Seller to the extent permitted by law without consequential penalty or loss of such benefit to the Company.

10.4 Force Majeure. If either party shall be unable, by reason of force majeure, to carry out its obligations under this Agreement, either wholly or in part, the party so failing shall give written notice and full particulars of such cause or causes to the other party as soon as possible after the occurrence of any such cause; and such obligations shall be suspended during the continuance of such hindrance which, however, shall be extended for such period as may be necessary for the purpose of making good any suspension so caused. The term "force majeure" shall be taken to mean acts of God, strikes, lockouts or other industrial disturbances, wars, blockades, insurrections, riots, arrests and restraints of rules and people, environmental constraints lawfully imposed by federal, state or local government bodies, explosions, fires, floods, lightning, wind, perils of the sea provided, however, that no occurrences may be claimed to be a force majeure occurrence if it is caused by the negligence or lack of due diligence on the part of the party attempting to make such claim. The Facility-Seller agrees to pay the costs necessary to reactivate the facility-Facility and/or the interconnection with the Company's system if the same are rendered inoperable

ISSUED BY: Susan Story



Section No. IX
First-Second Revised Sheet No. 9.112
Canceling Original-First Revised Sheet No. 9.112

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due to actions of the Facility Seller, its agents, or force majeure events affecting the facility-Facility or the interconnection with the Company. The Company agrees to reactivate at its own cost the interconnection with the facility-Facility in circumstances where any interruptions to such interconnections are caused by the Company or its agents.

10.5 Assignment. The Facility-Seller shall have the right to assign its benefits under this Agreement, but the Facility-Seller shall not have the right to assign its obligations and duties without the Company's prior written approval.

10.6 Disclaimer. In executing this Agreement, the Company 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 Facility-Seller or any assignee of this Agreement.

10.7 Notification. For purposes of making any and all non-emergency oral and written notices, payments or the like required under the provisions of this Agreement, the parties designate the following to be notified or to whom payment shall be sent until such time as either party furnishes the other party written instructions to contact another individual.

For Facility Seller:

For Gulf Power Company:
Secretary and Treasurer
Gulf Power Company
One Energy Place
Pensacola FL 32520-0780

10.8 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

10.9 Severability. If any part of this Agreement, for any reason, be declared invalid, or unenforceable by a public authority of appropriate jurisdiction, then such decision shall not affect the validity of the remainder of the Agreement, which remainder shall remain in force and effect as if this Agreement had been executed without the invalid or unenforceable portion.

ISSUED BY: Susan Story



Section No. IX
~~First-Second~~ Revised Sheet No. 9.113
Canceling ~~Original-First~~ Revised Sheet No. 9.113

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(Continued from Standard Offer Contract, Sheet No. 9.112)

10.10 Complete Agreement and Amendments. All previous communications or agreements between the parties, whether verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment or modification to this Agreement shall be binding unless it shall be set forth in writing and duly executed by both parties to this Agreement and, if required, approved by the FPSC.

10.11 Incorporation of Schedule. The parties agree that this Agreement shall be subject to all of the provisions contained in the Company's published Schedule REF-1 as approved and on file with the FPSC, as the Schedule exists at the time this Agreement is properly submitted by the Facility to the Company as tendered acceptance of the Company's standard offer.

10.12 Survival of Agreement. This Agreement, as may be amended from time to time, shall be binding and insure to the benefit of the Parties' respective successors-in-interest and legal representatives.

11. Environmental Interests

In the event that the ~~Facility-Seller~~ decides to sell any or all Renewable Energy Certificates, Green Tags, or other tradable environmental interests (collectively "Environmental Interests") that result from the electric generation of the Facility during the term of this Agreement, the ~~Facility Seller~~ shall provide notice to the Company of its intent to sell such Environmental Interests and provide the Company a reasonable opportunity to offer to purchase such Environmental Interests.

12. Changes in Environmental and Governmental Regulations

This contract may be reopened at the election of either party in the event that environmental or other regulatory requirements are enacted during the term of this contract which either (a) increase or (b) decrease the full avoided costs of the Avoided Unit. The parties may negotiate a threshold amount of change below which this reopener will not apply.

ISSUED BY: Susan Story



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First Second Revised Sheet No. 9.114
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(Continued from Standard Offer Contract, Sheet No. 9.113)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

GULF POWER COMPANY

By: _____
(Signature)

(Print or Type Name)

Title: _____

Date: _____

FACILITYSELLER

By: _____
(Signature)

(Print or Type Name)

Title: _____

Date: _____

ISSUED BY: Mark Crosswhite