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(Writer's Direct Dial No. 727-820-4692)

Dianne M. Triplett
Associate General Counsel

April 29, 2013


Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL32399-0850

Re: Docket No.: 130068
Petition for Approval of Amended Standard Offer Contract
(Schedule COG-2)

Dear Ms. Cole:

Enclosed please find an original and seven (7) copies of Duke Energy Florida, Inc.'s amended Exhibits A and B for filing. These pages reflect the Company's new logo and name, effective April 29, 2013. These exhibits replace those filed with the Petition on March 28, 2013.

Sincerely,


Dianne M. Triplett

COM _____
AFD _____
APA _____
ECO 1
ENG 4
GCL 2
IDM _____
TEL _____
CLK _____

DMT/emc
Enclosures

DOCUMENT NUMBER-DATE

02229 APR 29 2013

FPSC-COMMISSION CLERK

EXHIBIT A

**AMENDED STANDARD OFFER CONTRACT
(Clean copy)**

Tariff Sheets:

9.404, 9.415, 9.421, 9.423, 9.424, 9.442, 9.445, 9.455, 9.457,
9.458, 9.467 and 9.468



**STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY
AND ENERGY FROM A RENEWABLE ENERGY PRODUCER
OR QUALIFYING FACILITY LESS THAN 100 KW**

THIS STANDARD OFFER CONTRACT FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY (hereinafter referred to as the "Contract") is made and entered this ___ day of _____, ____ (hereinafter referred to as the "Execution Date"), by and between _____ (hereinafter the Renewable Energy Provider/Qualifying Facility ("RF/QF")), and Florida Power Corporation d/b/a Duke Energy Florida (hereinafter "DEF"), a private utility corporation organized and existing under the laws of the State of Florida. The RF/QF and DEF shall be individually identified herein as the "Party" and collectively as the "Parties". This Contract contains five Appendices which are incorporated into and made part of this Contract: Appendix A: Monthly Capacity Payment Calculation; Appendix B: Termination Fee; Appendix C: Detailed Project Information; Appendix D: Rate Schedule COG-2; Appendix E: Agreed Upon Payment Schedules and Other Mutual Agreements; and Appendix F: Florida Public Service Commission ("FPSC") Rules 25-17.080 through 25-17.310, F.A.C.

WITNESSETH:

WHEREAS, the RF/QF desires to sell, and DEF desires to purchase electricity to be generated by the RF/QF consistent with Florida Statutes 366.91 (2006) and FPSC Rules 25-17.080 through 25-17.310 F.A.C.; and

WHEREAS, the RF/QF has acquired an interconnection/transmission service agreement with the utility in whose service territory the Facility is to be located, pursuant to which the RF/QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the RF/QF and the Transmission Provider for delivery of the Facility's firm capacity and energy to DEF. The Parties recognize that the Transmission Provider may be DEF and that the transmission service will be provided under a separate agreement; and

WHEREAS, the FPSC has approved this Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer; and

WHEREAS, the RF/QF guarantees that the Facility is capable of delivering firm capacity and energy to DEF for the term of this Contract in a manner consistent with the provision of this Contract;

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



3. Term of Contract

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall end at 12:01 a.m. on the Termination Date, (the "Term") unless terminated earlier in accordance with the provisions hereof. Notwithstanding the foregoing, if the Capacity Delivery Date of the Facility is not accomplished by the RF/QF before the either the Avoided Unit In-Service Date or an earlier date in Appendix E (or such later date as may be permitted by DEF pursuant to Section 7), this Contract shall be rendered null and void and DEF's shall have no obligations under this Contract.

4. Minimum Specifications and Milestones

As required by FPSC Rule 25-17.0832(4)(e), the minimum specifications pertaining to this Contract and milestone dates are as follows:

Avoided Unit	Undesignated CC
Avoided Unit Capacity	1189 MW
Avoided Unit In-Service Date	June 1, 2018
Avoided Unit Heat Rate	6,703 BTU/kWh
Avoided Unit Variable O&M	0.419¢ per kWh in mid-2013 dollars escalating annually at 2.25%
Avoided Unit Life	25 years
Capacity Payments begin	Avoided Unit In-Service Date unless Option B, or D is selected or amended in Appendix E
Termination Date	May 31, 2028 (10 years) unless amended in Appendix E
Minimum Performance Standards – On Peak Availability Factor*	87%
Minimum Performance Standards – Off Peak Availability Factor	87%
Minimum Availability Factor Required to qualify for a Capacity payment	67%
Expiration Date	April 1, 2014
Completed Permits Date	June 1, 2016
Exemplary Early Capacity Payment Date	January 1, 2014

* RF/QF performance shall be as measured and/or described in Appendix A.

9.3 Payments for Energy and Capacity

9.3.1 Payments due the RF/QF will be made monthly, and normally by the twentieth Business Day following the end of the billing period. The kilowatt-hours sold by the RF/QF and the applicable avoided energy rate at which payments are being made shall accompany the payment to the RF/QF.

9.3.2 Payments to be made under this Contract shall, for a period of not longer than two (2) years, remain subject to adjustment based on billing adjustments due to error or omission by either Party, provided that such adjustments have been agreed to between the Parties.

10. Electricity Production and Plant Maintenance Schedule

10.1 No later than sixty (60) calendar days prior to the Capacity Delivery Date, and prior to October 1 of each calendar year thereafter during the term of this Contract, the RF/QF shall submit to DEF in writing a good-faith estimate of the amount of electricity to be generated by the Facility and delivered to DEF for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in Capacity. A RF/QF agrees to provide updates to its planned maintenance periods as they become known. The Parties agree to discuss coordinating scheduled maintenance schedules.

10.2 By October 31 of each calendar year, DEF shall notify the RF/QF in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If DEF does not accept any of the requested scheduled maintenance periods, DEF shall advise the RF/QF of the time period closest to the requested period(s) when the outage(s) can be scheduled. The RF/QF shall only schedule outages during periods approved by DEF, and such approval shall not be unreasonably withheld. Once the schedule for the detailed plan has been established and approved, either Party requesting a subsequent change in such schedule, except when such change is due to Force Majeure, must obtain approval for such change from the other Party. Such approval shall not be unreasonably withheld or delayed. Scheduled maintenance outage days shall be limited to twenty four days per calendar year. In no event shall maintenance periods be scheduled during the following periods: June 1 through September 15 and December 1 through and including the last day of February.

10.3 The RF/QF shall comply with reasonable requests by DEF regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

- 10.5.3** If the Facility is separated from the DEF system for any reason, under no circumstances shall the RF/QF reconnect the Facility to DEF's system without first obtaining DEF'S specific approval.
- 10.5.4** During the term of this Contract, the RF/QF shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with DEF. The RF/QF shall ensure that operating personnel are on duty at all times, twenty-four (24) hours a calendar day and seven (7) calendar days a week. Additionally, during the term of this Contract, the RF/QF shall operate and maintain the Facility in such a manner as to ensure compliance with its obligations hereunder and in accordance with applicable law and Prudent Utility Practices.
- 10.5.5** DEF shall not be obligated to purchase, and may require curtailed or reduced deliveries of energy to the extent allowed under FPSC Rule 25-17.086 and under any curtailment plan which DEF may have on file with the FPSC from time to time.
- 10.5.6** During the term of this Contract, the RF/QF shall maintain sufficient fuel on the site of the Facility to deliver the capacity and energy associated with the Committed Capacity for an uninterrupted seventy-two-(72) hour period. At DEF's request, the RF/QF shall demonstrate this capability to DEF's reasonable satisfaction. During the term of this Contract, the RF/QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the RF/QF's output is affected by a Force Majeure event.

11. Completion/Performance Security

- 11.1** Simultaneous with the execution of this agreement RF/QF shall deliver to DEF Eligible Collateral in an amount according to Table 2. RF/QF's Performance Security shall be maintained throughout the Term although the amount of Eligible Collateral shall be adjusted from time to time in accordance with Table 2 and Section 11.4. The listed amounts are considered the initial amounts and use 2013 as the Base Year, with all amounts expressed in US Dollars.

Note: The amounts in the following Table are for 2013 and are subject to change based on utility cost estimates for any year subsequent to the Base Year.

TABLE 2

Credit Class	Amount per MW	Amount per MW
	Years 1 - 5	Years 6 – Termination Date
A- and Above	\$15,000	\$5,000
BBB+ to BBB	\$70,000	\$55,000
BBB-	\$110,000	\$95,000
Below BBB-	\$160,000	\$145,000

- 11.2** In the event that a Material Adverse Change occurs in respect of RF/QF, then within two (2) Business Day(s) RF/QF shall deliver to DEF Supplemental Eligible Collateral equal to 50 percent of the current Eligible Collateral amount, provided however, that in the DEF's sole discretion, based on a review of the overall circumstances of RF/QF's Material Adverse Change, the total of the Eligible Collateral and the Supplemental Eligible Collateral may be reduced but in no event shall the amount be less than the Base Performance Security Amount.
- 11.4** Performance Security Annual Adjustments – The RF/QF Performance Security shall be adjusted on an annual basis beginning January 1, 2014 and each year of during the term of the Agreement. The values in Table 2 will be adjusted using the change in the Gross Domestic Price Implicit Price Deflator (GDPIPD) between the Base Year and each year during the term as reported in the Survey of Current Business published in January each year and revised thereafter, by the Bureau of Economic Analysis, United States Department of commerce, Washington, D.C. using the following formula: Current Performance Security amount (CPSA) multiplied by one plus the change in the GDPIPD, $(CPSA \times (1 + \Delta GDPIPD))$
- 11.5** Replacement Collateral, Release of Collateral - Upon any reduction of the amount of RF/QF Performance Security pursuant to Section 11.2 or 11.3 DEF thereof shall upon two (2) Business Days written request by the RF/QF release any Eligible or Supplemental Eligible Collateral that is no longer required. The choice of the type of Eligible Collateral by the RF/QF may be selected from time to time by the RF/QF and upon receipt of substitute Eligible Collateral, DEF shall promptly release such Eligible Collateral. Following any termination of this agreement, the Parties shall mutually agree to a final settlement of all obligations under this Agreement which such period shall not exceed 90 days from such termination date unless extended by mutual agreement between the Parties. After such settlement, any remaining Eligible Collateral posted by the RF/QF that has not been drawn upon by DEF pursuant to its rights under this Contract shall be returned to the RF/QF. Any dispute between the Parties regarding such final settlement shall be resolved according to applicable procedures set forth in Section 20.9.



APPENDIX A
TO
DUKE ENERGY FLORIDA
RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW
STANDARD OFFER CONTRACT

MONTHLY CAPACITY PAYMENT CALCULATION

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

- A. In the event that the ACBF is less than or equal to 67%, then no Monthly Capacity Payment shall be due. That is:

$$\text{MCP} = 0$$

- B. In the event that the ACBF is greater than 67% but less than 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times [1 - [5 \times (.87 - \text{ACBF})]] \times \text{CC}$$

- C. In the event that the ACBF is equal to or greater than 87%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times \text{CC}$$

Where:

MCP = Monthly Capacity Payment in dollars.

BCP = Base Capacity Payment in \$/kW/Month as specified in Appendix D or E.

CC = Committed Capacity in kW.



In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A is less than or equal to 67%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is greater than 67% but less than 87%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [5 \times (\text{ACBF} - .87)]$$

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

- c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is equal to or greater than 87%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall DEF be liable to the RF/QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).



TABLE 3
EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH
 DEF'S June 1, 2018 Undesignated CC
 Renewable or Qualifying Facility Standard Offer Contract Avoided Capacity Payments
 (\$/kW/MONTH)

Contract Year	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Option D</u>
	Normal Capacity Payment Starting on the Avoided Unit In-Service Date	Early Capacity Payment Starting on the Exemplary Capacity Payment Date	Levelized Capacity Payment Starting on the Avoided Unit In-Service Date	Early Levelized Capacity Payment Starting on the Exemplary Capacity Payment Date
2014		6.64		7.55
2015		6.79		7.56
2016		6.94		7.57
2017		7.10		7.57
2018	10.80	7.26	11.89	7.58
2019	11.05	7.42	11.90	7.59
2020	11.29	7.59	11.91	7.59
2021	11.55	7.76	11.92	7.60
2022	11.81	7.93	11.93	7.61
2023	12.07	8.11	11.94	7.62
2024	12.34	8.29	11.95	7.62
2025	12.62	8.48	11.97	7.63
2026	12.91	8.67	11.98	7.64
2027	13.20	8.86	11.99	7.65
2028	13.49	9.06	12.00	7.66
2029				

- The Capacity Payment schedules contained in this Contract assume a term of ten years from the Avoided Unit In-Service Date. In the event the RF/QF requests a term greater than ten years but less than the Avoided Unit Life then DEF shall prepare a schedule of Capacity Payments for the requested term. Such Capacity Payment rates shall be calculated utilizing the value-of-deferral methodology described in FPSC Rule 25-17.0832(6).



For any period during which energy is delivered by the RF/QF to DEF, 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 and (b) the Avoided Unit Energy Cost. The Avoided Unit Energy Cost, in cents per kilowatt - hour (¢/kWh) shall be defined as the product of (a) the Avoided Unit Fuel Cost and (b) the Avoided Unit Heat Rate; plus (c) the Avoided Unit Variable O&M.

For the purposes of this agreement, the Avoided Unit Fuel Cost shall be determined from gas price published in Platts Inside FERC, Gas Market Report, first of the month posting for Florida Gas Transmission (“FGT”) Zone 3, plus other charges, surcharges and percentages that are in effect from time to time.

The Parties may mutually agree to fix a minority portion of the base energy payments associated with the Avoided Unit and amortize that fixed portion, on a present value basis, over the term of the Contract. Such fixed energy payments may, at the option of the RF/QF, start as early as the Avoided Unit In-Service Date. For purposes of this paragraph, “base energy payments associated with the Avoided Unit” means the energy costs of the Avoided Unit to the extent that the Avoided Unit would have been operated. If this option is mutually agreed upon, it will be attached to this Contract in Appendix E.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. The following estimates include variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>Average ¢/KWH</u>
April 1, 2013 - September 30, 2013	3.9
October 1, 2013 – March 31, 2014	3.5
April 1, 2014– September 30, 2014	4.0
October 1, 2014 – March 31, 2015	3.9



ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed below are associated with the Avoided Unit and are based on current estimates of the price of natural gas.

\$/MMBTU

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
4.33	4.49	5.03	5.35	5.68	6.03	6.38	6.74	7.12

DELIVERY VOLTAGE ADJUSTMENT

DEF's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the DEF's semi-annual fuel cost recovery filing with the FPSC in Exhibit Schedule E1. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined energy costs if the RF/QF is within DEF's service territory to reflect the delivery voltage level at which RF/QF energy is received by the DEF.

The current delivery voltage adjustment factors are:

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0156
Primary Voltage Delivery	1.0256
Secondary Voltage Delivery	1.0598

PERFORMANCE CRITERIA

Payments for firm Capacity are conditioned on the RF/QF's ability to maintain the following performance criteria:

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the Avoided Unit In-Service Date.

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 A to the Contract.



**SCHEDULE 2
TO RATE SCHEDULE COG-2CAPACITY OPTION PARAMETERS**

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

Where, for one year deferral:

		<u>Value</u>
VAC_m	= DEF's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	10.80
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;	1.420
I_n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n;	1403.25
O_n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Avoided Unit;	5.52
i_p	= annual escalation rate associated with the plant cost of the Avoided Unit;	2.25%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;	2.25%
r	= annual discount rate, defined as DEF's incremental after-tax cost of capital;	6.47%
L	= expected life of the Avoided Unit;	25
n	= year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.	2018

**FIXED VALUE OF DEFERRAL PAYMENTS -
EARLY CAPACITY OPTION PARAMETERS**

A_m	=	monthly avoided capital cost component of Capacity Payments to be made to the RF/QF starting as early as four years prior to the Avoided Unit In-Service Date, in dollars per kilowatt per month;	6.19
i_p	=	annual escalation rate associated with the plant cost of the Avoided Unit;	2.25%
n	=	year for which early Capacity Payments to a RF/QF are to begin;	2014
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 Avoided Unit and continued for a period of 10 years;	761.51
r	=	annual discount rate, defined as DEF's incremental after-tax cost of capital;	6.47%
t	=	the Term, in years, of the Contract for the purchase of firm capacity commencing prior to the in-service date of the Avoided Unit;	14
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 Avoided Unit and continued until the Termination Date.	33.87

**AMENDED STANDARD OFFER CONTRACT
(Legislative format)**

Tariff Sheets:

9.404, 9.415, 9.421, 9.423, 9.424, 9.442, 9.445, 9.455, 9.457,
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WHEREAS, the RF/QF has acquired an interconnection/transmission service agreement with the utility in whose service territory the Facility is to be located, pursuant to which the RF/QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the RF/QF and the Transmission Provider for delivery of the Facility's firm capacity and energy to **PEFDEF**. The Parties recognize that the Transmission Provider may be **PEFDEF** and that the transmission service will be provided under a separate agreement; and

WHEREAS, the FPSC has approved this Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer; and

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Minimum Performance Standards – On Peak Availability Factor*	8687 %
Minimum Performance Standards – Off Peak Availability Factor	8687 %
Minimum Availability Factor Required to qualify for a Capacity payment	6667 %
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Exemplary Early Capacity Payment Date	January 1, 2013 2014

* RF/QF performance shall be as measured and/or described in Appendix A.

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- 10.5.6 During the term of this Contract, the RF/QF shall maintain sufficient fuel on the site of the Facility to deliver the capacity and energy associated with the Committed Capacity for an uninterrupted seventy-two-(72) hour period. At ~~PEFDEF~~'s request, the RF/QF shall demonstrate this capability to ~~PEFDEF~~'s reasonable satisfaction. During the term of this Contract, the RF/QF's output shall remain within a band of plus or minus ten percent (10%) of the daily output level or levels specified by the plant operator, in ninety percent (90%) of all operating hours under normal operating conditions. This calculation will be adjusted to exclude forced outage periods and periods during which the RF/QF's output is affected by a Force Majeure event.

11. Completion/Performance Security

- 11.1 Simultaneous with the execution of this agreement RF/QF shall deliver to ~~PEFDEF~~ Eligible Collateral in an amount according to Table 2. RF/QF's Performance Security shall be maintained throughout the Term although the amount of Eligible Collateral shall be adjusted from time to time in accordance with Table 2 and Section 11.4. The listed amounts are considered the initial amounts and use ~~2012~~2013 as the Base Year, with all amounts expressed in US Dollars.

Note: The amounts in the following Table are for ~~2012-2013~~ and are subject to change based on utility cost estimates for any year subsequent to the Base Year.

TABLE 2

Credit Class	Amount per MW	Amount per MW
	Years 1 - 5	Years 6 – Termination Date
A- and Above	\$25,000 <u>\$15,000</u>	\$10,000 <u>\$5,000</u>
BBB+ to BBB	\$75,000 <u>\$70,000</u>	\$60,000 <u>\$55,000</u>
BBB-	\$115,000 <u>\$110,000</u>	\$100,000 <u>\$95,000</u>
Below BBB-	\$170,000 <u>\$160,000</u>	\$150,000 <u>\$145,000</u>

- 11.2** In the event that a Material Adverse Change occurs in respect of RF/QF, then within two (2) Business Day(s) RF/QF shall deliver to ~~PEFDEF~~ Supplemental Eligible Collateral equal to 50 percent of the current Eligible Collateral amount, provided however, that in the ~~PEFDEF~~'s sole discretion, based on a review of the overall circumstances of RF/QF's Material Adverse Change, the total of the Eligible Collateral and the Supplemental Eligible Collateral may be reduced but in no event shall the amount be less than the Base Performance Security Amount.
- 11.4** Performance Security Annual Adjustments – The RF/QF Performance Security shall be adjusted on an annual basis beginning January 1, ~~2013-2014~~ and each year of during the term of the Agreement. The values in Table 2 will be adjusted using the change in the Gross Domestic Price Implicit Price Deflator (GDPIPD) between the Base Year and each year during the term as reported in the Survey of Current Business published in January each year and revised thereafter, by the Bureau of Economic Analysis, United States Department of commerce, Washington, D.C. using the following formula: Current Performance Security amount (CPSA) multiplied by one plus the change in the GDPIPD, (CPSA X (1 + ΔGDPIPD))
- 11.5** Replacement Collateral, Release of Collateral - Upon any reduction of the amount of RF/QF Performance Security pursuant to Section 11.2 or 11.3 ~~PEFDEF~~ thereof shall upon two (2) Business Days written request by the RF/QF release any Eligible or Supplemental Eligible Collateral that is no longer required. The choice of the type of Eligible Collateral by the RF/QF may be selected from time to time by the RF/QF and upon receipt of substitute Eligible Collateral, ~~PEFDEF~~ shall promptly release such Eligible Collateral. Following any termination of this agreement, the Parties shall mutually agree to a final settlement of all obligations under this Agreement which such period shall not exceed 90 days from such termination date unless extended by mutual agreement between the Parties. After such settlement, any remaining Eligible Collateral posted by the RF/QF that has not been drawn upon by ~~PEFDEF~~ pursuant to its rights under this Contract shall be returned to the RF/QF. Any dispute between the Parties regarding such final settlement shall be resolved according to applicable procedures set forth in Section 20.9.



APPENDIX A

TO

~~PROGRESS~~DUKE ENERGY FLORIDA RENEWABLE OR QUALIFYING FACILITY LESS THAN 100 KW STANDARD OFFER CONTRACT

MONTHLY CAPACITY PAYMENT CALCULATION

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Producer or a Qualifying Facility less than 100 kW.

- A. In the event that the ACBF is less than or equal to ~~6667~~%, then no Monthly Capacity Payment shall be due. That is:

$$\text{MCP} = 0$$

- B. In the event that the ACBF is greater than ~~6667~~% but less than ~~8687~~%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times [1 - [5 \times (.~~86-87~~ - \text{ACBF})]] \times \text{CC}$$

- C. In the event that the ACBF is equal to or greater than ~~8687~~%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$\text{MCP} = \text{BCP} \times \text{CC}$$

Where:

- MCP = Monthly Capacity Payment in dollars.
BCP = Base Capacity Payment in \$/kW/Month as specified in Appendix D or E.
CC = Committed Capacity in kW.



In the event that for any Monthly Billing Period, the computation of the value of the Termination Fee for such Monthly Billing Period (as set forth above) yields a value less than zero, the amount of the Termination Fee shall be decreased by the amount of such value expressed as a positive number (the "Initial Reduction Value"); provided, however, that such Initial Reduction Value shall be subject to the following adjustments (the Initial Reduction Value, as adjusted, the "Reduction Value"):

- a. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A is less than or equal to ~~6667~~%, then the Initial Reduction Value shall be adjusted to equal zero (Reduction Value = 0), and the Termination Fee shall not be reduced for the applicable Monthly Billing Period.
- b. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is greater than ~~6667~~% but less than ~~8687~~%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [5 \times (\text{ACBF} - \del{.8687})]$$

For the applicable Monthly Billing period, the Termination Fee shall be reduced by the amount of such Reduction Value.

- c. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor, as defined in Appendix A, is equal to or greater than ~~8687~~%, then the Initial Reduction Value shall not be adjusted (Reduction Value = Initial Reduction Value), and the Termination Fee shall be reduced for the applicable Monthly Billing period by the amount of the Initial Reduction Value.

In no event shall ~~PEFDEF~~ be liable to the RF/QF at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).



TABLE 3
 EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH

PEFDEF'S June 1, ~~2019-2018~~ Undesignated CC
 Renewable or Qualifying Facility Standard Offer Contract Avoided Capacity Payments
 (\$/kW/MONTH)

Contract Year	<u>Option A</u>	<u>Option B</u>	<u>Option C</u>	<u>Option D</u>
	Normal Capacity Payment Starting on the Avoided Unit In-Service Date	Early Capacity Payment Starting on the Exemplary Capacity Payment Date	Levelized Capacity Payment Starting on the Avoided Unit In-Service Date	Early Levelized Capacity Payment Starting on the Exemplary Capacity Payment Date
2013 2014		<u>6.166.64</u>		<u>7.057.55</u>
2014 2015		<u>6.306.79</u>		<u>7.067.56</u>
2015 2016		<u>6.446.94</u>		<u>7.077.57</u>
2016 2017		<u>6.587.10</u>		<u>7.087.57</u>
2017 2018	<u>10.80</u>	<u>6.737.26</u>	<u>11.89</u>	<u>7.087.58</u>
2018 2019	<u>11.05</u>	<u>6.887.42</u>	<u>11.90</u>	<u>7.097.59</u>
2019 2020	<u>12.85</u> <u>11.29</u>	<u>7.047.59</u>	<u>14.00</u> <u>11.91</u>	<u>7.107.59</u>
2020 2021	<u>13.14</u> <u>11.55</u>	<u>7.207.76</u>	<u>14.02</u> <u>11.92</u>	<u>7.117.60</u>
2021 2022	<u>13.43</u> <u>11.81</u>	<u>7.367.93</u>	<u>14.03</u> <u>11.93</u>	<u>7.127.61</u>
2022 2023	<u>13.73</u> <u>12.07</u>	<u>7.528.11</u>	<u>14.05</u> <u>11.94</u>	<u>7.137.62</u>
2023 2024	<u>14.04</u> <u>12.34</u>	<u>7.698.29</u>	<u>14.07</u> <u>11.95</u>	<u>7.147.62</u>
2024 2025	<u>14.36</u> <u>12.62</u>	<u>7.878.48</u>	<u>14.08</u> <u>11.97</u>	<u>7.147.63</u>
2025 2026	<u>14.68</u> <u>12.91</u>	<u>8.048.67</u>	<u>14.10</u> <u>11.98</u>	<u>7.157.64</u>
2026 2027	<u>15.01</u> <u>13.20</u>	<u>8.228.86</u>	<u>14.12</u> <u>11.99</u>	<u>7.167.65</u>
2027 2028	<u>15.35</u> <u>13.49</u>	<u>8.419.06</u>	<u>14.14</u> <u>12.00</u>	<u>7.177.66</u>
2028 2029	<u>15.70</u>	<u>8.60</u>	<u>14.15</u>	<u>7.18</u>

- The Capacity Payment schedules contained in this Contract assume a term of ten years from the Avoided Unit In-Service Date. In the event the RF/QF requests a term greater than ten years but less than the Avoided Unit Life then PEFDEF shall prepare a schedule of Capacity Payments for the requested term. Such Capacity Payment rates shall be calculated utilizing the value-of-deferral methodology described in FPSC Rule 25-17.0832(6).

For any period during which energy is delivered by the RF/QF to ~~PEFDEF~~, 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 and (b) the Avoided Unit Energy Cost. The Avoided Unit Energy Cost, in cents per kilowatt - hour (¢/kWh) shall be defined as the product of (a) the Avoided Unit Fuel Cost and (b) the Avoided Unit Heat Rate; plus (c) the Avoided Unit Variable O&M.

For the purposes of this agreement, the Avoided Unit Fuel Cost shall be determined from gas price published in Platts Inside FERC, Gas Market Report, first of the month posting for Florida Gas Transmission (“FGT”) Zone 3, plus other charges, surcharges and percentages that are in effect from time to time.

The Parties may mutually agree to fix a minority portion of the base energy payments associated with the Avoided Unit and amortize that fixed portion, on a present value basis, over the term of the Contract. Such fixed energy payments may, at the option of the RF/QF, start as early as the Avoided Unit In-Service Date. For purposes of this paragraph, “base energy payments associated with the Avoided Unit” means the energy costs of the Avoided Unit to the extent that the Avoided Unit would have been operated. If this option is mutually agreed upon, it will be attached to this Contract in Appendix E.

ESTIMATED AS-AVAILABLE ENERGY COST

For informational purposes only, the estimated incremental avoided energy costs for the next four semi-annual periods are as follows. The following estimates include variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>Average ¢/KWH</u>
April 1, 2012-2013 - September 30, 2012 <u>2013</u>	<u>4.63.9</u>
October 1, 2012-2013 – March 31, 2013 <u>2014</u>	<u>3.83.5</u>
April 1, 2013-2014 – September 30, 2013 <u>2014</u>	<u>4.34.0</u>
October 1, 2013-2014 – March 31, 2014 <u>2015</u>	<u>4.03.9</u>



ESTIMATED UNIT FUEL COST

The estimated unit fuel costs listed below are associated with the Avoided Unit and are based on current estimates of the price of natural gas.

\$/MMBTU

<u>2013201</u>	<u>2014201</u>	<u>2015201</u>	<u>2016201</u>	<u>2017201</u>	<u>2018201</u>	<u>2019202</u>	<u>2020202</u>	<u>2021202</u>
<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>0</u>	<u>1</u>	<u>2</u>
<u>4.774.33</u>	<u>5.074.49</u>	<u>5.395.03</u>	<u>5.615.35</u>	<u>5.835.68</u>	<u>5.936.03</u>	<u>6.146.38</u>	<u>6.326.74</u>	<u>6.637.12</u>

DELIVERY VOLTAGE ADJUSTMENT

PEFDEF's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the PEFDEF's semi-annual fuel cost recovery filing with the FPSC in Exhibit Schedule E1. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined energy costs if the RF/QF is within PEFDEF's service territory to reflect the delivery voltage level at which RF/QF energy is received by the PEFDEF.

The current delivery voltage adjustment factors are:

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	<u>1.01740156</u>
Primary Voltage Delivery	<u>1.02740256</u>
Secondary Voltage Delivery	<u>1.05930598</u>

PERFORMANCE CRITERIA

Payments for firm Capacity are conditioned on the RF/QF's ability to maintain the following performance criteria:

A. Capacity Delivery Date

The Capacity Delivery Date shall be no later than the Avoided Unit In-Service Date.

B. Availability and Capacity Factor



SECTION No. IX
~~FIFTH-SIXTH~~ REVISED SHEET NO. 9.458
CANCELS ~~FOURTH-FIFTH REVISED~~ SHEET NO.
9.458

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 A to the Contract.



SCHEDULE 2
TO RATE SCHEDULE COG-2CAPACITY OPTION PARAMETERS

FIXED VALUE OF DEFERRAL PAYMENTS -
NORMAL CAPACITY OPTION PARAMETERS

Where, for one year deferral:

		Value
V_{AC_m}	= PEFDEF's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	12.85 <u>10.80</u>
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;	1.422 <u>1.420</u>
I_n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n;	1648.02 <u>1403.25</u>
O_n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Avoided Unit;	8.24 <u>5.52</u>
i_p	= annual escalation rate associated with the plant cost of the Avoided Unit;	2.25%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;	2.25%
r	= annual discount rate, defined as PEFDEF's incremental after-tax cost of capital;	6.47%
L	= expected life of the Avoided Unit;	25
n	= year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.	2019 <u>2018</u>



**FIXED VALUE OF DEFERRAL PAYMENTS -
EARLY CAPACITY OPTION PARAMETERS**

A_m	=	monthly avoided capital cost component of Capacity Payments to be made to the RF/QF starting as early as eight-four years prior to the Avoided Unit In-Service Date, in dollars per kilowatt per month;	<u>5.836.19</u>
i_p	=	annual escalation rate associated with the plant cost of the Avoided Unit;	2.25%
n	=	year for which early Capacity Payments to a RF/QF are to begin;	<u>20132014</u>
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 Avoided Unit and continued for a period of 10 years;	<u>789.94761.</u> <u>51</u>
r	=	annual discount rate, defined as PEFDEF 's incremental after-tax cost of capital;	6.47%
t	=	the Term, in years, of the Contract for the purchase of firm capacity commencing prior to the in-service date of the Avoided Unit;	<u>1614</u>
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 Avoided Unit and continued until the Termination Date.	<u>44.6133.87</u>