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ORIGINAL

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COMMISSION  
CLERK

April 3, 2006

VIA HAND DELIVERY

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk and  
Administrative Services  
Florida Public Service Commission  
Betty Easley Conference Center  
2540 Shumard Oak Boulevard, Room 110  
Tallahassee, FL 32399-0850

060314-EQ

**Re: Petition of Florida Power & Light Company for Approval of a  
Renewable Energy and Small Qualifying Facility Tariff  
and Standard Offer Contract**

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are an original and 15 copies of FPL's Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract. Also enclosed is a diskette containing FPL's Petition in Word.

Please contact me should you have any questions regarding this filing. Thank you for your assistance regarding this matter.

Sincerely,

Bryan S. Anderson

*Original Tariffs forwarded  
to ECR.*  
BSA:kn  
Enclosures  
cc: Tom Ballinger

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

02991 APR-3 08

FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light )  
Company for Approval of a Renewable Energy )  
Tariff and Standard Offer Contract )

Docket No. 060314-EQ  
Filed: April 3, 2006

**PETITION OF FLORIDA POWER & LIGHT COMPANY  
FOR APPROVAL OF A RENEWABLE ENERGY  
AND SMALL QUALIFYING FACILITY  
TARIFF AND STANDARD OFFER CONTRACT**

Florida Power & Light Company ("FPL"), by and through its counsel, and pursuant to Section 366.91, Florida Statutes (2005), respectfully requests that the Florida Public Service Commission (the "Commission") approve FPL's (i) proposed initial rate schedule QS-1, Standard Rate for Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a Design Capacity of 100 kW or Less ("Rate QS-1"); and (ii) Standard Offer Contract for the Purchase of Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a Design Capacity of 100 kW or Less (the "Standard Offer Contract").

The purpose of Rate QS-1 and the Standard Offer Contract is to implement the requirement contained in Section 366.91 that each Florida public utility must continuously offer a purchase contract to producers of renewable energy. Because the payment provisions of Rate QS-1 and the Standard Offer Contract are based on the same statute that defines the avoided cost principles applicable to FPL's existing qualified facility rate and standard offer contract, which implement Commission regulations relating to qualified facility contracts, FPL's proposed Rate QS-1 and Standard Offer Contract encompass not only renewable energy facilities as defined in Section 366.91 but are also proposed to be applicable to Qualified Facilities with a design capacity of 100 kW or less (collectively a "Qualified Seller" or "QS").

DOCUMENT NUMBER-DATE  
02991 APR-3 8

FPL requests that the tariff and standard offer contract become effective June 1, 2006, in order to maintain “continuously available” a standard offer to purchase renewable energy as defined in and required by Section 366.91. Copies of the revised tariff sheets for which FPL seeks approval are attached to this Petition in Final Format as Attachment A and in legislative format as Attachment B. In support of this Petition, FPL states as follows:

1. FPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapter 366 of the Florida Statutes. FPL’s General Offices are located at 9250 West Flagler Street, Miami, FL 33174. The Commission has jurisdiction pursuant to Section 366.91, Florida Statutes (2005) to establish rates at which a public utility shall purchase capacity and/or energy from specified renewable energy facilities, and also has jurisdiction pursuant to Commission regulations to establish rates at which a public utility shall purchase capacity and/or energy from small cogeneration facilities. FPL invokes that jurisdiction in filing this petition. FPL has a substantial interest in the rates it pays renewable energy facilities for capacity and energy.

2. Pleadings, motions, notices, orders or other documents required to be served upon the petitioner or filed by any party to this proceeding should be served upon the following individuals:

William G. Walker, III  
Vice President  
Florida Power & Light Company  
215 South Monroe Street  
Suite 810  
Tallahassee, FL 32301-1859  
(850) 521-3910  
(850) 521-3939 (telecopier)

Bryan Anderson  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
(561) 304-5253  
(561) 691-7135 (telecopier)

3. During 2005 the State of Florida enacted Section 366.91, Florida Statutes, which states in relevant part that:

(3) On or before, January 1, 2006, each public utility must continuously offer a purchase contract to producers of renewable energy. The commission shall establish requirements relating to the purchase of capacity and energy by public utilities from renewable energy producers and may adopt rules to administer this section. The contract shall contain payment provisions for energy and capacity which are based upon the utility's full avoided costs, as defined in Section 366.051; however, capacity payments are not required if, due to the operational characteristics of the renewable energy generator or the anticipated peak and off-peak availability and capacity factor of the utility's avoided unit, the producer is unlikely to provide any capacity value to the utility or the electric grid during the contract term. Each contract must provide a contract term of at least 10 years. Prudent and reasonable costs associated with a renewable energy contract shall be recovered from the ratepayers of the contracting utility, without differentiation among customer classes, through the appropriate cost-recovery clause mechanism administered by the commission.

Section 366.91, Florida Statutes (2005).

4. On August 24, 2005, the Commission issued a Notice of Proposed Rule Development providing notice of a rule development workshop. On September 12, 2005 the Commission conducted the referenced rule development workshop at which the Staff of the Commission reviewed with participants the requirements of Section 366.91, Florida Statutes, and requested the agreement of FPL and other utilities to submit proposed tariffs and standard offer contracts to implement that Section consistent with the time frame provided in the statute. The Staff of the Commission asked, and FPL agreed, that FPL would submit its proposed tariff and standard offer contract for renewable energy facilities by not later than October 14, 2005.

5. Accordingly, on October 14, 2005, FPL filed with the Commission its Petition for Approval of a Renewable Energy Tariff and Standard Offer Contract. In its Petition, FPL requested that the Commission approve FPL's proposed initial rate schedule REF-1 ("REF-1") and standard offer contract in order to implement the requirement contained in Section 366.91

that on or before January 1, 2006, each Florida public utility must continuously offer a purchase contract to producers of renewable energy.

6. At its December 20, 2005, Agenda Conference, the Commission considered its Staff' recommendations addressing FPL's and other utilities' proposed renewable energy tariffs and standard offer contracts. With various amendments, discussed by the Commission in its Order No. PSC-05-1260-TRF-EQ, dated December 27, 2005, the Commission found that the tariffs and standard offer contracts proposed by FPL and other utilities met the minimum requirements of Section 366.91, Florida Statutes. FPL proceeded as directed in the Commission's Order No. PSC-05-1260-TRF-EQ to refile its renewable energy tariff and standard offer contract for administrative approval by the Staff of the Commission, after which FPL's initial rate schedule REF-1 and standard offer contract were approved and made effective as of January 1, 2006, consistent with Section 366.91, Florida Statutes. One of the changes made was that FPL's standard offer provided for in rate schedule REF-1 and its standard offer contract expires June 1, 2006.

7. On February 17, 2006 the Commission issued a Notice of Staff Workshop to Investor-Owned Utilities, the Office of Public Counsel and other interested persons. The notice provided for a March 6, 2006 workshop to be held at the Commission's offices in Tallahassee, Florida to receive input related to the implementation of Section 366.91, Florida Statutes, concerning the provision of standard offer contracts for renewable energy resources. On March 6, 2006, the Commission, representatives of Staff, FPL, other Florida investor-owned utilities, and others interested in renewable energy in Florida met at the Staff Workshop. Several presentations were made and extended discussions were conducted concerning renewable energy facilities, standard offer contracts and other matters related to the implementation of Section 366.91.

8. FPL files the present petition because as described above, its standard offer contained in its present renewable energy tariff REF-1 and standard offer contract expires June 1, 2006. Accordingly, in order to ensure that FPL will continue to have a standard offer within the meaning of Section 366.91 “continuously available” as required by that Section, FPL submits herewith its initial sheets QS-1 and standard offer contract and requests that they become effective June 1, 2006.

9. In developing the pricing terms for the QS-1 tariff and standard offer contract submitted with this petition, FPL used the definition of “full avoided costs” contained in Section 366.051, Florida Statutes, as required by the terms of Section 366.91. Section 366.051 defines “full avoided costs” as follows:

A utility’s “full avoided costs” are the incremental costs to the utility of the electric energy or capacity, or both, which, but for the purchase from cogenerators or small power producers, such utility would generate itself or purchase from another source.

Section 366.051, Florida Statutes.

10. The detailed formula for computing FPL’s full avoided costs is contained in the QS-1 tariff sheets that have been submitted for approval, and is the same formula used for determining avoided costs in the Commission’s Rule 25-17.0832.

11. On the same date as this Petition, FPL is making its scheduled submittal to the Commission of its 2006 Ten Year Site Plan. During 2005 FPL experienced greater electric load growth than had been expected and has preliminarily identified a significant increase in peak load. As described in the 2006 Ten Year Site Plan, this increase in peak electric load results in the need to add electric generation capacity beginning in 2008. Installation of an approximately 160 MW combustion turbine (“CT”) capacity is the best new generating unit construction alternative for meeting emergent load on relatively short notice. Considering the increment of

capacity likely to be needed and the comparatively short time for permitting and installing such capacity, FPL believes that CT construction may reasonably be deferred or avoided if sufficient renewable energy capacity is made available under Rate QS-1.

12. Accordingly, FPL has based the pricing for the standard offer contract under Rate Schedule QS-1 on the cost and characteristics of the CT electric generating unit described in FPL's 2006 Ten Year Site Plan with an in-service date of June 2008. FPL has also specified 160 MW, which is the approximate size of the CT unit, as the subscription limit for purposes of Rate QS-1. Attachment C to this petition contains the detailed economic assumptions used in determining the full avoided costs that are reflected in Rate QS-1 and the standard offer contract.

13. Based upon presentations made and discussions that occurred at the March 6, 2006 Staff workshop discussed above, FPL has made several revisions to its standard offer contract and Rate QS-1 in comparison with FPL's Rate REF-1 and its associated standard offer contract. The revisions are intended to provide additional contractual and operating flexibility that FPL hopes will be useful to Qualified Sellers considering sales of capacity and energy to FPL under the terms and conditions of Rate QS-1 and the Standard Offer Contract, while at the same time retaining contract features necessary to protect FPL's customers and that comply with Section 366.91, Florida Statutes. Under the proposed Rate QS-1 and Standard Offer Contract, and compared with Rate REF-1 and its associated standard offer contract:

- Renewable energy facilities as defined in Section 366.91 and cogeneration facilities with a design rating of 100 KW are eligible (Standard Offer Contract, Ex. A, p. 1);
- Capacity test requirements have been revised to reduce the number of annual tests FPL has the right to require unless the Facility experiences poor performance (Standard Offer Contract, Ex. A, Section 5.3);

- Provisions for outage dates have been extended in order to permit greater periods of time for periodic maintenance to the extent consistent with manufacturers' recommendation for the Facility's technology, as long as consistent with good industry practice (Standard Offer Contract, Ex. A, Section 8.2);
- Dispatch requirements have been modified to provide greater flexibility. For example, the control of the capacity and energy output of facilities with less than 75 MW capacity are the responsibility of the Seller under normal system conditions, and facilities with greater than 75 MW capacity may now specify the number of minutes it may take them to deliver the capacity and energy being requested by FPL based on the operating limitations of the generating equipment (Standard Offer Contract, Ex. A, Section 8.4.7);
- Default provisions and capacity payment provisions have been revised to take into account higher capacity delivery requirements for specified peak periods and lower capacity delivery requirements for other periods in determining contract compliance and eligibility for capacity payments so as to ensure that reliable capacity is provided to serve FPL's customers (Appendix B to the Standard Offer Contract, Ex. A, Sections 1(A) and (B));
- The contract term has been revised to extend ten years from the Capacity Delivery Date of FPL's next planned generating unit, from June 1, 2008 to May 31, 2018. FPL's exemplar payment schedules have also been revised to reflect this change, remembering that specific payment schedules for an individual project would be produced by FPL using the methodologies specified in Rate QS-1 in order to accommodate specific service dates chosen by the QS and agreed to by FPL. (Standard Offer Contract, Ex. A, Section 2).

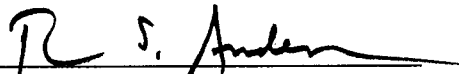


14. FPL does not propose to establish additional standard offer contracts based upon other generating units discussed in the Company's 2006 Ten Year Site Plan, for the reasons stated in the Investor-Owned Utilities' comments discussed with the Commission on March 6, 2006 and submitted as post-hearing comments. However, FPL would be willing to explore individually negotiated contracts that may contain different terms and conditions from those specified in the Standard Offer Contract. FPL believes that, based upon its experience, negotiated contracts are best suited to matching the specific sizes, fuel types, locations, and operating characteristics of different kinds of facilities from which facility developers and owners may wish to sell capacity and energy.

15. FPL is not aware of any contested issues of material fact with respect to this Petition.

WHEREFORE, for the foregoing reasons, FPL respectfully requests that the Commission grant FPL's Petition and approve FPL's proposed initial rate schedule QS-1 and Standard Offer Contract, in the form attached hereto as Attachment A, with an effective date of June 1, 2006.

Respectfully submitted,

By:   
Bryan Anderson  
Senior Attorney  
Authorized House Counsel No. 219511  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
(561) 304-5253  
(561) 691-7135 Telecopier

FPL ACCOUNT No. \_\_\_\_\_

FPL PREMISE No. \_\_\_\_\_

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

**THIS CONTRACT** is made and entered this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (the Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less, either Facility hereinafter to be referred to as Qualified Seller or "QS"), and Florida Power & Light Company (hereinafter "FPL") a private utility corporation organized and existing under the laws of the State of Florida. The QS and FPL shall be identified herein as the "Parties". This Contract contains four Appendices; Appendix A, QS-1 Standard Rate for Purchase of Firm Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; and Appendix D, Detailed Project Information.

**WITNESSETH:**

**WHEREAS**, the QS desires to sell, and FPL desires to purchase electricity to be generated by the QS consistent with Section 366.91, Florida Statutes, and/or FPSC Rules 25-17.082 through 25-17.091, F.A.C.

**WHEREAS**, the QS has signed an interconnection agreement with FPL, or represents or warrants that it has entered into a valid and enforceable interconnection/transmission service ("Wheeling") agreement with the utility in whose service territory the Facility is to be located, pursuant to which the QS assumes contractual responsibility to make any and all wheeling-related arrangements (including control area services) between the QS and the wheeling utility for delivery of the Facility's firm capacity and energy to FPL; and

**WHEREAS**, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and

**WHEREAS**, the QS guarantees that the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract and;

**WHEREAS**, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a QS energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost-recovery clause mechanism" administered by the FPSC.

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

**1. QS Facility**

The QS contemplates installing and operating a \_\_\_\_\_ KVA \_\_\_\_\_ generator located at \_\_\_\_\_ (hereinafter called the "Facility").

The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor. The facility's location and generation capabilities are as described in the table below.

<b>TECHNOLOGY AND GENERATOR CAPABILITIES</b>	
<b>Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)</b>	<b>City: County:</b>
<b>Generator Type (Induction or Synchronous)</b>	
<b>Type of Facility (Hydrogen produced from sources other than fossil fuels, biomass as defined in Section 366.91 (2)(a), Florida Statutes, solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, waste heat from sulfuric acid manufacturing operations: or &lt;100KW cogenerator)</b>	
<b>Technology</b>	
<b>Fuel Type and Source</b>	
<b>Generator Rating (KVA)</b>	
<b>Maximum Capability (kW)</b>	
<b>Minimum Load</b>	
<b>Peaking Capability</b>	
<b>Net Output (kW)</b>	
<b>Power Factor (%)</b>	
<b>Operating Voltage (kV)</b>	
<b>Peak Internal Load kW</b>	

(Continued on Sheet No. 9.871)

(Continued from Sheet No. 9.870)

(a) The QS's accurate completion of the foregoing table in its entirety is a condition precedent to this Contract becoming effective.

The following sections (b) through (e) are applicable to Renewable Energy Facilities and section (f) is only applicable to Qualifying Facilities with a design capacity of 100 KW or less:

- (b) If the QS is a Renewable Energy Facility, the QS represents and warrants that the sole source(s) of fuel or power used by the Facility to produce energy for sale to FPL during the term of this Contract shall be such sources as are defined in and provided for pursuant to Sections 366.91(2) (a) and (b), Florida Statutes.
- (c) The Parties agree and acknowledge that if the QS is a Renewable Energy Facility, the QS will not charge for and FPL shall have no obligation to pay for any electrical energy produced by the Facility except from a fuel or power source as provided for in paragraph 1(b) above.
- (d) If the QS is a Renewable Energy Facility, the QS shall annually, within thirty (30) days after the anniversary date of this Contract, deliver to FPL at the address provided for notices a report certified by an officer of the QS (i) stating the type and amount of each source of fuel or power used by the QS to produce electrical energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all electrical energy sold by the QS to FPL during the Contract Year complies with Sections 1(b) and (c) of this contract.
- (e) If the QS is a Renewable Energy Facility, the QS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91, Florida Statutes, and that the QS shall continue to meet the requirements of that Section throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the QS that FPL deems necessary to verify that the Facility meets such requirements.
- (f) The facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). QS's that are qualifying facilities with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the QS shall provide to FPL a certificate signed by an officer of the QS certifying that the Facility has continuously maintained qualifying facility status.

**2. Term of Contract**

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall terminate at 12:01 a.m. May 31, 2018, 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 QS before June 1, 2008, or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

**3. Minimum Specifications**

The following minimum specifications pertaining to this Contract:

- 1. The avoided unit ("Avoided Unit") on which this Contract is based is a 160 MW combustion turbine unit.
- 2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 160 MW (the "Subscription Limit").
- 3. This offer shall expire on April 1, 2007.
- 4. The date by which firm capacity and energy deliveries from the QS to FPL shall commence is June 1, 2008 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
- 5. The period of time over which firm capacity and energy shall be delivered from the QS to FPL is the ten (10) year period beginning on June 1, 2008.
- 6. The following are the minimum performance standards for the delivery of firm capacity and energy by the QS to qualify for full capacity payments under this Contract:

	On Peak *	All Hours
Availability	90.0%	80.0%

\* QS Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule QS-1 attached hereto as Appendix A

**4. Sale of Electricity by the QS**

4.1 Consistent with the terms hereof, the QS shall sell to FPL and FPL shall purchase from the QS all of the electric power generated by the Facility. FPL shall have the sole right to purchase all energy and capacity from the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause the QS to sell more than the Facility's net output. The billing methodology may be changed at the option of the QS, subject to the provisions of FPL Rate Schedule QS-1.

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

(Continued on Sheet No. 9.872)

(Continued from Sheet No. 9.871)

**5. Committed Capacity/Capacity Delivery Date**

- 5.1 The QS commits to sell capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at \_\_\_\_\_ kW, with an expected Capacity Delivery Date of June 1, 2008.
- 5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than January 1, 2006 and testing must be completed by 11:59 p.m., May 31, 2008. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the QS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.
- 5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the QS, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test. a) once per each Summer period and once per each Winter period at FPL's sole discretion b) at any time QS claims it is unable to comply with any material obligation under this contract for a period of (30) days or more in the aggregate as a consequence of an event of Force Majeure and c) at any time the QS fails in three consecutive months to achieve an ACBF equal to or greater than 70%, the results of any such test shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.
- 5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, with such consent not to be unreasonably withheld by FPL.
- 5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.
- 5.6 In no event shall FPL make capacity payments to the QS prior to the Capacity Delivery Date.
- 5.7 The QS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after June 1, 2006 and on or before June 1, 2008 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before June 1, 2008, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the QS up to an additional five (5) months to achieve the Capacity Delivery Date. If the QS fails to achieve the Capacity Delivery Date either (i) by June 1, 2008 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

**6. Testing Procedures**

- 6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the QS by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.
- 6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. If the QS is a Renewable Energy Facility the Committed Capacity Test shall be conducted utilizing as the sole fuel source fuels or energy sources included in the definition in Section 366.91, Florida Statutes. The Committed Capacity Test Period shall commence at the time designated by the QS pursuant to Section 6.1 or at such time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.

(Continued on Sheet No. 9.873)

(Continued from Sheet No. 9.872)

- 6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.
- 6.4 The Capacity of the Facility (the "Capacity") shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the QS.
- 6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the QS within seven (7) days of the conclusion of the Committed Capacity Test.
- 7. Payment for Electricity Produced by the Facility**
- 7.1 Energy**  
FPL agrees to pay the QS for energy produced by the Facility and delivered to FPL in accordance with the rates and procedures contained in FPL's approved Rate Schedule QS-1, attached hereto as Appendix A, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule QS-1 as approved and on file with the FPSC.
- 7.2 Capacity**  
FPL agrees to pay the QS for the capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule QS-1, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule QS-1. The QS understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the QS has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once so selected, this option cannot be changed for the life of this Contract.
- 7.3 Payments**  
Payments due the QS will be made monthly and normally by the twentieth business day following the end of the billing period. A statement of the kilowatt-hours sold by the QS and the applicable avoided energy rate at which payments are being made shall accompany the payment to the QS.
- 8. Electricity Production and Plant Maintenance Schedule**
- 8.1 No later than sixty (60) days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the QS shall submit to FPL in writing a detailed plan of the amount of electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.
- 8.2 By October 31 of each calendar year, FPL shall notify the QS in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the QS of the time period closest to the requested period(s) when the outage(s) can be scheduled. The QS shall only schedule maintenance outages during periods approved by FPL, 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 event 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 7 days per calendar year unless the manufacturer's recommendation of maintenance outage days for the technology and equipment used by the Facility exceeds such 7 day period, provided such number of days is considered reasonable by industry standards and does not exceed two (2) fourteen (14) day intervals, one in the Spring and one in the Fall, in any calendar year. The scheduled maintenance outage days applicable for the QS are \_\_\_\_\_ days in the Spring and \_\_\_\_\_ days in the Fall of each calendar year, provided the conditions specified in the previous sentence are met. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including October 31st and December 1 through and including February 28 (or 29<sup>th</sup> as the case may be).

(Continued on Sheet No. 9.874)

(Continued from Sheet No. 9.873)

- 8.3 The QS shall comply with reasonable requests by FPL regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.
- 8.4 **Dispatch and Control**
- 8.4.1 Power supplied by the QS hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_,000 volts ( \_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.
- 8.4.2 The QS shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The QS shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The QS shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.
- 8.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the QS reconnect the Facility into FPL's system without first obtaining FPL's specific approval.
- 8.4.4 During the term of this Contract, the QS shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. If the Facility has a Committed Capacity as defined in Section 5 greater than 10 MW then, the QS shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. If the facility has a Committed Capacity as defined in Section 5 equal to or less than 10 MW then the QS shall ensure that operating personnel are on duty at least eight hours per day from 8 AM to 5 PM from Monday to Friday, with an operator on call at all other hours. Additionally, during the term of this Contract, the QS 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.
- 8.4.5 FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or in the event that FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the QS prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.
- 8.4.6 After providing notice to the QS, FPL shall not be required to accept or purchase energy from the QS during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the QS as much prior notice as practicable of its intent not to accept energy pursuant to this Section.
- 8.4.7 If the Facility has a Committed Capacity as defined in Section 5 less than 75 MW, control of capacity and energy shall be the responsibility of the QS. If the Facility has a Committed Capacity as defined in Section 5 greater than or equal to 75 MW, control of capacity and energy shall be the responsibility of the QS, except during a Dispatch Hour. Any clock hour for which FPL requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour." During Dispatch, i) control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL and ii) FPL may request that the real power output be at any level up to the Committed Capacity of the Facility but shall not require the real power output of the Facility to be below the Facility's Minimum Load without decommitting the Facility. FPL's exercise of its rights under this Section 8.4.7 shall not give rise to any liability on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing. The Facility shall deliver the capacity and energy being requested by FPL, within \_\_\_\_\_ minutes, taking into account the operating limitations of the generating equipment as specified by the manufacturer, provided such time period specified herein is considered reasonable by industry standards for the technology and equipment being utilized and assuming the Facility is operating at or above its Minimum Load. Start-up time from Cold Shutdown and Facility Turnaround time from Hot to Hot will be taken into consideration provided they are reasonable and consistent with good industry practices for the technology and equipment being utilized. These Operating Characteristics shall have been provided by the Facility pursuant to Appendix D, Section IV of Rate Schedule QS-1.

(Continued on Sheet No. 9.875)

(Continued from Sheet No. 9.874)

8.4.8 If the Facility has a Committed Capacity as defined in Section 5 of less than 75 MW, FPL may require during certain periods, by oral, written, or electronic notification that the Facility reduce its output to a level that is below the Committed Capacity but is not lower than the Facility's Minimum Load. FPL shall provide as much notice as practicable of at least 4 hours. The frequency of such request shall not exceed 18 times per calendar year and the duration of each request shall not exceed 4 hours. FPL shall use reasonable efforts to minimize the frequency and duration of such requests.

## 9. Completion/Performance Security

9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the QS shall provide FPL either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1<sup>st</sup>) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a bond issued by a financially sound company in form and substance acceptable to FPL; or (c) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:

\$30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.

9.2 The specific security instrument provided for purposes of this Contract is:

- unconditional, irrevocable, direct pay letter(s) of credit.
- Bond.
- cash deposit(s) with FPL.

9.3 FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the QS. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the QS to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the QS of the requirement to replace. Failure by the QS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a QS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the QS operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.

9.6 If an Event of Default has not occurred and the QS fails to achieve the Capacity Delivery Date on or before June 1, 2008 or such later date as permitted by FPL pursuant to Section 5.7, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before June 1, 2008 or such later date as permitted by FPL pursuant to Section 5.7, then the QS shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per kW (for the number of kW set forth in Section 5.1).

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- 9.7 In the event that FPL requires the QS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the QS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the QS to perform a Committed Capacity Test or if the QS successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the QS shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

#### 10. Termination Fee

- 10.1 In the event that the QS receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the QS shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The QS's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the QS, on a monthly basis, a calculation of the Termination Fee.
- 10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the QS by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date; (ii) a bond issued by a financially sound company in form and substance acceptable to FPL; or (iii) a cash deposit with FPL (any of ( i ), (ii), or (iii), the "Termination Security"). The specific security instrument selected by the QS for purposes of this Contract is:
- Unconditional, irrevocable, direct pay letter(s) of credit
  - Bond
  - Cash deposit(s) with FPL
- 10.1.2 FPL shall have the right to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPL may require the QS to replace the letter(s) of credit or the bond, as applicable. In the event that FPL notifies the QS that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the QS to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.
- 10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPL's issuance of the Termination Fee calculation as described in Section 10.1, the QS must provide within 10 days, FPL with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the QS shall be obligated to deliver within five (5) days of such request, such Security Documentation. Failure by the QS to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.
- 10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one-hundred percent (100%) of the Termination Security.

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**11. Performance Factor**

FPL desires to provide an incentive to the QS to operate the Facility during on-peak and off-peak periods in a manner which approximates the projected performance of FPL's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

**12. Default**

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

- (a) The QS fails to meet the applicable requirements specified in Section 1 of this Contract;
- (b) The QS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
- (c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 70%;
- (d) The QS fails to comply with any of the provisions of Section 9.0 hereof;
- (e) The QS fails to comply with any of the provisions of Section 10.0 hereof;
- (f) The QS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the QS or if a receiver shall be appointed for the QS or any of its assets or properties; or if any part of the QS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the QS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (g) The QS fails to give proper assurance acceptable to FPL of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
- (h) The QS materially fails to perform as specified under this Contract, including, but not limited to, the QS's obligations under any part of Sections 8, 9, 10, and 14-18.
- (i) The QS fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than December 1, 2007;
- (j) The QS fails to comply with any of the provisions of Section 18.3 Project Management hereof;
- (k) Any of the representations or warranties made by the QS in this Contract is false or misleading in any material respect as of the time made;
- (l) The occurrence of an event of default by the QS under the Interconnection Agreement;
- (m) The QS fails to satisfy its obligations under Section 18.15 of this Contract;
- (n) The QS breaches any material provision of this Contract not specifically mentioned in this Section 12; or
- (o) If at any time after the Capacity Delivery Date, the QS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

**13. FPL's Rights in the Event of Default**

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

- 13.1.1 terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the QS, and offset against any payment(s) due from FPL to the QS, any monies otherwise due from the QS to FPL;
- 13.1.2 enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof; or
- 13.1.3 exercise any other remedy(ies) which may be available to FPL at law or in equity.

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

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**14. Indemnification**

- 14.1 FPL and the QS shall each be responsible for its own facilities. FPL and the QS shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the QS's personnel and equipment, and for the protection of its own generating system. Subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company – Governmental, FPL's General Rules and Regulations of Tariff Sheet No.6.020 each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnified Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "QS Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:
- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;
  - (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
  - (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
  - (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or
  - (e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.
- 14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

**15. Insurance**

- 15.1 The QS shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "QS Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the QS Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the QS's equipment or by the QS's failure to maintain the Facility or the QS's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the QS Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the QS Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the QS and not FPL.
- 15.2 The QS Insurance shall have a minimum limit of one million Dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.
- 15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the QS shall enter into negotiations to develop substitute protection which the parties in their reasonable judgment deem adequate.

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- 15.4 To the extent that the QS Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the QS Entities. Furthermore, to the extent the QS Insurance is on a "claims made" basis, the QS's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the QS Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the QS during the term of this Contract.
- 15.5 The QS Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The QS shall provide FPL with a copy of any material communication or notice related to the QS Insurance within ten (10) business days of the QS's receipt or issuance thereof.
- 15.6 The QS shall be designated as the named insured and FPL shall be designated as an additional named insured under the QS Insurance. The QS Insurance shall be endorsed to be primary to any coverage maintained by FPL

#### 16. Force Majeure

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement). Equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, shall not be considered an event of Force Majeure, unless the QS can conclusively demonstrate, to the reasonable satisfaction of FPL, that the event was not reasonably foreseeable, was beyond the QS's reasonable control and was not caused by the negligence or lack of due diligence of the QS or its contractors or suppliers.

- 16.1 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.
- 16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure, in either case within two (2) business days thereof.
- 16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.
- 16.4 If the QS suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the QS may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the QS. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

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- 16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the QS shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPL shall have no obligation to make capacity payments hereunder.
- 16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the QS shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.
- 16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.
- 16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.
- 16.9 The QS agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same is (are) rendered inoperable due to actions of the QS, its agents, or Force Majeure events affecting the QS, the Facility or the interconnection with FPL. FPL agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.

**17. Representations, Warranties, and Covenants of QS**

The QS represents and warrants that as of the Effective Date:

**17.1 Organization, Standing and Qualification**

The QS is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The QS is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.

**17.2 Due Authorization, No Approvals, No Defaults, etc.**

Each of the execution, delivery and performance by the QS of this Contract has been duly authorized by all necessary action on the part of the QS, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the QS or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the QS, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the QS, or any agreement, judgment, injunction, order, decree or other instrument binding upon the QS, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

**17.3 Compliance with Laws**

The QS has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The QS is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the QS or FPL.

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**17.4 Governmental Approvals**

Except as expressly contemplated herein, neither the execution and delivery by the QS of this Contract, nor the consummation by the QS of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the QS has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

**17.5 No Suits, Proceedings**

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the QS, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the QS's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The QS has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

**17.6 Environmental Matters****17.6.1 QS Representations**

To the best of its knowledge after diligent inquiry, the QS knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

**17.6.2 Ownership and Offering For Sale Of Renewable Energy Attributes**

- a. The REF retains any and all rights to own and to sell any and all environmental attributes associated with the electric generation of the facility, including but not limited to any and all renewable energy certificates, "green tags" or other tradable environmental interests (collectively "RECs"), of any description, provided that: (i) FPL shall have a right of first refusal with respect to any and all bona fide offers to purchase any RECs; and (ii) the REF shall not sell RECs to any party at a price less than that charged by FPL.
- b. Notwithstanding the provisions of the foregoing Section 17.6.2.(a), in the event that, after FPL has declined an offer to purchase RECs, the REF wishes to sell RECs to another party at a price less than that already contracted for by FPL, the REF may proceed with such sale so long as (i) the price paid by FPL for any and all future purchases of RECs from the REF shall be adjusted to be equal to the lowest price at which the REF agrees to sell RECs to another party; and (ii) the REF shall refund to FPL the amount by which any past FPL purchases of RECs from the REF exceeds the lowest price that the REF agrees to charge another buyer.

**18. General Provisions****18.1 Project Viability**

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

**18.2 Permits**

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

(Continued on Sheet No. 9.882)

(Continued from Sheet No. 9.881)

**18.3 Project Management**

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

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

**18.4 Assignment**

The QS may not assign this Contract, without FPL's prior written approval, which approval may be withheld in FPL's sole discretion.

**18.5 Disclaimer**

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

**18.6 Notification**

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals 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 the QS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For FPL:

**Florida Power & Light Company**  
Manager,  
**Purchased Power**  
P. O. Box 029100  
Miami, FL 33102-9100

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power & Light Company  
9250 West Flagler Street  
Miami, FL 33174

Attention: Manager, Purchased Power  
Resource Assessment and Planning Department

(Continued on Sheet No. 9.883)

(Continued from Sheet No. 9.882)

#### 18.7 Applicable Law

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with, the laws of the State of Florida, without regard to conflict of law rules thereof.

#### 18.8 Taxation

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

#### 18.9 Severability

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

#### 18.10 Complete Agreement and Amendments

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

#### 18.11 Survival of Contract

This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

#### 18.12 Record Retention

The QS agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all QS Entities to retain for the same period all such records.

#### 18.13 No Waiver

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

#### 18.14 Set-Off

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the QS against sums due to the QS hereunder.

(Continued on Sheet No. 9.884)

(Continued from Sheet No. 9.883)

18.15 Assistance With FPL FIN 46R Compliance

Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require FPL to evaluate whether the QS must be consolidated, as a variable interest entity (as defined in FIN 46R), in the financial statements of FPL. The QS agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of a the evaluation under FIN 46R indicates that the QS must be consolidated in the financial statements of FPL, the QS agrees to provide financial statements, together with other required information, as determined by FPL< for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission ("SEC"). The QS shall provide this information to FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at FPL's discretion. The QS also agrees to fully cooperate with FPL and FPL's independent auditors in completing an assessment of the QS's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of FPL. FPL will treat any information provided by the QS in satisfying Section 18.15 as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

IN WITNESS WHEREOF, the QS and FPL executed this Contract this \_\_\_\_\_ day of \_\_\_\_\_.

WITNESS:

FLORIDA POWER & LIGHT COMPANY

\_\_\_\_\_

\_\_\_\_\_

WITNESS:

Date \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_(QS)

Date \_\_\_\_\_



**RATE SCHEDULE QS-1  
APPENDIX A  
TO THE STANDARD OFFER CONTRACT  
STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY  
FROM A RENEWABLE ENERGY FACILITY  
OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS**

**SCHEDULE**

QS-1, Firm Capacity and Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17-0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company's obligation to contract to purchase firm capacity from such facilities by means of this schedule and the Standard Offer Contract will continue only as long and to the extent that, the subscription limit is not exceeded. In addition, the Company will petition the FPSC for closure upon any of the following: (a) the utility fully subscribes the subscription limit on capacity of its Avoided Unit (b) the utility commences construction of its Avoided Unit, or (c) the utility issues an RFP, required by Rule 25-22.082, F.A.C. for the Avoided Unit.

**APPLICABLE**

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

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

**CHARACTER OF SERVICE**

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

**LIMITATION**

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

- A. Commit to commence deliveries of firm capacity and energy no later than June 1, 2008, and to continue such deliveries for a period of 10 years;
- B. Provide capacity which would not result in the capacity subscription limit for the Company of 160 MW to be exceeded; and
- C. Are not currently under contract with the Company or with any other entity for the Facility's output.

**RATES FOR PURCHASES BY THE COMPANY**

Firm Capacity and Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's Avoided Unit has been identified as a 160 MW combustion turbine unit with an in-service date of June 1, 2008. Appendix I to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.091, Florida Statute and to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

**A. Firm Capacity Rates**

Four options, A through D, as set forth below, are available for payment of firm capacity which is produced by a QS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Capacity which the QS has contractually committed to deliver to the Company and are based on a contract term which extends ten (10) years beyond June 1, 2008. Payment schedules for other contract terms will be made available to any QS upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

(Continued on Sheet No. 10.501)

(Continued from Sheet No. 10.500)

**Adjustment to Capacity Payment**

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

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

**Option A - Fixed Value of Deferral Payments - Normal Capacity**

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of June 1, 2008, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

**Option B - Fixed Value of Deferral Payments - Early Capacity**

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as two years prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the QS and calculated as shown on Appendix I.

The QS shall select the month and year in which the deliveries of firm capacity and energy to the Company are to commence and capacity payments are to start. The Company will provide the QS with a schedule of capacity payment rates based on the month and year in which the deliveries of firm capacity and energy are to commence and the term of the Standard Offer Contract. The following exemplary payment schedule is based on a contract term which extends ten (10) years beyond the anticipated in-service date of the Company's Avoided Unit.

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH  
2008 COMBUSTION TURBINE AVOIDED UNIT (160 MW)  
STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
(\$/kW/MONTH)

Contract Year From	To	Option A	Option B	
		Normal Payment Starting 06/01/2008	Fixed Value of Deferral Payments - Early Capacity 06/01/2007 06/01/2006	
6/1/2006	5/31/2007			3.87
6/1/2007	5/31/2008		4.48	3.99
6/1/2008	5/31/2009	5.21	4.61	4.11
6/1/2009	5/31/2010	5.36	4.74	4.23
6/1/2010	5/31/2011	5.52	4.88	4.35
6/1/2011	5/31/2012	5.68	5.03	4.48
6/1/2012	5/31/2013	5.85	5.17	4.61
6/1/2013	5/31/2014	6.02	5.33	4.75
6/1/2014	5/31/2015	6.20	5.48	4.89
6/1/2015	5/31/2016	6.38	5.64	5.03
6/1/2016	5/31/2017	6.57	5.81	5.18
6/1/2017	5/31/2018	6.77	5.98	5.33

(Continued on Sheet No. 10.502)

(Continued from Sheet No. 10.501)

**Option C - Fixed Value of Deferral Payment - Levelized Capacity**

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance portion of the capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. These calculations are shown in Appendix I.

**Option D - Fixed Value of Deferral Payment - Early Levelized Capacity**

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of the capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the QS, payments for early levelized capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the QS is delivering firm capacity and energy to the Company pursuant to the terms of the Standard Offer Contract.

EXAMPLE MONTHLY CAPACITY PAYMENT IN \$/kW/MONTH  
 2008 COMBUSTION TURBINE AVOIDED UNIT (160 MW) LEVELIZED CAPITAL  
 AVOIDED CAPACITY PAYMENTS  
 (\$/kW/MONTH)

Contract Year Starting From	To	Option C*	Option D (Early O&M)*	
		Levelized Payment 06/01/2008	Fixed Value of Deferral Payments - Early Capacity 06/01/2007 06/01/2006	
6/1/2006	5/31/2007			4.37
6/1/2007	5/31/2008		5.00	4.39
6/1/2008	5/31/2009	5.77	5.02	4.40
6/1/2009	5/31/2010	5.79	5.04	4.42
6/1/2010	5/31/2011	5.80	5.05	4.43
6/1/2011	5/31/2012	5.83	5.07	4.45
6/1/2012	5/31/2013	5.85	5.09	4.46
6/1/2013	5/31/2014	5.87	5.11	4.48
6/1/2014	5/31/2015	5.89	5.12	4.50
6/1/2015	5/31/2016	5.91	5.14	4.51
6/1/2016	5/31/2017	5.93	5.16	4.53
6/1/2017	5/31/2018	5.96	5.18	4.55

\*Annual Variation is due to fixed operation and maintenance component of the capacity payment.

**B. Energy Rates**

**(1) Payments Prior to June 1, 2008**

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

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

(Continued on Sheet No. 10.503)

(Continued from Sheet No. 10.502)

(2) **Payments Starting on June 1, 2008**

The calculation of payments to the QS for energy delivered to FPL on and after June 1, 2008 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which energy is delivered by the QS to FPL, the firm energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) an average annual heat rate of 10,400 BTU per kilowatt hour; plus (c) an additional .081¢ per kilowatt hour in mid 2008 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of energy from the geographical area of the Company in which the QS is located. Energy payments to QS's located outside the Company's service territory reflect the region in which the interchange point for the delivery of energy is located.

**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. In addition, avoided energy cost payments will include .0022¢/kWh for variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
April 1, 2006 – September 30, 2006	8.49	7.89	8.07
October 1, 2006 – March 31, 2007	8.52	7.24	7.62
April 1, 2007 – September 30, 2007	8.11	7.50	7.68
October 1, 2007 – March 31, 2008	7.84	6.64	7.00

A MW block size ranging from 42 MW to 47 MW has been used to calculate the estimated As-Available energy cost.

**ESTIMATED UNIT FUEL COST**

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

<u>\$/MMBTU</u>									
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
7.98	7.30	6.38	6.40	6.63	6.86	7.10	7.28	7.73	8.34

**DELIVERY VOLTAGE ADJUSTMENT**

Energy payments to the QS's within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0210
Secondary Voltage Delivery	1.0456

(Continued on Sheet No. 10.504)

(Continued from Sheet No. 10.503)

**PERFORMANCE CRITERIA**

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

**A. Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., June 1, 2008).

**B. Availability and Capacity Factor**

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

**METERING REQUIREMENTS**

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

For the purpose of this Schedule, the on-peak hours shall be those hours occurring July 1 through October 31, prevailing Eastern time from 12 noon to 9:00 p.m. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.

**BILLING OPTIONS**

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

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

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

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

**CHARGES TO ENERGY FACILITY**

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

**A. Customer Charges:**

<u>Rate Schedule</u>	<u>Customer Charge (\$)</u>	<u>Rate Schedule</u>	<u>Customer Charge (\$)</u>
GS-1	8.24	CST-1	100.74
GST-1	11.27	GSLD-2	155.68
GSD-1	32.05	GSLDT-2	155.68
GSDT-1	38.00	CS-2	155.68
RS-1	5.17	CST-2	155.68
RST-1	8.20	GSLD-3	366.30
GSLD-1	37.55	CS-3	366.30
GSLDT-1	37.55	CST-3	366.30
CS-1	100.74	GSLDT-3	366.30

(Continued on Sheet No. 10.505)

(Continued from Sheet No. 10.504)

**B. Interconnection Charge for Non-Variable Utility Expenses**

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

**C. Interconnection Charge for Variable Utility Expenses**

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

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

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.124%
Distribution Equipment	0.253%
Transmission Equipment	0.114%

**D. Taxes and Assessments**

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

**TERMS OF SERVICE**

- (1) It shall be the QS's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a QS located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A QS shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (b) 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:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the QS's projected purchases from the Company exceed, by the greatest amount, the Company's estimated purchases from the QS. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the QS and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the QS exceed the actual sales to the Company in that month.

(Continued on Sheet No. 10.506)

(Continued from Sheet No. 10.505)

- (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The QS must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the QS or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

**APPENDIX I  
 TO RATE SCHEDULE QS-1  
 CALCULATION OF VALUE OF DEFERRAL PAYMENTS**

**APPLICABILITY**

Appendix I provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Company's Avoided Unit identified in Schedule QS-1. When used in conjunction with the current FPSC-approved cost parameters associated with the Company's Avoided Unit contained in Appendix II, a QS may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the QS enter into a Standard Offer Contract with the Company.

Also contained in Appendix I is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to the Company in the event of contractual default by a QS.

**CALCULATION OF VALUE OF DEFERRAL OPTION A**

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with capacity sold to a utility by a QS pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = \frac{1}{12} [ KI_n (1-R)/(1-R^L) + O_n ]$$

Where, for a one year deferral:

- VAC<sub>m</sub> = utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;
- 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;
- R = (1 + ip) / (1 + r);
- I<sub>n</sub> = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
- O<sub>n</sub> = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
- i<sub>p</sub> = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

(Continued on Sheet No. 10.508)



(Continued from Sheet No. 10.507)

- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of the Company's Avoided Unit(s); and
- $n$  = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – EARLY CAPACITY–OPTION B**

Normally, payments for firm capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the QS, however, the Company may begin making payments for early capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as two years prior to the anticipated in-service date of the Company's Avoided Unit. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the QS, and shall be calculated as follows:

$$A_m = A_c \frac{(1 + i_p)^{(m-1)}}{12} + A_o \frac{(1 + i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

Where:

- $A_m$  = monthly payments to be made to the QS for each month of the contract year  $n$ , in dollars per kilowatt per month in which QS delivers capacity pursuant to the early capacity option;
- $i_p$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $m$  = year for which the fixed value of deferral payments under the early capacity option are made to a QS, starting in year one and ending in the year  $t$ ;
- $t$  = the term, in years, of the Standard Offer Contract;

$$A_c = F [(1 - R)/(1 - R^t)]$$

(Continued on Sheet No. 10.509)

(Continued from Sheet No. 10.508)

Where:

- F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- R =  $(1 + ip) / (1 + r)$
- r = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G [ (1 - R) / (1 - R^t) ]$$

Where:

- G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- R =  $(1 + io) / (1 + r)$

The currently approved parameters applicable to the formulas above are found in Appendix II.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – LEVELIZED AND EARLY LEVELIZED CAPACITY – OPTION C & OPTION D, RESPECTIVELY

Monthly fixed value of deferral payments for levelized and early levelized capacity shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1 - (1 + r)^{-t}} + O$$

Where:

- P<sub>L</sub> = the monthly levelized capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit(s);
- F = the cumulative present value, in the year that the contractual payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;
- r = the annual discount rate, defined as the Company's incremental after-tax cost of capital;
- t = the term, in years, of the Standard Offer Contract;
- O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

(Continued on Sheet No. 10.510)

(Continued from Sheet No. 10.509)

**RISK-RELATED GUARANTEES**

When fixed value of deferral payments – early capacity, levelized capacity, or early levelized capacity are elected, the QS must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the QS is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the QS's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with FPL;
- (3) Unconditional, irrevocable, direct pay letter of credit;
- (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned QS to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the QS, parent company, and/or subsidiary companies allowing the Company to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantee acceptable to the Company.

The Company will cooperate with each QS applying for fixed value of deferral payments under the early, levelized or early levelized capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the QS. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the QS and the Company's ratepayers.

APPENDIX II  
 TO RATE SCHEDULE QS-1  
 CAPACITY OPTION PARAMETERS

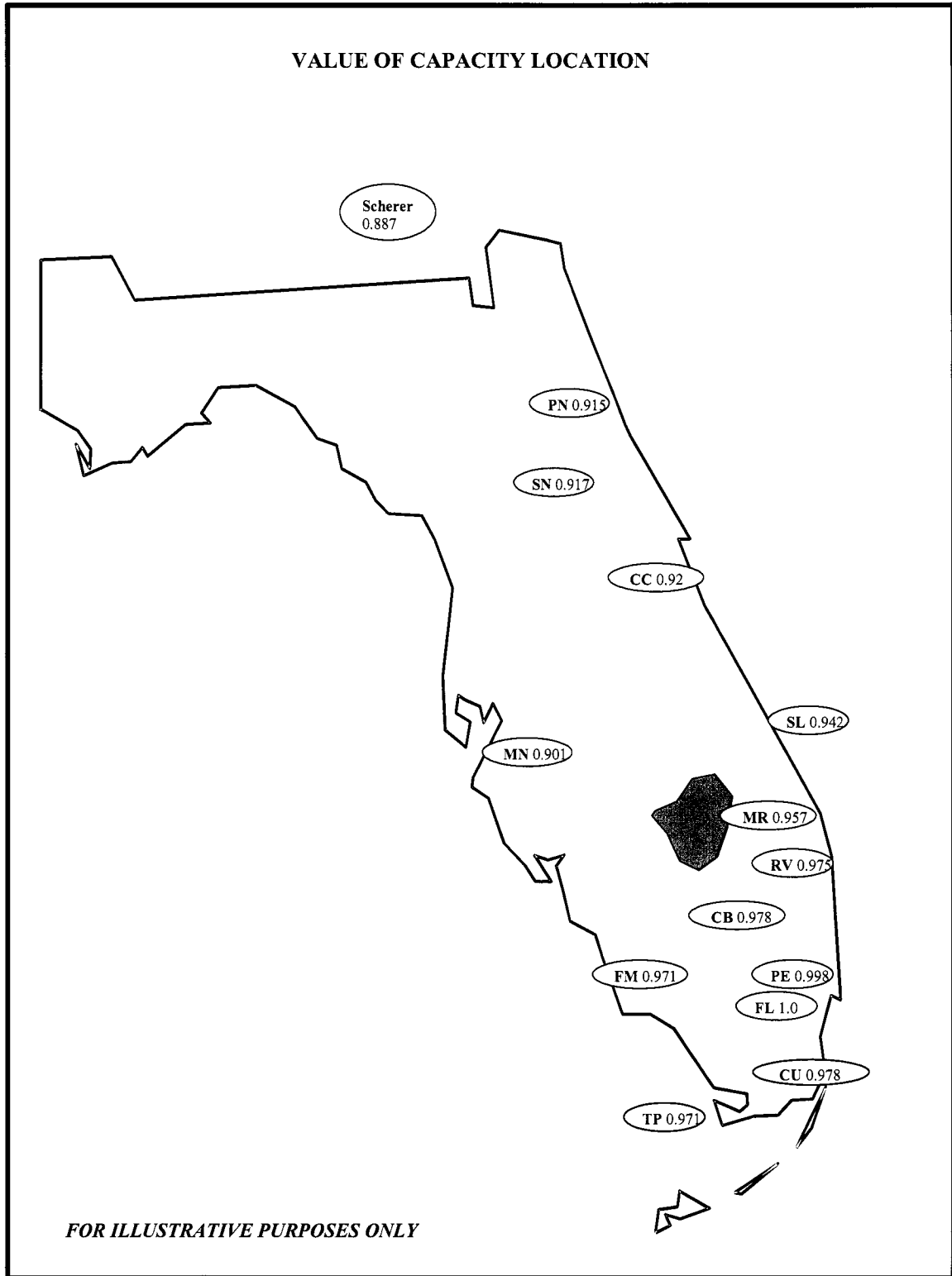
FIXED VALUE OF DEFERRAL PAYMENTS - NORMAL CAPACITY OPTION PARAMETERS

Where, for a one year deferral:		<u>Value</u>
VAC <sub>m</sub>	= Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$5.21
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;	1.3687
I <sub>n</sub>	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year;	\$571.23
O <sub>n</sub>	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$8.72
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.55%
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	8.37%
L	= expected life of the Company's Avoided Unit;	25
n	= year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2008

FIXED VALUE OF DEFERRAL PAYMENTS - EARLY CAPACITY OPTION PARAMETERS

A <sub>m</sub>	= monthly capacity payments to be made to the QS starting as early as two years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	\$3.34
i <sub>p</sub>	= annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i <sub>o</sub>	= annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.55%
n	= year for which early capacity payments to a QS are to begin;	June, 2006
F	= the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years;	\$433.07
r	= annual discount rate, defined as the Company's incremental after-tax cost of capital;	8.37%
t	= the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing two years prior to the in-service date of the Company's Avoided Unit;	12.0
G	= the cumulative present value of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 10 years.	\$68.63

APPENDIX III TO RATE SCHEDULE QS - 1  
VALUE OF CAPACITY LOCATION



**APPENDIX B  
 TO THE STANDARD OFFER CONTRACT  
 FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY  
 FROM RENEWABLE ENERGY FACILITIES  
 OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS  
 PAY FOR PERFORMANCE PROVISIONS MONTHLY CAPACITY PAYMENT CALCULATION**

1. Monthly Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 80%, or the Monthly On Peak Capacity Billing Factor ("MOPCBF") (applicable only for months that include On-Peak Hours) as defined below is less than 90%, then no Monthly Capacity Payment shall be due. That is:

$$MCP = 0$$

- B. In the event that the ACBF is equal to or greater than 80% but less than 90%, and the MOPCBF (applicable only for the months that include On-Peak Hours) is equal to or greater than 90%, then the Monthly Capacity Payment shall be calculated by using the following formula:

$$MCP = BCP \times [ [.05 \times (ACBF - 70)] - [.007 \times (97 - MOPCBF)] ] \times CC$$

Where:

- MCP = Monthly Capacity Payment in dollars.
- BCP = Base Capacity Payment in \$/kW/Month as specified in FPL's Rate Schedule QS-1.
- CC = Committed Capacity in kW.
- ACBF = Annual Capacity Billing Factor. This factor is the lesser of: 1) 90% and 2) the value calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.
- MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the hourly factors of the hours when FPL requested reduced deliveries pursuant to Section 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period.
- HFNDH = Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.
- HFDDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.
- MOPCBF = Monthly On-Peak Capacity Billing Factor. The lesser of: 1) 97% and 2) the sum of (i) the Hourly Factors of the On-Peak Non-Dispatch Hours plus (ii) the Hourly Factors of the On-Peak Dispatch Hours or the Hourly Factors of the On-Peak Hours when FPL requested reduced deliveries pursuant of Section 8.4.8 (Reduced Delivery Hour); divided by the number of On-Peak Hours in the Monthly Billing Period.
- MOPHFNDH = Monthly On-Peak Hourly Factor of a Non-Dispatch Hour. The energy received during the On-Peak Hour divided by the Committed Capacity. For purposes of calculating the On-Peak Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.
- HFOPDH = Hourly Factor of an On-Peak Dispatch Hour or an On-Peak Reduced Delivery Hour. The scheduled energy received during the On-Peak Hour divided by the scheduled energy requested during the On-Peak Hour. For purposes of calculating the Hourly Factor of an On-Peak Dispatch Hour or the Hourly Factor of an On-Peak Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.
- On-Peak Hours = Those hours occurring July 1 through October 31 from 12 noon to 9:00 p.m. prevailing Eastern time. FPL shall have the right to change such On-Peak Hours by providing the QS a minimum of thirty calendar days' advance written notice.
- Monthly Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.

Scheduled Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

**APPENDIX C  
 TO THE STANDARD OFFER CONTRACT  
 TERMINATION FEE**

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with:  $MCPC_i = 0$  for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- i = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after-tax avoided cost of capital (defined as r in QS-1). For any Monthly Billing Period in which  $MCPC_i$  is greater than  $MCP_i$ , t shall equal 1.
- $MCP_i$  = Monthly Capacity Payment paid to QS corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.
- $MCPC_i$  Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with QS-1

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 equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

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 (ACBF), as defined in Appendix B is less than 80%, or the MOPCBF is less than 90%, 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 (ACBF), as defined in Appendix B, is equal to or greater than 80% but less than 90%, and the MOPCBF is equal to or greater than 90%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.05 \times (\text{ACBF} - 70)] - [.007 \times (97 - \text{MOPCBF})]$$

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

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

**APPENDIX D  
 TO THE STANDARD OFFER CONTRACT  
 DETAILED PROJECT INFORMATION**

Each eligible Contract received by FPL will be evaluated to determine if the underlying QS project is financially and technically viable. The QS shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.

**I. FACILITY DESCRIPTION**

- Project Name
- Project Location
  - ◆ Street Address
  - ◆ Site Plot Plan
  - ◆ Legal Description of Site
  
- Generating Technology
- Facility Classification ( include types from statute)
- Primary Fuel
- Alternate Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - ◆ Street Address
  - ◆ Legal Description of Steam Host
  - ◆ Host's annual steam requirements (lbs/yr)
  
- Contact Person
  - ◆ Individual's Name and Title
  - ◆ Company Name
  - ◆ Address
  - ◆ Telephone Number
  - ◆ Telecopy Number

**II. PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
  - ◆ Project Development
  - ◆ Siting and Licensing the Facility
  - ◆ Designing the Facility
  - ◆ Constructing the Facility
  - ◆ Securing the Fuel Supply
  - ◆ Operating the Facility
  
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the QS.
  
- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

(Continued on Sheet No. 10.516)



(Continued from Sheet No. 10.515)

III. FUEL SUPPLY

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding fuel supply origin, source and handling, storage and processing requirements.
- Provide annual fuel requirements (AFR) necessary to support the requirements pursuant to Section 366.91, Florida Statutes, and the planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the ARFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Fuel Supply Arrangement
owned =	fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm fuel contract exists between the developer(s) and fuel supplier(s)
LOI =	a letter of intent for the fuel supply exists between developer(s) and fuel supplier(s)
REF =	renewable energy facility will burn biomass, waste, or another renewable resource
spot =	fuel supply will be purchased on the spot market
none =	no firm fuel supply arrangement currently in place
other =	fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Energy Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual fuel transportation requirements (AFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel transportation arrangements in place to meet the AFTR in each year of the proposed operating life of the Energy Facility. Use the categories below to describe the current arrangement for securing the AFTR.

owned =	fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm transportation contract exists between the developer(s) and fuel transporter(s)
LOI =	a letter of intent for fuel transport exists between developer(s) and fuel transporter(s)
Spot =	fuel transportation will be purchased on the spot market
none =	no firm fuel transportation arrangement currently in place
other =	fuel transportation arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's AFR which is covered by the above fuel supply arrangement(s) for each proposed operating year. The percent of AFR covered for each operating year must total 100%. For fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

(Continued on Sheet No. 10.517)

(Continued from Sheet No. 10.516)

**IV. PLANT DISPATCHABILITY/CONTROLLABILITY**

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
  - ◆ Ramp Rate (MW/minute)
  - ◆ Peak Capability (% above Committed Capacity)
  - ◆ Minimum power level (% of Committed Capacity)
  - ◆ Facility Turnaround Time, Hot to Hot (hours)
  - ◆ Start-up Time from Cold Shutdown (hours)
  - ◆ Unit Cycling (# cycles/yr)
  - ◆ MW and MVAR Control (AGC, Manual, Other (please explain))

**V. SITING AND LICENSING**

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

**VI. FACILITY DEVELOPMENT AND PERFORMANCE**

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- [NOTE: add any requirements related to demonstrating that the facility meets the requirements under the statute or applicable rules]

(Continued on Sheet No. 10.518)

(Continued from Sheet No. 10.517)

**VII. FINANCIAL**

- Provide FPL with assurances that the proposed QS project is financially viable consistent with FPSC Rule 25-17.0832(4) (c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.
  - ◆ Annual Project Revenues
    - Capacity Payments (\$ and \$/kW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Steam Revenues (\$ and %/lb.)
    - Tipping Fees (\$ and \$/ton)
    - Interest Income
    - Other Revenues
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
    - Steam Escalation (%/yr)
    - Tipping Fee Escalation (%/yr)
  - ◆ Annual Project Expenses
    - Fixed O&M (\$ and \$/kW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Property Taxes (\$)
    - Insurance (\$)
    - Emission Compliance (\$ and \$/MWh)
    - Depreciation (\$ and %/yr)
    - Other Expenses (\$)
    - Fixed O&M Escalation (%/yr)
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
  - ◆ Other Project Information
    - Installed Cost of the Energy Facility (\$ and \$/kW)
    - Committed Capacity (kW)
    - Average Heat Rate - HHV (MBTU/kWh)
    - Federal Income Tax Rate (%)
    - Facility Capacity Factor (%)
    - Energy Sold to FPL (MWhs)
  - ◆ Permanent Financing
    - Permanent Financing Term (yrs)
    - Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)
    - Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)
    - Annual Interest Expense
    - Annual Debt Service (\$)
    - Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)
- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.

FPL ACCOUNT No. \_\_\_\_\_

FPL PREMISE No. \_\_\_\_\_

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

THIS CONTRACT is made and entered this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (the Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less, either Facility hereinafter to be referred to as Qualified Seller or "the REFQS"), and Florida Power & Light Company (hereinafter "FPL") a private utility corporation organized and existing under the laws of the State of Florida. The REFQS and FPL shall be identified herein as the "Parties". This Contract contains four Appendices; Appendix A, REFQS-1 Standard Rate for Purchase of Firm Capacity and Energy; Appendix B, Pay for Performance Provisions; Appendix C, Termination Fee; and Appendix D, Detailed Project Information.

WITNESSETH:

WHEREAS, the REFQS desires to sell, and FPL desires to purchase electricity to be generated by the REFQS consistent with Section 366.91, Florida Statutes, and/or FPSC Rules 25-17.082 through 25-17.091, F.A.C.

WHEREAS, the REFQS has signed an interconnection agreement with FPL, or represents or warrants that it has entered into a valid and enforceable interconnection/transmission service ("Wheeling") agreement with the utility in whose service territory the Facility is to be located, pursuant to which the REFQS assumes contractual responsibility to make any and all wheeling-related arrangements (including control area services) between the REFQS and the wheeling utility for delivery of the Facility's firm capacity and energy to FPL; and

WHEREAS, the FPSC has approved the form of this Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less; and

WHEREAS, the REFQS guarantees that the Facility is capable of delivering firm capacity and energy to FPL for the term of this Contract in a manner consistent with the provisions of this Contract and;

WHEREAS, Section 366.91(3), Florida Statutes, provides that the "prudent and reasonable costs associated with a renewable energy contract shall be recovered from the ratepayers of the contracting utility, without differentiating among customer classes, through the appropriate cost-recovery clause mechanism" administered by the FPSC.

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

1. **Renewable Energy Facility**

The REFQS contemplates installing and operating a \_\_\_\_\_ KVA generator located at \_\_\_\_\_ (hereinafter called the "Facility"). The generator is designed to produce a maximum of \_\_\_\_\_ kilowatts (kW) of electric power at an 85% lagging to 85% leading power factor. The facility's location and generation capabilities are as described in the table below.

TECHNOLOGY AND GENERATOR CAPABILITIES	
Location: Specific legal description (e.g., metes and bounds or other legal description with street address required)	City: County:
Generator Type (Induction or Synchronous)	
Type of Facility (Hydrogen produced from sources other than fossil fuels, biomass as defined in Section 366.91 (2)(a), Florida Statutes, solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, or waste heat from sulfuric acid manufacturing operations: or <100KW cogenerator)	
Technology	
Fuel Type and Source	
Generator Rating (KVA)	
Maximum Capability (kW)	
Minimum Load	
Peaking Capability	
Net Output (kW)	
Power Factor (%)	
Operating Voltage (kV)	
Peak Internal Load kW	

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(Continued from Sheet No. 9.870)

- (a) ~~The REFQS's failure to complete accurate completion of the foregoing table in its entirety shall render is a condition precedent to this Contract null and void and of no further effect becoming effective.~~

The following sections (b) through (e) are applicable to Renewable Energy Facilities and section (f) is only applicable to Qualifying Facilities with a design capacity of 100 KW or less:

- (b) ~~If the REFQS is a Renewable Energy Facility, the OS represents and warrants that the sole source(s) of fuel or power used by the Facility to produce energy for sale to FPL during the term of this Contract shall be such sources as are defined in and provided for pursuant to Sections 366.91(2)(a) and (b), Florida Statutes.~~
- (c) ~~The Parties agree and acknowledge that if the OS is a Renewable Energy Facility, the REFQS will not charge for and FPL shall have no obligation to pay for any electrical energy produced by the Facility except from a fuel or power source as provided for in paragraph 1(b) above.~~
- (d) ~~If the OS is a Renewable Energy Facility, the REFQS shall annually, within thirty (30) days after the anniversary date of this Contract, deliver to FPL at the address provided for notices a report certified by an officer of the REFQS (i) stating the type and amount of each source of fuel or power used by the REFQS to produce electrical energy during the twelve month period prior to the anniversary date (the "Contract Year"); and (ii) verifying that one hundred percent (100%) of all electrical energy sold by the REFQS to FPL during the Contract Year complies with Sections 1(b) and (c) of this contract.~~
- (e) ~~If the OS is a Renewable Energy Facility, the REFQS represents and warrants that the Facility meets the renewable energy requirements of Section 366.91, Florida Statutes, and that the REFQS shall continue to meet the requirements of that Section throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books, records, or other documents of the REFQS that FPL deems necessary to verify that the Facility meets such requirements.~~
- (f) ~~The facility (i) has been certified or has self-certified as a "qualifying facility" pursuant to the Regulations of the Federal Energy Regulatory Commission ("FERC"), or (ii) has been certified by the FPSC as a "qualifying facility" pursuant to Rule 25-17.080(1). OS's that are qualifying facilities with a design capacity of less than 100 KW shall maintain the "qualifying status" of the Facility throughout the term of this Contract. FPL shall have the right at all times to inspect the Facility and to examine any books and records or other documents of the Facility that FPL deems necessary to verify the Facility's Qualifying Status. On or before March 31 of each year during the term of this Contract, the OS shall provide to FPL a certificate signed by an officer of the OS certifying that the Facility has continuously maintained qualifying facility status.~~

**2. Term of Contract**

Except as otherwise provided herein, this Contract shall become effective immediately upon its execution by the Parties and shall terminate ~~10 years after the Capacity Delivery Date at 12:01 a.m. May 31, 2018,~~ 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 REFQS before June 1, 2008, or such later date as may be permitted by FPL pursuant to Section 5) FPL's obligations under this Contract shall be rendered of no force and effect.

**3. Minimum Specifications**

The following minimum specifications pertaining to this Contract:

1. The avoided unit ("Avoided Unit") on which this Contract is based is a 15760 MW combustion turbine unit.
2. The total Committed Capacity needed to fully subscribe the Avoided Unit is 15760 MW (the "Subscription Limit").
3. This offer shall expire on ~~June~~ April 1, 2006.
4. The date by which firm capacity and energy deliveries from the REFQS to FPL shall commence is June 1, 2008 (or such later date as may be permitted by FPL pursuant to Section 5) unless the Facility chooses capacity payments under Options B, C, or D, pursuant to the terms of this contract.
5. The period of time over which firm capacity and energy shall be delivered from the REFQS to FPL is the ~~ten (10) year period beginning with the Capacity Delivery Date on June 1, 2008.~~
6. The following are the minimum performance standards for the delivery of firm capacity and energy by the REFQS to qualify for full capacity payments under this Contract:

	On Peak *	Off Peak All Hours
Availability	970.0%	9780.0%

\* REFQS Performance and On Peak hours shall be as measured and/or described in FPL's Rate Schedule REFQS-1 attached hereto as Appendix A

**4. Sale of Electricity by the REFQS**

- 4.1 Consistent with the terms hereof, the REFQS shall sell to FPL and FPL shall purchase from the REFQS all of the renewable electric power generated by the Facility. FPL shall have the sole right to purchase all renewable energy and renewable capacity from the Facility. The purchase and sale of electricity pursuant to this Contract shall be a ( ) net billing arrangement or ( ) simultaneous purchase and sale arrangement; provided, however, that no such arrangement shall cause

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the REFQS to sell more than the Facility's net output. The billing methodology may be changed at the option of the REFQS, subject to the provisions of FPL Rate Schedule REFQS-1.

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

(Continued on Sheet No. 9.872)

(Continued from Sheet No. 9.871)

**5. Committed Capacity/Capacity Delivery Date**

- 5.1 The REFQS commits to sell ~~renewable~~ capacity to FPL, the amount of which shall be determined in accordance with this Section 5 (the "Committed Capacity"). Subject to Section 5.3 the Committed Capacity is set at \_\_\_\_\_ kW, with an expected Capacity Delivery Date of June 1, 2008.
- 5.2 Testing of the capacity of the Facility (each such test, a "Committed Capacity Test") shall be performed in accordance with the procedures set forth in Section 6. The Demonstration Period for the first Committed Capacity Test shall commence no earlier than January 1, 2006 and testing must be completed by 11:59 p.m., May 31, 2008. The first Committed Capacity Test shall not be successfully completed unless the Facility demonstrates a Capacity of at least one hundred percent (100%) of the Committed Capacity set forth in Section 5.1. Subject to Section 6.1 the REFQS may schedule and perform up to three (3) Committed Capacity Tests to satisfy the requirements of the Contract with respect to the first Committed Capacity Test.
- 5.3 In addition to the first Committed Capacity Test, FPL shall have the right to require the REFQS, by notice thereto, to validate the Committed Capacity by means of a Committed Capacity Test ~~at any time, up to six (6) times per year,~~ a) once per each Summer period and once per each Winter period at FPL's sole discretion b) at any time QS claims it is unable to comply with any material obligation under this contract for a period of (30) days or more in the aggregate as a consequence of an event of Force Majeure and c) at any time the QS fails in three consecutive months to achieve an ACBF equal to or greater than 70%, the results of ~~which~~ any such test shall be provided to FPL within seven (7) days of the conclusion of such test. On and after the date of such requested Committed Capacity Test, and until the completion of a subsequent Committed Capacity Test, the Committed Capacity shall be set at the lower of the Capacity tested or the Committed Capacity as set forth in Section 5.1.
- 5.4 Notwithstanding anything to the contrary herein, the Committed Capacity may not exceed the amount set forth in Section 5.1 without the consent of FPL, ~~to be granted in FPL's sole discretion with such consent not to be unreasonably withheld by FPL.~~
- 5.5 The "Capacity Delivery Date" shall be defined as the first calendar day immediately following the date of the Facility's successful completion of the first Committed Capacity Test.
- 5.6 In no event shall FPL make capacity payments to the REFQS prior to the Capacity Delivery Date.
- 5.7 The REFQS shall be entitled to receive capacity payments beginning on the Capacity Delivery Date, provided the Capacity Delivery Date occurs on or after June 1, 2006 and on or before June 1, 2008 (or such later date permitted by FPL pursuant to the following sentence). If the Capacity Delivery Date does not occur on or before June 1, 2008, FPL shall immediately be entitled to draw down the Completion/Performance security in full, and in addition, FPL may, but shall not be obligated to, allow the REFQS up to an additional five (5) months to achieve the Capacity Delivery Date. If the REFQS fails to achieve the Capacity Delivery Date either (i) by June 1, 2008 or (ii) by such later date as permitted by FPL, FPL shall have no obligation to make any capacity payments under this Contract and this Contract shall be rendered null and void and of no further effect.

**6. Testing Procedures**

- 6.1 The Committed Capacity Test must be completed successfully within a sixty-hour period (the "Demonstration Period"), which period, including the approximate start time of the Committed Capacity Test, shall be selected and scheduled by the REFQS by means of a written notice to FPL delivered at least thirty (30) days prior to the start of such period. The provisions of the foregoing sentence shall not apply to any Committed Capacity Test ordered by FPL under any of the provisions of this Contract. FPL shall have the right to be present onsite to monitor any Committed Capacity Test required or permitted under this Contract.
- 6.2 Committed Capacity Test results shall be based on a test period of twenty-four (24) consecutive hours (the "Committed Capacity Test Period") at the highest sustained net kW rating at which the Facility can operate without exceeding the design operating conditions, temperature, pressures, and other parameters defined by the applicable manufacturer(s) for steady state operations at the Facility. ~~If the QS is a Renewable Energy Facility~~ If the QS is a Renewable Energy Facility the Committed Capacity Test shall be conducted utilizing as the sole fuel source ~~renewable~~ fuels or energy sources included in the definition in Section 366.91, Florida Statutes. The Committed Capacity Test Period shall commence at the time designated by the REFQS pursuant to Section 6.1 or at such time requested by FPL pursuant to Section 5.3; provided, however, that the Committed Capacity Test Period may commence earlier than such time in the event that FPL is notified of, and consents to, such earlier time.

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- 6.3 Normal station service use of unit auxiliaries, including, without limitation, cooling towers, heat exchangers, and other equipment required by law, shall be in service during the Committed Capacity Test Period. Normal deliveries of the contracted quantity and quality of cogenerated steam to the steam host, if any, shall be required during the Committed Capacity Test Period.
- 6.4 The Capacity of the Facility (the "Capacity") shall be the average net capacity (generator output minus auxiliary) measured over the Committed Capacity Test Period.
- 6.5 The Committed Capacity Test shall be performed according to standard industry testing procedures for the appropriate technology of the REFQS.
- 6.6 Except as otherwise provided herein, results of any Committed Capacity Test shall be submitted to FPL by the REFQS within seven (7) days of the conclusion of the Committed Capacity Test.

## 7. Payment for Electricity Produced by the Facility

### 7.1 Energy

FPL agrees to pay the REFQS for renewable energy produced by the Facility and delivered to FPL in accordance with the rates and procedures contained in FPL's approved Rate Schedule REFQS-1, attached hereto as Appendix A, as it may be amended from time to time. The Parties agree that this Contract shall be subject to all of the provisions contained in Rate Schedule REFQS-1 as approved and on file with the FPSC.

### 7.2 Capacity

FPL agrees to pay the REFQS for the renewable capacity described in Section 5 in accordance with the rates and procedures contained in Rate Schedule REFQS-1, as it may be amended and approved from time to time by the FPSC, and pursuant to the election of Option \_\_\_\_\_ of Rate Schedule REFQS-1. The REFQS understands and agrees that Capacity payments will only be made under Option B, Option C, or Option D if the REFQS has achieved the Capacity Delivery Date and is delivering firm capacity and energy to FPL. Once so selected, this option cannot be changed for the life of this Contract.

### 7.3 Payments

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

## 8. Electricity Production and Plant Maintenance Schedule

- 8.1 No later than sixty (60) days prior to the Capacity Delivery Date, and prior to April 1 of each calendar year thereafter during the term of this Contract, the REFQS shall submit to FPL in writing a detailed plan of the amount of renewable electricity to be generated by the Facility and delivered to FPL for each month of the following calendar year, including the time, duration and magnitude of any scheduled maintenance period(s) or reductions in capacity.
- 8.2 By October 31 of each calendar year, FPL shall notify the REFQS in writing whether the requested scheduled maintenance periods in the detailed plan are acceptable. If FPL cannot accept any of the requested scheduled maintenance periods, FPL shall advise the REFQS of the time period closest to the requested period(s) when the outage(s) can be scheduled. The REFQS shall only schedule maintenance outages during periods approved by FPL, 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 event 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 7 days per calendar year unless the manufacturer's recommendation of maintenance outage days for the technology and equipment used by the Facility exceeds such 7 day period, provided such number of days is considered reasonable by industry standards and does not exceed two (2) fourteen (14) day intervals, one in the Spring and one in the Fall, in any calendar year. The scheduled maintenance outage days applicable for the OS are \_\_\_\_\_ days in the Spring and \_\_\_\_\_ days in the Fall of each calendar year, provided the conditions specified in the previous sentence are met. In no event shall maintenance periods be scheduled during the following periods: June 1 through and including September 15, October 31st and December 1 through and including February 28 (or 29<sup>th</sup> as the case may be).

(Continued on Sheet No. 9.874)



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- 8.3 The REFQS shall comply with reasonable requests by FPL regarding day-to-day and hour-by-hour communication between the Parties relative to electricity production and maintenance scheduling.

**8.4 Dispatch and Control**

- 8.4.1 Power supplied by the REFQS hereunder shall be in the form of three-phase 60 Hertz alternating current, at a nominal operating voltage of \_\_\_\_\_,000 volts ( \_\_\_\_\_ kV) and power factor dispatchable and controllable in the range of 85% lagging to 85% leading as measured at the interconnection point to maintain system operating parameters, as specified by FPL.
- 8.4.2 The REFQS shall operate the Facility with all system protective equipment in service whenever the Facility is connected to, or is operated in parallel with, FPL's system, except for normal testing and repair in accordance with good engineering and operating practices as agreed by the Parties. The REFQS shall provide adequate system protection and control devices to ensure safe and protected operation of all energized equipment during normal testing and repair. The REFQS shall have qualified personnel test and calibrate all protective equipment at regular intervals in accordance with good engineering and operating practices. A unit functional trip test shall be performed after each overhaul of the Facility's turbine, generator or boilers and the results shall be provided to FPL prior to returning the equipment to service. The specifics of the unit functional trip test will be consistent with good engineering and operating practices as agreed by the Parties.
- 8.4.3 If the Facility is separated from the FPL system for any reason, under no circumstances shall the REFQS reconnect the Facility into FPL's system without first obtaining FPL's specific approval.
- 8.4.4 During the term of this Contract, the REFQS shall employ qualified personnel for managing, operating and maintaining the Facility and for coordinating such with FPL. If the Facility has a Committed Capacity as defined in Section 5 greater than 10 MW then, the REFQS shall ensure that operating personnel are on duty at all times, twenty-four hours a calendar day and seven calendar days a week. If the facility has a Committed Capacity as defined in Section 5 equal to or less than 10 MW then the OS shall ensure that operating personnel are on duty at least eight hours per day from 8 AM to 5 PM from Monday to Friday, with an operator on call at all other hours. Additionally, during the term of this Contract, the REFQS 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.
- 8.4.5 FPL shall not be obligated to purchase, and may require curtailed or reduced deliveries of, energy to the extent necessary to maintain the reliability and integrity of any part of FPL's system, or in the event that FPL determines that a failure to do so is likely to endanger life or property, or is likely to result in significant disruption of electric service to FPL's customers. FPL shall give the REFQS prior notice, if practicable, of its intent to refuse, curtail or reduce FPL's acceptance of energy pursuant to this Section and will act to minimize the frequency and duration of such occurrences.
- 8.4.6 After providing notice to the REFQS, FPL shall not be required to accept or purchase energy from the REFQS during any period in which, due to operational circumstances, acceptance or purchase of such energy would result in FPL's incurring costs greater than those which it would incur if it did not make such purchases. An example of such an occurrence would be a period during which the load being served is such that the generating units on line are base load units operating at their minimum continuous ratings and the purchase of additional energy would require taking a base load unit off the line and replacing the remaining load served by that unit with peaking-type generation. FPL shall give the REFQS as much prior notice as practicable of its intent not to accept energy pursuant to this Section.
- 8.4.7 ~~FPL may, at any time during the term hereof, by oral, written, or electronic notification to the REF, request the REF to deliver capacity and associated energy up to the full Committed Capacity to meet FPL's system requirements. The REF shall comply with such request within ten (10) minutes of receiving such notification from FPL. Any clock hour for which FPL requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour."~~ If the Facility has a Committed Capacity as defined in Section 5 less than 75 MW, control of capacity and energy shall be the responsibility of the OS. If the Facility has a Committed Capacity as defined in Section 5 greater than or equal to 75 MW, control of capacity and energy shall be the responsibility of the OS, except during a Dispatch Hour. Any clock hour for which FPL requests the delivery of such capacity and energy ("Scheduled Energy") shall be referred to herein as a "Dispatch Hour." During Dispatch, i) control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL and ii) FPL may request that the real power output be at any level up to the Committed Capacity of the Facility but shall not require the real power output of the Facility to be below the Facility's Minimum Load without decommitting the Facility. FPL's exercise of its rights under this Section 8.4.7 shall not give rise to any liability on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing. The Facility shall deliver the capacity and energy being requested by FPL, within \_\_\_\_\_ minutes.

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taking into account the operating limitations of the generating equipment as specified by the manufacturer, provided such time period specified herein is considered reasonable by industry standards for the technology and equipment being utilized and assuming the Facility is operating at or above its Minimum Load. Start-up time from Cold Shutdown and Facility Turnaround time from Hot to Hot will be taken into consideration provided they are reasonable and consistent with good industry practices for the technology and equipment being utilized. These Operating Characteristics shall have been provided by the Facility pursuant to Appendix D, Section IV of Rate Schedule QS-1.

(Continued on Sheet No. 9.875)

(Continued from Sheet No. 9.874)

8.4.8 If the Facility has a Committed Capacity as defined in Section 5 greater than or equal to 50 MW, the REF shall operate the facility subject to dispatch and control rights of FPL. Control of the Facility will either be by Seller's manual control under the direction of FPL (whether orally or in writing) or by Automatic Generation Control by FPL's system control center as determined by FPL. FPL may at times request that the real power output be equal to the Peaking Capability of the Facility but shall not require the real power output of the facility to be below the Facility's Minimum Load without decommitting the Facility. FPL's exercise of its rights under this Section 8.4.8 shall not give rise to any liability on the part of FPL, including any claim for breach of contract or for breach of any covenant of good faith and fair dealing. If the Facility has a Committed Capacity as defined in Section 5 of less than 75 MW, FPL may require during certain periods, by oral, written, or electronic notification that the Facility reduce its output to a level that is below the Committed Capacity but is not lower than the Facility's Minimum Load. FPL shall provide as much notice as practicable of at least 4 hours. The frequency of such request shall not exceed 18 times per calendar year and the duration of each request shall not exceed 4 hours. FPL shall use reasonable efforts to minimize the frequency and duration of such requests.

## 9. Completion/Performance Security

9.1 As security for the achievement of the Capacity Delivery Date and satisfactory performance of its obligations hereunder, the REFQS shall provide FPL either: (a) an unconditional, irrevocable, direct-pay letter(s) of credit in effect through the first (1<sup>st</sup>) anniversary of the Capacity Delivery Date (or the next business day thereafter), issued by a financial institution(s) having an investment grade credit rating, in form and substance acceptable to FPL (including provisions (i) permitting partial and full draws and (ii) permitting FPL to draw in full if such letter of credit is not renewed or replaced as required by the terms hereof at least ten (10) business days prior to its expiration date); (b) a bond issued by a financially sound company in form and substance acceptable to FPL; or (c) a cash deposit(s) with FPL. Such letter(s) of credit or cash deposit (s) shall be provided in the amount and by the date listed below:

\$30.00 per kW (for the number of kW set forth in Section 5.1) within thirty (30) calendar days of the execution of this Contract by the Parties hereto.

9.2 The specific security instrument provided for purposes of this Contract is:

- unconditional, irrevocable, direct pay letter(s) of credit.
- Bond.
- cash deposit(s) with FPL.

9.3 FPL shall have the right to monitor the financial condition of the issuer(s) in the event any letter of credit is provided by the REFQS. In the event the senior debt rating of any issuer(s) has deteriorated to a level below investment grade, FPL may require the REFQS to replace the letter(s) of credit. The replacement letter(s) of credit must be issued by a financial institution(s) with an investment grade credit rating, and meet the requirements of Section 9.1, within thirty (30) calendar days following written notification to the REFQS of the requirement to replace. Failure by the REFQS to comply with the requirements of this Section 9.3 shall be grounds for FPL to draw in full on the existing letter of credit and to exercise any other remedies it may have hereunder.

9.4 Notwithstanding the foregoing provisions of this Section 9, pursuant to FPSC Rule 25-17.091(4), F.A.C., a REFQS qualifying as a "Solid Waste Facility" pursuant to Section 377.709(3) or (5), F.S., respectively, may use an unsecured promise to pay, by the local government which owns the Facility or on whose behalf the REFQS operates the Facility, to secure its obligation to achieve on a timely basis the Capacity Delivery Date and the satisfactory performance of its obligations hereunder.

9.5 If an Event of Default under Section 12 occurs, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-applicable Completion/Performance Security.

9.6 If an Event of Default has not occurred and the REFQS fails to achieve the Capacity Delivery Date on or before June 1, 2008 (irrespective of any extension that may be granted by FPL under Section 5.7) or such later date as permitted by FPL pursuant to Section 5.7, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred (100%) of the Completion/Performance Security. The Parties acknowledge that the injury that FPL will suffer as a result of delayed availability of Committed Capacity and energy is difficult to ascertain and that FPL may accept such sums as liquidated damages or resort to any other remedies which may be available to it under law or in equity. If the Capacity Delivery Date occurs on or before June 1, 2008 or such later date as permitted by FPL pursuant to Section 5.7, then the REFQS shall be entitled to reduce the amount of the Completion/Performance Security to an amount equal to \$15.00 per kW (for the number of kW set forth in Section 5.1).

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- 9.7 In the event that FPL requires the REFQS to perform one or more Committed Capacity Test(s) at any time on or before the first anniversary of the Capacity Delivery Date pursuant to Section 5.3 and, in connection with any such Committed Capacity Test(s), the REFQS fails to demonstrate a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, FPL shall be entitled immediately to receive, draw upon, or retain, as the case may be, one-hundred percent (100%) of the then-remaining amount of the Completion/Performance Security. In the event that FPL does not require the REFQS to perform a Committed Capacity Test or if the REFQS successfully demonstrates (in connection with all such Committed Capacity Tests required by FPL pursuant to Section 5.3) a Capacity of at least one-hundred percent (100%) of the Committed Capacity set forth in Section 5.1, in either case, on or before the first anniversary of the Capacity Delivery Date, then the REFQS shall be entitled to a refund of or FPL shall return, as applicable, any remaining amount of the Completion/Performance Security within thirty (30) days of the first anniversary of the Capacity Delivery Date.

**10. Termination Fee**

- 10.1 In the event that the REFQS receives capacity payments pursuant to Option B, Option C, or Option D, then upon the termination of this Contract, the REFQS shall owe and be liable to FPL for a termination fee calculated in accordance with Appendix C (the "Termination Fee"). The REFQS's obligation to pay the Termination Fee shall survive the termination of this Contract. FPL shall provide the REFQS, on a monthly basis, a calculation of the Termination Fee.
- 10.1.1 The Termination Fee shall be secured (with the exception of governmental solid waste facilities covered by FPSC Rule 25-17.091) by the REFQS by: (i) an unconditional, irrevocable, direct pay letter(s) of credit issued by a financial institution(s) with an investment grade credit rating in form and substance acceptable to FPL (including provisions (a) permitting partial and full draws and (b) permitting FPL to draw upon such letter of credit, in full, if such letter of credit is not renewed or replaced at least ten (10) business days prior to its expiration date; (ii) a bond issued by a financially sound company in form and substance acceptable to FPL; or (iii) a cash deposit with FPL (any of ( i ), (ii), or (iii), the "Termination Security"). The specific security instrument selected by the REFQS for purposes of this Contract is:
- Unconditional, irrevocable, direct pay letter(s) of credit
  - Bond
  - Cash deposit(s) with FPL
- 10.1.2 FPL shall have the right to monitor the financial condition of (i) the issuer(s) in the case of any letter of credit and (ii) the insurer(s), in the case of any bond. In the event the senior debt rating of any issuer(s) or insurer(s) has deteriorated to a level below investment grade, FPL may require the REFQS to replace the letter(s) of credit or the bond, as applicable. In the event that FPL notifies the REFQS that it requires such a replacement, the replacement letter(s) of credit or bond, as applicable, must be issued by a financial institution(s) or insurer(s) with an investment grade credit rating, and meet the requirements of Section 10.1.1 within thirty (30) calendar days following such notification. Failure by the REFQS to comply with the requirements of this Section 10.1.2 shall be grounds for FPL to draw in full on any existing letter of credit or bond and to exercise any other remedies it may have hereunder.
- 10.1.3 After the close of each calendar quarter (March 31, June 30, September 30, and December 31) occurring subsequent to the Capacity Delivery Date, upon FPL's issuance of the Termination Fee calculation as described in Section 10.1, the REFQS must provide within 10 days, FPL with written assurance and documentation (the "Security Documentation"), in form and substance acceptable to FPL, that the amount of the Termination Security is sufficient to cover the balance of the Termination Fee. In addition to the foregoing, at any time during the term of this Contract, FPL shall have the right to request, and the REFQS shall be obligated to deliver within five (5) days of such request, such Security Documentation. Failure by the REFQS to comply with the requirements of this Section 10.1.3 shall be grounds for FPL to draw in full on any existing letter of credit or bond or to retain any cash deposit, and to exercise any other remedies it may have hereunder.
- 10.1.4 Upon any termination of this Contract following the Capacity Delivery Date, FPL shall be entitled to receive (and in the case of the letter(s) of credit or bond, draw upon such letter(s) of credit or bond) and retain one-hundred percent (100%) of the Termination Security.

(Continued on Sheet No. 9.877)

(Continued from Sheet No. 9.876)

**11. Performance Factor**

FPL desires to provide an incentive to the REFQS to operate the Facility during on-peak and off-peak periods in a manner which approximates the projected performance of FPL's Avoided Unit. A formula to achieve this objective is attached as Appendix B.

**12. Default**

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

- (a) The REFQS fails to meet the applicable fuel requirements specified in Section 1 of this Contract;
- (b) The REFQS changes or modifies the Facility from that provided in Section 1 with respect to its type, location, technology or fuel source, without prior written approval from FPL;
- (c) After the Capacity Delivery Date, the Facility fails for twelve consecutive months to maintain an Annual Capacity Billing Factor, as described in Appendix B, of at least 970%;
- (d) The REFQS fails to comply with any of the provisions of Section 9.0 hereof;
- (e) The REFQS fails to comply with any of the provisions of Section 10.0 hereof;
- (f) The REFQS ceases the conduct of active business; or if proceedings under the federal bankruptcy law or insolvency laws shall be instituted by or for or against the REFQS; or if a receiver shall be appointed for the REFQS or any of its assets or properties; or if any part of the REFQS's assets shall be attached, levied upon, encumbered, pledged, seized or taken under any judicial process, and such proceedings shall not be vacated or fully stayed within 30 days thereof; or if the REFQS shall make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts as they become due;
- (g) The REFQS fails to give proper assurance acceptable to FPL of adequate performance as specified under this Contract within 30 days after FPL, with reasonable grounds for insecurity, has requested in writing such assurance;
- (h) The REFQS materially fails to perform as specified under this Contract, including, but not limited to, the REFQS's obligations under any part of Sections 8, 9, 10, and 14-198.
- (i) The REFQS fails to achieve licensing, certification, and all federal, state and local governmental environmental and licensing approvals required to initiate construction of the Facility by no later than December 1, 2007;
- (j) The REFQS fails to comply with any of the provisions of Section 198.3 Project Management hereof;
- (k) Any of the representations or warranties made by the REFQS in this Contract is false or misleading in any material respect as of the time made;
- (l) The occurrence of an event of default by the REFQS under the Interconnection Agreement;
- ~~(m)~~ The REF fails to satisfy its obligations under Section 8.4.7 more than two (2) times in any calendar year;
- ~~(n)~~(m) The REFQS fails to satisfy its obligations under Section 18.15 of this Contract;
- ~~(o)~~(n) The REFQS breaches any material provision of this Contract not specifically mentioned in this Section 12; or
- ~~(p)~~(o) If at any time after the Capacity Delivery Date, the REFQS reduces the Committed Capacity due to an event of Force Majeure and fails to repair the Facility and reset the Committed Capacity to the level set forth in Section 5.1 (as such level may be reduced by Section 5.3) within twelve (12) months following the occurrence of such event of Force Majeure.

**13. FPL's Rights in the Event of Default**

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

- 13.1.1 terminate this Contract, without penalty or further obligation, except as set forth in Section 13.2, by written notice to the REFQS, and offset against any payment(s) due from FPL to the REFQS, any monies otherwise due from the REFQS to FPL;
- 13.1.2 enforce the provisions of the Termination Security requirement pursuant to Section 10 hereof; or
- 13.1.3 exercise any other remedy(ies) which may be available to FPL at law or in equity.

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

(Continued on Sheet No. 9.878)

(Continued from Sheet No. 9.877)

**14. Indemnification**

- 14.1 FPL and the REFQS shall each be responsible for its own facilities. FPL and the REFQS shall each be responsible for ensuring adequate safeguards for other FPL customers, FPL's and the REFQS's personnel and equipment, and for the protection of its own generating system. Subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company – Governmental, FPL's General Rules and Regulations of Tariff Sheet No.6.020 each Party (the "Indemnifying Party") agrees, to the extent permitted by applicable law, to indemnify, pay, defend, and hold harmless the other Party (the "Indemnifying Party") and its officers, directors, employees, agents and contractors (hereinafter called respectively, "FPL Entities" and "REFQS Entities") from and against any and all claims, demands, costs, or expenses for loss, damage, or injury to persons or property of the Indemnified Party (or to third parties) caused by, arising out of, or resulting from:
- (a) a breach by the Indemnifying Party of its covenants, representations, and warranties or obligations hereunder;
  - (b) any act or omission by the Indemnifying Party or its contractors, agents, servants or employees in connection with the installation or operation of its generation system or the operation thereof in connection with the other Party's system;
  - (c) any defect in, failure of, or fault related to, the Indemnifying Party's generation system;
  - (d) the negligence or willful misconduct of the Indemnifying Party or its contractors, agents, servants or employees; or
  - (e) any other event or act that is the result of, or proximately caused by, the Indemnifying Party or its contractors, agents, servants or employees.
- 14.2 Payment by an Indemnified Party will not be a condition precedent to the obligations of the Indemnifying Party under Section 14. No Indemnified Party under Section 14 shall settle any claim for which it claims indemnification hereunder without first allowing the Indemnifying Party the right to defend such a claim. The Indemnifying Party shall have no obligations under Section 14 in the event of a breach of the foregoing sentence by the Indemnified Party. Section 14 shall survive termination of this Agreement.

**15. Insurance**

- 15.1 The REFQS shall procure or cause to be procured, and shall maintain throughout the entire term of this Contract, a policy or policies of liability insurance issued by an insurer acceptable to FPL on a standard "Insurance Services Office" commercial general liability form (such policy or policies, collectively, the "REFQS Insurance"). A certificate of insurance shall be delivered to FPL at least fifteen (15) calendar days prior to the start of any interconnection work. At a minimum, the REFQS Insurance shall contain (a) an endorsement providing coverage, including products liability/completed operations coverage for the term of this Contract, and (b) a broad form contractual liability endorsement covering liabilities (i) which might arise under, or in the performance or nonperformance of, this Contract and the Interconnection Agreement, or (ii) caused by operation of the Facility or any of the REFQS's equipment or by the REFQS's failure to maintain the Facility or the REFQS's equipment in satisfactory and safe operating condition. Effective at least fifteen (15) calendar days prior to the synchronization of the Facility with FPL's system, the REFQS Insurance shall be amended to include coverage for interruption or curtailment of power supply in accordance with industry standards. Without limiting the foregoing, the REFQS Insurance must be reasonably acceptable to FPL. Any premium assessment or deductible shall be for the account of the REFQS and not FPL.
- 15.2 The REFQS Insurance shall have a minimum limit of one million Dollars (\$1,000,000) per occurrence, combined single limit, for bodily injury (including death) or property damage.
- 15.3 In the event that such insurance becomes totally unavailable or procurement thereof becomes commercially impracticable, such unavailability shall not constitute an Event of Default under this Contract, but FPL and the REFQS shall enter into negotiations to develop substitute protection which the parties in their reasonable judgment deem adequate.

(Continued on Sheet No. 9.879)

(Continued from Sheet No. 9.878)

- 15.4 To the extent that the REFQS Insurance is on a "claims made" basis, the retroactive date of the policy(ies) shall be the effective date of this Contract or such other date as may be agreed upon to protect the interests of the FPL Entities and the REFQS Entities. Furthermore, to the extent the REFQS Insurance is on a "claims made" basis, the REFQS's duty to provide insurance coverage shall survive the termination of this Contract until the expiration of the maximum statutory period of limitations in the State of Florida for actions based in contract or in tort. To the extent the REFQS Insurance is on an "occurrence" basis, such insurance shall be maintained in effect at all times by the REFQS during the term of this Contract.
- 15.5 The REFQS Insurance shall provide that it may not be cancelled or materially altered without at least thirty (30) calendar days' written notice to FPL. The REFQS shall provide FPL with a copy of any material communication or notice related to the REFQS Insurance within ten (10) business days of the REFQS's receipt or issuance thereof.
- 15.6 The REFQS shall be designated as the named insured and FPL shall be designated as an additional named insured under the REFQS Insurance. The REFQS Insurance shall be endorsed to be primary to any coverage maintained by FPL

#### 16. Force Majeure

Force Majeure is defined as an event or circumstance that is not reasonably foreseeable, is beyond the reasonable control of and is not caused by the negligence or lack of due diligence of the affected Party or its contractors or suppliers. Such events or circumstances may include, but are not limited to, actions or inactions of civil or military authority (including courts and governmental or administrative agencies), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, explosions and fires not originating in the Facility or caused by its operation, hurricanes, floods, strikes, lockouts or other labor disputes or difficulties (not caused by the failure of the affected party to comply with the terms of a collective bargaining agreement). Equipment breakdown or inability to use equipment caused by its design, construction, operation, maintenance or inability to meet regulatory standards, or otherwise caused by an event originating in the Facility, shall not be considered an event of Force Majeure, unless the REFQS can conclusively demonstrate, to the reasonable satisfaction of FPL, that the event was not reasonably foreseeable, was beyond the REFQS's reasonable control and was not caused by the negligence or lack of due diligence of the REFQS or its contractors or suppliers.

- 16.1 Except as otherwise provided in this Contract, each Party shall be excused from performance when its nonperformance was caused, directly or indirectly by an event of Force Majeure.
- 16.2 In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party claiming Force Majeure shall notify the other Party in writing within five (5) business days of the occurrence of the event of Force Majeure, of the nature, cause, date of commencement thereof and the anticipated extent of such delay, and shall indicate whether any deadlines or date(s), imposed hereunder may be affected thereby. The suspension of performance shall be of no greater scope and of no greater duration than the cure for the Force Majeure requires. A Party claiming Force Majeure shall not be entitled to any relief therefore unless and until conforming notice is provided. The Party claiming Force Majeure shall notify the other Party of the cessation of the event of Force Majeure or of the conclusion of the affected Party's cure for the event of Force Majeure, in either case within two (2) business days thereof.
- 16.3 The Party claiming Force Majeure shall use its best efforts to cure the cause(s) preventing its performance of this Contract; provided, however, the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the affected Party, and such Party shall not be required to settle such strikes, lockouts or other labor disputes by acceding to demands which such Party deems to be unfavorable.
- 16.4 If the REFQS suffers an occurrence of an event of Force Majeure that reduces the generating capability of the Facility below the Committed Capacity, the REFQS may, upon notice to FPL, temporarily adjust the Committed Capacity as provided in Sections 16.5 and 16.6. Such adjustment shall be effective the first calendar day immediately following FPL's receipt of the notice or such later date as may be specified by the REFQS. Furthermore, such adjustment shall be the minimum amount necessitated by the event of Force Majeure.

(Continued on Sheet No. 9.880)

(Continued from Sheet No. 9.879)

- 16.5 If the Facility is rendered completely inoperative as a result of Force Majeure, the REFQS shall temporarily set the Committed Capacity equal to 0 kW until such time as the Facility can partially or fully operate at the Committed Capacity that existed prior to the Force Majeure. If the Committed Capacity is 0 kW, FPL shall have no obligation to make capacity payments hereunder.
- 16.6 If, at any time during the occurrence of an event of Force Majeure or during its cure, the Facility can partially or fully operate, then the REFQS shall temporarily set the Committed Capacity at the maximum capability that the Facility can reasonably be expected to operate.
- 16.7 Upon the cessation of the event of Force Majeure or the conclusion of the cure for the event of Force Majeure, the Committed Capacity shall be restored to the Committed Capacity that existed immediately prior to the Force Majeure. Notwithstanding any other provision of this Contract, upon such cessation or cure, FPL shall have the right to require a Committed Capacity Test to demonstrate the Facility's compliance with the requirements of this section 16.7. Any Committed Capacity Test required by FPL under this Section shall be additional to any Committed Capacity Test under Section 5.3.
- 16.8 During the occurrence of an event of Force Majeure and a reduction in Committed Capacity under Section 16.4, all Monthly Capacity Payments shall reflect, pro rata, the reduction in Committed Capacity, and the Monthly Capacity Payments will continue to be calculated in accordance with the pay-for-performance provisions in Appendix B.
- 16.9 The REFQS agrees to be responsible for and pay the costs necessary to reactivate the Facility and/or the interconnection with FPL's system if the same is (are) rendered inoperable due to actions of the REFQS, its agents, or Force Majeure events affecting the REFQS, the Facility or the interconnection with FPL. FPL agrees to reactivate, at its own cost, the interconnection with the Facility in circumstances where any interruptions to such interconnections are caused by FPL or its agents.

**17. Representations, Warranties, and Covenants of REFQS**

The REFQS represents and warrants that as of the Effective Date:

**17.1 Organization, Standing and Qualification**

The REFQS is a \_\_\_\_\_ (corporation, partnership, or other, as applicable) duly organized and validly existing in good standing under the laws of \_\_\_\_\_ and has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Contract and all other related documents and agreements to which it is or shall be a Party. The REFQS is duly qualified or licensed to do business in the State of Florida and in all other jurisdictions wherein the nature of its business and operations or the character of the properties owned or leased by it makes such qualification or licensing necessary and where the failure to be so qualified or licensed would impair its ability to perform its obligations under this Contract or would result in a material liability to or would have a material adverse effect on FPL.

**17.2 Due Authorization, No Approvals, No Defaults, etc.**

Each of the execution, delivery and performance by the REFQS of this Contract has been duly authorized by all necessary action on the part of the REFQS, does not require any approval, except as has been heretofore obtained, of the \_\_\_\_\_ (shareholders, partners, or others, as applicable) of the REFQS or any consent of or approval from any trustee, lessor or holder of any indebtedness or other obligation of the REFQS, except for such as have been duly obtained, and does not contravene or constitute a default under any law, the \_\_\_\_\_ (articles of incorporation, bylaws, or other as applicable) of the REFQS, or any agreement, judgment, injunction, order, decree or other instrument binding upon the REFQS, or subject the Facility or any component part thereof to any lien other than as contemplated or permitted by this Contract.

**17.3 Compliance with Laws**

The REFQS has knowledge of all laws and business practices that must be followed in performing its obligations under this Contract. The REFQS is in compliance with all laws, except to the extent that failure to comply therewith would not, in the aggregate, have a material adverse effect on the REFQS or FPL.

(Continued on Sheet No. 9.881)



(Continued from Sheet No. 9.880)

**17.4 Governmental Approvals**

Except as expressly contemplated herein, neither the execution and delivery by the REFQS of this Contract, nor the consummation by the REFQS of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of governmental authority, except in respect of permits (a) which have already been obtained and are in full force and effect or (b) are not yet required (and with respect to which the REFQS has no reason to believe that the same will not be readily obtainable in the ordinary course of business upon due application therefore).

**17.5 No Suits, Proceedings**

There are no actions, suits, proceedings or investigations pending or, to the knowledge of the REFQS, threatened against it at law or in equity before any court or tribunal of the United States or any other jurisdiction which individually or in the aggregate could result in any materially adverse effect on the REFQS's business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this Contract. The REFQS has no knowledge of a violation or default with respect to any law which could result in any such materially adverse effect or impairment.

**17.6 Environmental Matters****17.6.1 REFQS Representations**

To the best of its knowledge after diligent inquiry, the REFQS knows of no (a) existing violations of any environmental laws at the Facility, including those governing hazardous materials or (b) pending, ongoing, or unresolved administrative or enforcement investigations, compliance orders, claims, demands, actions, or other litigation brought by governmental authorities or other third parties alleging violations of any environmental law or permit which would materially and adversely affect the operation of the Facility as contemplated by this Contract.

**17.6.2 Ownership and Offering For Sale Of Renewable Energy Attributes**

- a. The REF retains any and all rights to own and to sell any and all environmental attributes associated with the electric generation of the facility, including but not limited to any and all renewable energy certificates, "green tags" or other tradable environmental interests (collectively "RECs"), of any description, provided that: (i) FPL shall have a right of first refusal with respect to any and all bona fide offers to purchase any RECs; and (ii) the REF shall not sell RECs to any party at a price less than that charged by FPL.
- b. Notwithstanding the provisions of the foregoing Section 17.6.2(a), in the event that, after FPL has declined an offer to purchase RECs, the REF wishes to sell RECs to another party at a price less than that already contracted for by FPL, the REF may proceed with such sale so long as (i) the price paid by FPL for any and all future purchases of RECs from the REF shall be adjusted to be equal to the lowest price at which the REF agrees to sell RECs to another party; and (ii) the REF shall refund to FPL the amount by which any past FPL purchases of RECs from the REF exceeds the lowest price that the REF agrees to charge another buyer.

**18. General Provisions****18.1 Project Viability**

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

**18.2 Permits**

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

(Continued on Sheet No. 9.882)

(Continued from Sheet No. 9.881)

**18.3 Project Management**

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

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

**18.4 Assignment**

The REFQS may not assign this Contract, without FPL's prior written approval, which approval may be withheld in FPL's sole discretion.

**18.5 Disclaimer**

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

**18.6 Notification**

All formal notices relating to this Contract shall be deemed duly given when delivered in person, or sent by registered or certified mail, or sent by fax if followed immediately with a copy sent by registered or certified mail, to the individuals designated below. The Parties designate the following individuals 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 the REFQS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For FPL:

**Florida Power & Light Company**  
Manager,  
**Purchased Power**  
P. O. Box 029100  
Miami, FL 33102-9100

This signed Contract and all related documents may be presented no earlier than 8:00 a.m. on the effective date of the Standard Offer Contract, as determined by the FPSC. Contracts and related documents may be mailed to the address below or delivered during normal business hours (8:00 a.m. to 4:45 p.m.) to the visitors' entrance at the address below:

Florida Power & Light Company  
9250 West Flagler Street  
Miami, FL 33174

Attention: Manager, Purchased Power  
Resource Assessment and Planning Department

(Continued on Sheet No. 9.883)

(Continued from Sheet No. 9.882)

**18.7 Applicable Law**

This Contract shall be construed in accordance with and governed by, and the rights of the parties shall be construed in accordance with, the laws of the State of Florida, without regard to conflict of law rules thereof.

**18.8 Taxation**

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

**18.9 Severability**

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

**18.10 Complete Agreement and Amendments**

All previous communications or agreements between the Parties, whether verbal or written, with reference to the subject matter of this Contract are hereby abrogated. No amendment or modification to this Contract shall be binding unless it shall be set forth in writing and duly executed by both Parties. This Contract constitutes the entire agreement between the Parties.

**18.11 Survival of Contract**

This Contract, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties' respective successors-in-interest and legal representatives.

**18.12 Record Retention**

The REFQS agrees to retain for a period of five (5) years from the date of termination hereof all records relating to the performance of its obligations hereunder, and to cause all REFQS Entities to retain for the same period all such records.

**18.13 No Waiver**

No waiver of any of the terms and conditions of this Contract shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. The failure of a Party to insist, in any instance, on the strict performance of any of the terms and conditions hereof shall not be construed as a waiver of such Party's right in the future to insist on such strict performance.

**18.14 Set-Off**

FPL may at any time, but shall be under no obligation to, set off any and all sums due from the REFQS against sums due to the REFQS hereunder.

(Continued on Sheet No. 9.884)

(Continued from Sheet No. 9.883)

18.15 Assistance With FPL FIN 46R Compliance

Accounting rules set forth in Financial Accounting Standards Board Interpretation No. 46 (Revised December 2003) ("FIN 46R"), as well as future amendments and interpretations of those rules, may require FPL to evaluate whether the REFQS must be consolidated, as a variable interest entity (as defined in FIN 46R), in the financial statements of FPL. The REFQS agrees to fully cooperate with FPL and make available to FPL all financial data and other information, as deemed necessary by FPL, to perform that evaluation on a timely basis at inception of the PPA and periodically as required by FIN 46R. If the result of a the evaluation under FIN 46R indicates that the REFQS must be consolidated in the financial statements of FPL, the REFQS agrees to provide financial statements, together with other required information, as determined by FPL for inclusion in disclosures contained in the footnotes to the financial statements and in FPL's required filings with the Securities and Exchange Commission ("SEC"). The REFQS shall provide this information to FPL in a timeframe consistent with FPL's earnings release and SEC filing schedules, to be determined at FPL's discretion. The REFQS also agrees to fully cooperate with FPL and FPL's independent auditors in completing an assessment of the REFQS's internal controls as required by the Sarbanes-Oxley Act of 2002 and in performing any audit procedures necessary for the independent auditors to issue their opinion on the consolidated financial statements of FPL. FPL will treat any information provided by the REFQS in satisfying Section 18.15 as confidential information and shall only disclose such information to the extent required by accounting and SEC rules and any applicable laws.

IN WITNESS WHEREOF, the REFQS and FPL executed this Contract this \_\_\_\_\_ day of \_\_\_\_\_

WITNESS:

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

FLORIDA POWER & LIGHT COMPANY

\_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_ (REFQS)

\_\_\_\_\_

Date \_\_\_\_\_

**RATE SCHEDULE REFQS-1**  
**APPENDIX A**  
**TO THE STANDARD OFFER CONTRACT**  
**STANDARD RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY**  
**FROM A RENEWABLE ENERGY FACILITY**  
**OR A QUALIFYING FACILITY WITH A DESIGN CAPACITY OF 100 KW OR LESS**

**SCHEDULE**

REFQS-1, Firm Renewable Capacity and Renewable Energy

**AVAILABLE**

The Company will, under the provisions of this Schedule and the Company's "Standard Offer Contract for the Purchase of Firm Capacity and Energy from a Renewable Energy Facility or a Qualifying Facility with a design capacity of 100 KW or less" ("Standard Offer Contract"), purchase firm capacity and energy offered by a Renewable Energy Facility ("REF") specified in Section 366.91, Florida Statutes or by a Qualifying Facility with a design capacity of 100 KW or less as specified in FPSC Rule 25-17-0832(4) and which is either directly or indirectly interconnected with the Company. Both of these types of facilities shall also be referred to herein as Qualified Seller or "QS".

The Company's obligation to contract to purchase firm capacity from such facilities by means of this schedule and the Standard Offer Contract will continue only as long and to the extent that, the subscription limit is not exceeded. In addition, the Company will petition the FPSC for closure upon any of the following: (a) the utility fully subscribes the subscription limit on capacity of its Avoided Unit (b) the utility commences construction of its Avoided Unit, or (c) the utility issues an RFP, required by Rule 25-22.082, F.A.C. for the Avoided Unit.

**APPLICABLE**

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

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

**CHARACTER OF SERVICE**

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

**LIMITATION**

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

- A. Commit to commence deliveries of firm capacity and energy no later than June 1, 2008, and to continue such deliveries for a period of 10 years;
- B. Provide capacity which would not result in the capacity subscription limit for the Company of 15760 MW to be exceeded; and
- C. Are not currently under contract with the Company or with any other entity for the Facility's output.

**RATES FOR PURCHASES BY THE COMPANY**

Firm Renewable Capacity and Renewable Energy are purchased at a unit cost, in dollars per kilowatt per month and cents per kilowatt-hour, respectively, based on the value of deferring additional capacity required by the Company. For the purpose of this Schedule, an Avoided Unit has been designated by the Company. The Company's Avoided Unit has been identified as a 15760 MW combustion turbine unit with an in-service date of June 1, 2008. Appendix I to this Schedule describes the methodology used to calculate payment schedules, general terms, and conditions applicable to the Company's Standard Offer Contract filed and approved pursuant to Section 366.091, Florida Statute and to FPSC Rules 25-17.082 through 25-17.091, F.A.C.

**A. Firm Renewable Capacity Rates**

Four options, A through D, as set forth below, are available for payment of firm renewable capacity which is produced by a REFQS and delivered to the Company. Once selected, an option shall remain in effect for the term of the Standard Offer Contract with the Company. Exemplary payment schedules, shown below, contain the monthly rate per kilowatt of Firm Renewable Capacity which the REFQS has contractually committed to deliver to the Company and are based on a contract term which extends ten (10) years beyond January 1, 2008. Payment schedules for other contract terms will be made available to any REFQS upon request and may be calculated based on the methodologies described in Appendix I. The currently approved parameters used to calculate the following schedule of payments are found in Appendix II to this Schedule.

(Continued on Sheet No. 10.501)

(Continued from Sheet No. 10.500)

**Adjustment to Renewable-Capacity Payment**

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

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

**Option A - Fixed Value of Deferral Payments - Normal Capacity**

Payment schedules under this option are based on the value of a year-by-year deferral of the Company's Avoided Unit with an in-service date of June 1, 2008, as described in Appendix I. Once this option is selected, the current schedule of payments shall remain fixed and in effect throughout the term of the Standard Offer Contract.

**Option B - Fixed Value of Deferral Payments - Early Renewable-Capacity**

Payment schedules under this option are based upon the early capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. These payments can start as early as two years prior to the anticipated in-service date of the Company's Avoided Unit; provided, however, that under no circumstances may payments begin before the REFQS is delivering firm renewable capacity and renewable-energy to the Company pursuant to the terms of the Standard Offer Contract. When this option is selected, the renewable-capacity payments shall be made monthly commencing no earlier than the Capacity Delivery Date of the REFQS and calculated as shown on Appendix I.

The REFQS shall select the month and year in which the deliveries of firm renewable-capacity and renewable-energy to the Company are to commence and capacity payments are to start. The Company will provide the REFQS with a schedule of renewable-capacity payment rates based on the month and year in which the deliveries of firm renewable-capacity and renewable energy are to commence and the term of the Standard Offer Contract. The following exemplary renewable-payment schedule is based on a contract term which extends ~~seven and one-half~~ ten (7.5 10) years beyond the anticipated in-service date of the Company's Avoided Unit.

EXAMPLE MONTHLY RENEWABLE-CAPACITY PAYMENT IN \$/KW/MONTH  
 2008 COMBUSTION TURBINE AVOIDED UNIT (15760 MW)  
 STANDARD OFFER CONTRACT AVOIDED CAPACITY PAYMENTS  
 (\$/KW/MONTH)

Contract Year From	To	Option A	Option B	
		Normal Payment Starting 06/01/2008	Fixed Value of Deferral Payments - Early Capacity 06/01/2007 06/01/2006	
6/1/2006	5/31/2007			3.56 87
6/1/2007	5/31/2008		4.49 48	3.66 99
6/1/2008	5/31/2009	4.98 5.21	4.30 61	3.77 4.11
6/1/2009	5/31/2010	5.12 36	4.43 74	3.87 4.23
6/1/2010	5/31/2011	5.26 52	4.55 88	3.98 4.35
6/1/2011	5/31/2012	5.42 68	4.68 5.03	4.10 48
6/1/2012	5/31/2013	5.57 85	4.82 5.17	4.21 61
6/1/2013	5/31/2014	5.73 6.02	4.95 5.33	4.33 75
6/1/2014	5/31/2015	5.90 6.20	5.09 48	4.46 89
6/1/2015	12 5/31/2015 6	6.07 38	5.24 64	4.58 5.03
6/1/2016	5/31/2017	6.57	5.81	5.18
6/1/2017	5/31/2018	6.77	5.98	5.33

(Continued on Sheet No. 10.502)

(Continued from Sheet No. 10.501)

**Option C - Fixed Value of Deferral Payment - Levelized Renewable-Capacity**

Payment schedules under this option are based upon the levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of renewable-capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance portion of the renewable-capacity payments shall be equal to the value of the year-by-year deferral of fixed operation and maintenance expense associated with the Company's Avoided Unit. These calculations are shown in Appendix I.

**Option D - Fixed Value of Deferral Payment - Early Levelized Renewable-Capacity**

Payment schedules under this option are based upon the early levelized capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit. The capital portion of the renewable-capacity payments under this option shall consist of equal monthly payments over the term of the Standard Offer Contract, calculated as shown on Appendix I. The fixed operation and maintenance expense shall be calculated as shown in Appendix I. At the option of the REFQS, payments for early levelized renewable-capacity shall commence at any time after the specified early capacity date and before the anticipated in-service date of the Company's Avoided Unit, provided that the REFQS is delivering firm renewable-capacity and renewable energy to the Company pursuant to the terms of the Standard Offer Contract.

EXAMPLE MONTHLY RENEWABLE-CAPACITY PAYMENT IN \$kW/MONTH  
2008 COMBUSTION TURBINE AVOIDED UNIT (15760 MW) LEVELIZED CAPITAL  
AVOIDED CAPACITY PAYMENTS  
(\$/kW/MONTH)

Contract Year Starting From	To	Option C*	Option D (Early O&M)*	
		Levelized Payment 06/01/2008	Fixed Value of Deferral Payments - Early Capacity 06/01/2007 06/01/2006	
6/1/2006	5/31/2007			3.90 4.37
6/1/2007	5/31/2008		4.54 5.00	3.92 4.39
6/1/2008	5/31/2009	5.35 77	4.56 5.02	3.94 4.40
6/1/2009	5/31/2010	5.38 79	4.59 5.04	3.96 4.42
6/1/2010	5/31/2011	5.40 80	4.61 5.05	3.98 4.43
6/1/2011	5/31/2012	5.44 83	4.64 5.07	4.00 45
6/1/2012	5/31/2013	5.47 85	4.66 5.09	4.03 46
6/1/2013	5/31/2014	5.50 87	4.69 5.11	4.05 48
6/1/2014	5/31/2015	5.53 89	4.72 5.12	4.07 50
6/1/2015	12/31/2015 <del>6</del>	5.57 91	4.75 5.14	4.10 51
6/1/2016	5/31/2017	5.93	5.16	4.53
6/1/2017	5/31/2018	5.96	5.18	4.55

\*Annual Variation is due to fixed operation and maintenance component of the capacity payment.

**B. Renewable Energy Rates**

**(1) Payments Prior to June 1, 2008**

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

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

(Continued on Sheet No. 10.503)

(Continued from Sheet No. 10.502)

(2) **Renewable Payments Starting on June 1, 2008**

The calculation of payments to the REFQS for renewable energy delivered to FPL on and after June 1, 2008 shall be the sum, over all hours of the Monthly Billing Period, of the product of (a) each hour's firm energy rate (¢/kWh); and (b) the amount of renewable energy (kWhs) delivered to FPL from the Facility during that hour.

For any Dispatch Hour the firm renewable energy rate shall be, on an hour-by-hour basis, the Company's Avoided Unit Energy Cost. For any other period during which renewable energy is delivered by the REFQS to FPL, the firm renewable energy rate in cents per kilowatt hour (¢/kWh) shall be the following on an hour-by-hour basis: the lesser of (a) the as-available energy rate calculated by FPL in accordance with FPSC Rule 25-17.0825, FAC, and FPL's Rate Schedule COG-1, as they may each be amended from time to time and (b) the Company's Avoided Unit Energy Cost. The Company's Avoided Unit Energy Cost, in cents per kilowatt-hour (¢/kWh) shall be defined as the product of: (a) the fuel price in \$/mmBTU as determined from gas prices published in Platts Inside FERC Gas Market Report, first of the month posting for Florida Gas Transmission Zone 3, plus all charges, surcharges and percentages that are in effect from time to time for service under Gulfstream Natural Gas System's Rate Schedule FTS; and (b) an average annual heat rate of 10,400 BTU per kilowatt hour; plus (c) an additional .01781¢ per kilowatt hour in mid 2008 dollars for variable operation and maintenance expenses which will be escalated based on the actual Producer Price Index. All renewable energy purchases shall be adjusted for losses from the point of metering to the point of interconnection. The calculation of the Company's avoided energy cost reflects the delivery of renewable energy from the geographical area of the Company in which the REFQS is located. Renewable energy payments to REFQS's located outside the Company's service territory reflect the region in which the interchange point for the delivery of renewable energy is located.

**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. In addition, avoided renewable energy cost payments will include .0022¢/kWh for variable operation and maintenance expenses.

<u>Applicable Period</u>	<u>On-Peak ¢/KWH</u>	<u>Off-Peak ¢/KWH</u>	<u>Average ¢/KWH</u>
October 1, 2005 – March 31, 2006	8.17	6.14	6.74
April 1, 2006 – September 30, 2006	<del>8.02</del> 8.49	<del>7.39</del> 8.9	<del>7.58</del> 8.07
October 1, 2006 – March 31, 2007	<del>7.87</del> 8.52	<del>6.19</del> 7.24	<del>6.62</del> 7.62
April 1, 2007 – September 30, 2007	<del>8.30</del> 11	<del>7.36</del> 50	7.648
October 1, 2007 – March 31, 2008	7.84	6.64	7.00

A MW block size ranging from 42 MW to 47 MW has been used to calculate the estimated As-Available energy cost.

**ESTIMATED UNIT FUEL COST**

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

<u>\$/MMBTU</u>									
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<del>8.59</del>	<del>8.07</del>	<del>7.63</del>	<del>7.84</del>	<del>8.07</del>	<del>8.31</del>	<del>8.54</del>	<del>8.79</del>	<del>7.73</del>	<del>8.34</del>
7.98	7.30	6.38	6.40	6.63	6.86	7.10	7.28		

**DELIVERY VOLTAGE ADJUSTMENT**

Energy payments to the REFQS's within the Company's service territory shall be adjusted according to the delivery voltage by the following multipliers:

<u>Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	1.0000
Primary Voltage Delivery	1.0210
Secondary Voltage Delivery	1.0456

(Continued on Sheet No. 10.504)



(Continued from Sheet No. 10.503)

**PERFORMANCE CRITERIA**

Payments for Firm Renewable Capacity are conditioned on the REFQS's ability to maintain the following performance criteria:

**A. Capacity Delivery Date**

The Capacity Delivery Date shall be no later than the projected in-service date of the Company's Avoided Unit (i.e., June 1, 2008).

**B. Availability and Capacity Factor**

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

**METERING REQUIREMENTS**

The REFQS's within the territory served by the Company shall be required to purchase from the Company hourly recording meters to measure their renewable energy deliveries to the Company. Renewable Energy purchases from the REFQS's outside the territory of the Company shall be measured as the quantities scheduled for interchange to the Company by the entity delivering Firm Renewable Capacity and Renewable Energy to the Company.

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

**BILLING OPTIONS**

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

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

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

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

**CHARGES TO RENEWABLE ENERGY FACILITY**

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

**A. Customer Charges:**

<u>Rate Schedule</u>	<u>Customer Charge (\$)</u>	<u>Rate Schedule</u>	<u>Customer Charge (\$)</u>
GS-1	8.24	CST-1	100.74
GST-1	11.27	GSLD-2	155.68
GSD-1	32.05	GSLDT-2	155.68
GSDT-1	38.00	CS-2	155.68
RS-1	5.17	CST-2	155.68
RST-1	8.20	GSLD-3	366.30
GSLD-1	37.55	CS-3	366.30
GSLDT-1	37.55	CST-3	366.30
CS-1	100.74	GSLDT-3	366.30

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(Continued from Sheet No. 10.504)

**B. Interconnection Charge for Non-Variable Utility Expenses**

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

**C. Interconnection Charge for Variable Utility Expenses**

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

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

<u>Equipment Type</u>	<u>Charge</u>
Metering Equipment	0.124%
Distribution Equipment	0.253%
Transmission Equipment	0.114%

**D. Taxes and Assessments**

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

**TERMS OF SERVICE**

- (1) It shall be the REFQS's responsibility to inform the Company of any change in its electric generation capability.
- (2) Any electric service delivered by the Company to a REFQS located in the Company's service area shall be subject to the following terms and conditions:
  - (a) A REFQS shall be metered separately and billed under the applicable retail rate schedule(s), whose terms and conditions shall pertain.
  - (b) 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:
    - (i) In the first year of operation, the security deposit should be based upon the singular month in which the REFQS's projected purchases from the Company exceed, by the greatest amount, the Company's estimated renewable purchases from the REFQS. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit is required upon interconnection.
    - (ii) For each year thereafter, a review of the actual sales and purchases between the REFQS and the Company will be conducted to determine the actual month of maximum difference. The security deposit should be adjusted to equal twice the greatest amount by which the actual monthly purchases by the REFQS exceed the actual renewable sales to the Company in that month.

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- (c) The Company shall specify the point of interconnection and voltage level.
  - (d) The REFQS must enter into an interconnection agreement with the Company which will, among other things, specify safety and reliability standards for the interconnection to the Company's system. In most instances, the Company's filed Interconnection Agreement for Qualifying Facilities will be used; however, special features of the REFQS or its interconnection to the Company's facilities may require modifications to this Interconnection Agreement or the safety and reliability standards contained therein.
- (3) Service under this rate schedule is subject to the rules and regulations of the Company and the Florida Public Service Commission.

**SPECIAL PROVISIONS**

- (1) Special contracts deviating from the above standard rate schedule are allowable provided the Company agrees to them and they are approved by the Florida Public Service Commission.

**APPENDIX I  
TO RATE SCHEDULE REFQS-1  
CALCULATION OF VALUE OF DEFERRAL PAYMENTS**

**APPLICABILITY**

Appendix I provides a detailed description of the methodology used by the Company to calculate the monthly values of deferring or avoiding the Company's Avoided Unit identified in Schedule REFQS-1. When used in conjunction with the current FPSC-approved cost parameters associated with the Company's Avoided Unit contained in Appendix II, a REFQS may determine the applicable value of deferral capacity payment rate associated with the timing and operation of its particular facility should the REFQS enter into a Standard Offer Contract with the Company.

Also contained in Appendix I is the discussion of the types and forms of surety bond requirements or equivalent assurance for payment of the Termination Fee acceptable to the Company in the event of contractual default by a REFQS.

**CALCULATION OF VALUE OF DEFERRAL OPTION A**

FPSC Rule 25-17.0832(5) specifies that avoided capacity costs, in dollars per kilowatt per month, associated with renewable capacity sold to a utility by a REFQS pursuant to the Company's Standard Offer Contract shall be defined as the year-by-year value of deferral of the Company's Avoided Unit. The year-by-year value of deferral shall be the difference in revenue requirements associated with deferring the Company's Avoided Unit one year, and shall be calculated as follows:

$$VAC_m = \frac{1}{12} [KI_n (1-R)/(1-R^L) + O_n]$$

Where, for a one year deferral:

- $VAC_m$  = utility's monthly value of avoided capacity and O & M, in dollars per kilowatt per month, for each month of year n;
- $K$  = 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;
- $R$  =  $(1 + i_p) / (1 + r)$ ;
- $I_n$  = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Company's Avoided Unit which would have been paid had the Unit been constructed;
- $O_n$  = total fixed operation and maintenance expense for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;
- $i_p$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);

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(Continued from Sheet No. 10.507)

- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $r$  = annual discount rate, defined as the utility's incremental after-tax cost of capital;
- $L$  = expected life of the Company's Avoided Unit(s); and
- $n$  = year for which the Company's Avoided Unit(s) is (are) deferred starting with its (their) original anticipated in-service date(s) and ending with the termination of the Company's Standard Offer Contract.

**CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS – RENEWABLE EARLY CAPACITY–OPTION B**

Normally, payments for firm renewable-capacity shall not commence until the in-service date of the Company's Avoided Unit(s). At the option of the REFQS, however, the Company may begin making payments for early renewable-capacity consisting of the capital cost component of the value of a year-by-year deferral of the Company's Avoided Unit starting as early as two years prior to the anticipated in-service date of the Company's Avoided Unit. When such payments for early capacity are elected, the avoided capital cost component of capacity payments shall be paid monthly commencing no earlier than the Capacity Delivery Date of the REFQS, and shall be calculated as follows:

$$A_m = A_c \frac{(1 + i_p)^{(m-1)}}{12} + A_o \frac{(1 + i_o)^{(m-1)}}{12} \text{ for } m = 1 \text{ to } t$$

Where:

- $A_m$  = monthly payments to be made to the REFQS for each month of the contract year  $n$ , in dollars per kilowatt per month in which REFQS delivers renewable-capacity pursuant to the early capacity option;
- $i_p$  = annual escalation rate associated with the plant cost of the Company's Avoided Unit(s);
- $i_o$  = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit(s);
- $m$  = year for which the fixed value of deferral payments under the early capacity option are made to a REFQS, starting in year one and ending in the year  $t$ ;
- $t$  = the term, in years, of the Standard Offer Contract;

$$A_c = F [(1 - R)/(1 - R^t)]$$

(Continued on Sheet No. 10.509)

(Continued from Sheet No. 10.508)

Where:

- F = the cumulative present value, in the year that the contractual ~~renewable~~-payments will begin, of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s);
- R =  $(1 + ip) / (1 + r)$
- r = annual discount rate, defined as the Company's incremental after-tax cost of capital; and

$$A_o = G [(1 - R) / (1 - R^t)]$$

Where:

- G = The cumulative present value, in the year that the contractual payments will begin, of the avoided fixed operation and maintenance expense component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit(s).
- R =  $(1 + io) / (1 + r)$

The currently approved parameters applicable to the formulas above are found in Appendix II.

CALCULATION OF FIXED VALUE OF DEFERRAL PAYMENTS - LEVELIZED AND EARLY LEVELIZED ~~RENEWABLE~~ CAPACITY - OPTION C & OPTION D, RESPECTIVELY

Monthly fixed value of deferral payments for levelized and early levelized ~~renewable~~-capacity shall be calculated as follows:

$$P_L = \frac{F}{12} \times \frac{r}{1 - (1 + r)^{-t}} + O$$

Where:

- P<sub>L</sub> = the monthly levelized ~~renewable~~-capacity payment, starting on or prior to the in-service date of the Company's Avoided Unit(s);
- F = the cumulative present value, in the year that the contractual ~~renewable~~ payments will begin, of the avoided capital cost component of the capacity payments which would have been made had the capacity payments not been levelized;
- r = the annual discount rate, defined as the Company's incremental after-tax cost of capital;
- t = the term, in years, of the Standard Offer Contract;
- O = the monthly fixed operation and maintenance component of the capacity payments, calculated in accordance with calculation of the fixed value of deferral payments for the levelized capacity or the early levelized capacity options.

(Continued on Sheet No. 10.510)

(Continued from Sheet No. 10.509)

**RISK-RELATED GUARANTEES**

When fixed value of deferral payments - early capacity, levelized capacity, or early levelized capacity are elected, the REFQS must provide a surety bond or equivalent assurance of securing the payment of a Termination Fee in the event the REFQS is unable to meet the terms and conditions of its Standard Offer Contract. Depending on the nature of the REFQS's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Standard Offer Contract, one of the following may constitute an equivalent assurance of payment:

- (1) Bond;
- (2) Cash deposit(s) with FPL;
- (3) Unconditional, irrevocable, direct pay letter of credit;
- (4) Unsecured promise by a municipal, county or state government to repay payments for early or levelized capacity in the event of default, in conjunction with a legally binding commitment from such government allowing the utility to levy a surcharge on either the electric bills of the government's electricity consuming facilities or the constituent electric customers of such government to assure that payments for early or levelized capacity are repaid;
- (5) Unsecured promise by a privately-owned REFQS to repay payments for early or levelized ~~renewable~~ capacity in the event of default, in conjunction with a legally binding commitment from the owner(s) of the REFQS, parent company, and/or subsidiary companies allowing the Company to levy a surcharge on the electric bills of the owner(s), parent company, and/or subsidiary companies located in Florida to assure that payments for early, levelized or early levelized capacity are repaid; or
- (6) Other guarantee acceptable to the Company.

The Company will cooperate with each REFQS applying for fixed value of deferral payments under the early, levelized or early levelized ~~renewable~~ capacity options to determine the exact form of an "equivalent assurance" for payment of the Termination Fee to be required based on the particular aspects of the REFQS. The Company will endeavor to accommodate an equivalent assurance of repayment which is in the best interests of both the REFQS and the Company's ratepayers.

APPENDIX II  
 TO RATE SCHEDULE REFQS-1  
 RENEWABLE-CAPACITY OPTION PARAMETERS

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

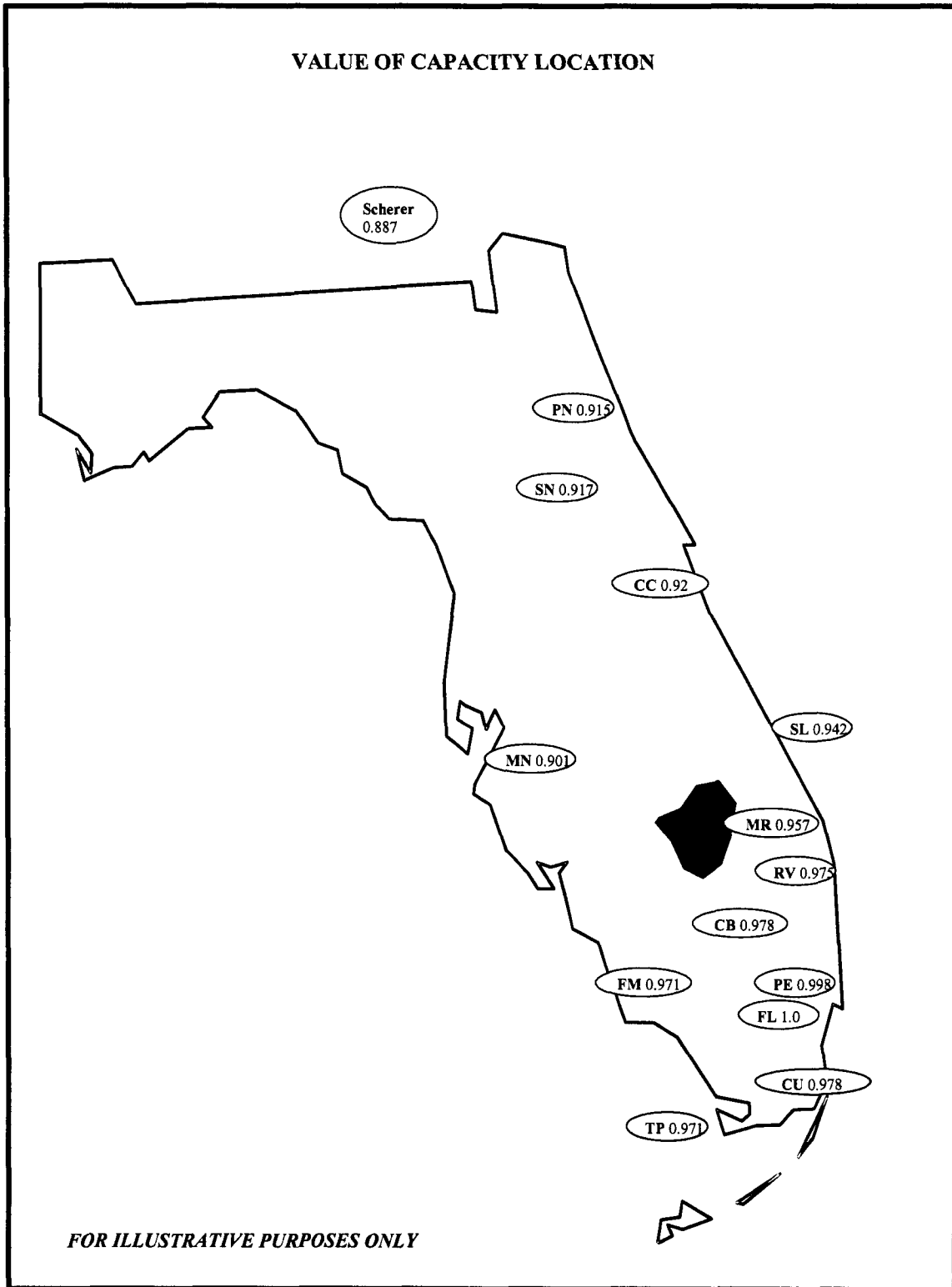
Where, for a one year deferral:	<u>Value</u>
VAC <sub>m</sub> = Company's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$4.98 <u>5.21</u>
K = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.3825 <u>687</u>
I <sub>n</sub> = total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Company's Avoided Unit with an in-service date of year;	\$476.27 <u>571.23</u>
O <sub>n</sub> = total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Company's Avoided Unit;	\$14.46 <u>8.72</u>
i <sub>p</sub> = annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i <sub>o</sub> = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.36 <u>55%</u>
r = annual discount rate, defined as the Company's incremental after-tax cost of capital;	8.37%
L = expected life of the Company's Avoided Unit;	25
n = year for which the Company's Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the Standard Offer Contract.	2008

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

A <sub>m</sub> = monthly renewable-capacity payments to be made to the REFQS starting as early as two years prior to the anticipated in-service date of Company's Avoided Unit, in dollars per kilowatt per month;	\$2.70 <u>3.34</u>
i <sub>p</sub> = annual escalation rate associated with the plant cost of the Company's Avoided Unit;	3.0%
i <sub>o</sub> = annual escalation rate associated with the operation and maintenance expense of the Company's Avoided Unit;	2.36 <u>55%</u>
n = year for which early capacity payments to a REFQS are to begin;	June, 2006
F = the cumulative present value of the avoided capital cost component of capacity payments which would have been made had capacity payments commenced with the anticipated in-service date of the Company's Avoided Unit and continued for a period of 8 <u>10</u> years;	\$305.79 <u>433.07</u>
r = annual discount rate, defined as the Company's incremental after-tax cost of capital;	8.37%
t = the term, in years, of the Standard Offer Contract for the purchase of firm capacity commencing two years prior to the in-service date of the Company's Avoided Unit;	9.5 <u>12.0</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 Company's Avoided Unit and continued for a period of 8 <u>10</u> years.	\$95.25 <u>68.63</u>



APPENDIX III TO RATE SCHEDULE REFQS - 1  
VALUE OF CAPACITY LOCATION



**APPENDIX B  
 TO THE STANDARD OFFER CONTRACT  
 FOR THE PURCHASE OF FIRM CAPACITY AND ENERGY  
 FROM RENEWABLE ENERGY FACILITIES  
OR QUALIFYING FACILITIES WITH A DESIGN CAPACITY OF 100 KW OR LESS  
 PAY FOR PERFORMANCE PROVISIONS MONTHLY RENEWABLE-CAPACITY PAYMENT CALCULATION**

1. Monthly Renewable-Capacity Payments (MCP) for each Monthly Billing Period shall be computed according to the following:
- A. In the event that the Annual Capacity Billing Factor ("ACBF"), as defined below, is less than 980%, or the Monthly On Peak Capacity Billing Factor ("MOPCBF") (applicable only for months that include On-Peak Hours) as defined below is less than 90%, then no Monthly Capacity Payment shall be due. That is:  

$$MCP = 0$$
  - B. In the event that the ACBF is equal to or greater than 980% but less than 97.0%, and the MOPCBF (applicable only for the months that include On-Peak Hours) is equal to or greater than 90%, then the Monthly Renewable-Capacity Payment shall be calculated by using the following formula:  

$$MCP = BCP \times [ [.05 \times (ACBF - 780)] - [.007 \times (97 - MOPCBF)] ] \times CC$$
  - ~~C. In the event that the ACBF is equal to or greater than 97.0%, then the Monthly Renewable Capacity Payment shall be calculated by using the following formula:~~

~~$$MCP = BCP \times CC$$~~

Where:

- MCP = Monthly Renewable-Capacity Payment in dollars.
- BCP = Base Renewable-Capacity Payment in \$/k-W/Month as specified in FPL's Rate Schedule REFQS-1.
- CC = Committed Renewable-Capacity in kW.
- ACBF = Annual Capacity Billing Factor. This factor is the lesser of: 1) 90% and 2) the value calculated using the 12 month, rolling average of the Monthly Capacity Factor. This 12 month rolling average shall be defined as the sum of the 12 consecutive Monthly Capacity Factors preceding the date of calculation, divided by 12. During the first 12 consecutive Monthly Billing Periods, commencing with the first Monthly Billing Period in which Capacity payments are to be made, the calculation of the Annual Capacity Billing Factor shall be performed as follows: (a) during the first Monthly Billing Period, the Annual Capacity Billing Factor shall be equal to the Monthly Capacity Factor; (b) thereafter, the calculation of the Annual Capacity Billing Factor shall be computed by dividing the sum of the Monthly Capacity Factors during the first year's Monthly Billing Periods in which Capacity payments are to be made by the number of Monthly Billing Periods which have elapsed. This calculation shall be performed at the end of each Monthly Billing Period until enough Monthly Billing Periods have elapsed to calculate a true 12-month rolling average Annual Capacity Billing Factor.
- MCF = Monthly Capacity Factor. The sum of (i) the Hourly Factors of the Non-Dispatch Hours plus (ii) the Hourly Factors of the Dispatch Hours or the hourly factors of the hours when FPL requested reduced deliveries pursuant to Section 8.4.8 (Reduced Delivery Hour); divided by the number of hours in the Monthly Billing Period ~~total Scheduled Renewable Energy received during the Monthly Billing Period for which the calculation is made, divided by the total Scheduled Renewable Energy requested during the Monthly Billing Period.~~  
  
~~For purposes of calculating the Monthly Capacity Factor, hourly energy received shall not exceed the lesser of (i) the renewable energy which could be produced by the Renewable Committed Capacity or (ii) the actual Scheduled Renewable Energy requested by FPL, during such hour. During any Monthly Billing Period where the number of Dispatch Hours equal zero (0), MCF shall equal 1.0.~~
- ~~HFNDH = Hourly Factor of a Non-Dispatch Hour. The energy received during the hour divided by the Committed Capacity. For purposes of calculating the Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.~~
- ~~HFDH = Hourly Factor of a Dispatch Hour or a Reduced Delivery Hour. The scheduled energy received divided by the scheduled energy requested. For purposes of calculating the Hourly Factor of a Dispatch Hour or the Hourly Factor of a Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.~~

MOPCBF = Monthly On-Peak Capacity Billing Factor. The lesser of: 1) 97% and 2) the sum of (i) the Hourly Factors of the On-Peak Non-Dispatch Hours plus (ii) the Hourly Factors of the On-Peak Dispatch Hours or the Hourly Factors of the On-Peak Hours when FPL requested reduced deliveries pursuant of Section 8.4.8 (Reduced Delivery Hour); divided by the number of On-Peak Hours in the Monthly Billing Period.

MOPHFNDH = Monthly On-Peak Hourly Factor of a Non-Dispatch Hour. The energy received during the On-Peak Hour divided by the Committed Capacity. For purposes of calculating the On-Peak Hourly Factor of a Non-Dispatch Hour the energy received shall not exceed the Committed Capacity.

HFOPDH = Hourly Factor of an On-Peak Dispatch Hour or an On-Peak Reduced Delivery Hour. The scheduled energy received during the On-Peak Hour divided by the scheduled energy requested during the On-Peak Hour. For purposes of calculating the Hourly Factor of an On-Peak Dispatch Hour or the Hourly Factor of an On-Peak Reduced Delivery Hour the scheduled energy received shall not exceed the scheduled energy requested.

On-Peak Hours = Those hours occurring ~~April~~ July 1 through October 31 ~~Mondays through Fridays~~ from 12 noon to 9:00 p.m. Hours ~~excluding Memorial Day, Independence Day and Labor Day, and November 1 through March 31~~ Mondays through Fridays, from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. prevailing Eastern time ~~excluding Thanksgiving Day, Christmas Day and New Year's Day~~. FPL shall have the right to change such On-Peak Hours by providing the REFQS a minimum of thirty calendar days' advance written notice.

Monthly Billing Billing Period = The period beginning on the first calendar day of each calendar month, except that the initial Monthly Billing Period shall consist of the period beginning 12:01 a.m. on the Capacity Delivery Period Date and ending with the last calendar day of such month.

Scheduled ~~Renewable~~ Energy and Dispatch Hours are as defined in Section 8.4.7 of the Standard Offer Contract.

APPENDIX C  
 TO THE STANDARD OFFER CONTRACT  
 TERMINATION FEE

The Termination Fee shall be the sum of the values for each month beginning with the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be), computed according to the following formula:

$$\sum_{i=1}^n (MCP_i - MCPC_i) \times t^{(n-i)}$$

with:  $MCPC_i = 0$  for all periods prior to the in-service date of the Company's Avoided Unit;

where:

- i = number of the Monthly Billing Period commencing with the Capacity Delivery Date (i.e., the month in which Capacity Delivery Date occurs = 1; the month following the month in which Capacity Delivery Date occurs = 2; etc.)
- n = the number of Monthly Billing Periods which have elapsed from the month in which the Capacity Delivery Date occurs through the month of termination (or month of calculation, as the case may be)
- t = the future value of an amount factor necessary to compound a sum monthly so the annual percentage rate derived will equal FPL's incremental after-tax avoided cost of capital (defined as r in REFQS-1). For any Monthly Billing Period in which  $MCPC_i$  is greater than  $MCP_i$ , t shall equal 1.
- $MCP_i$  = Monthly Capacity Payment paid to REFQS corresponding to the Monthly Billing Period i, calculated in accordance with Appendix B.
- $MCPC_i$  Monthly Capacity Payment for Option A corresponding to the Monthly Billing Period i, calculated in accordance with REFQS-1

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 equal to or greater than zero, the amount of the Termination Fee shall be increased by the amount of such value.

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 (ACBF), as defined in Appendix B is less than 98%, or the MOPCBF is less than 90%, 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 (ACBF), as defined in Appendix B, is equal to or greater than 98% but less than 99%, and the MOPCBF is equal to or greater than 90%, then the Reduction Value shall be determined as follows:

$$\text{Reduction Value} = \text{Initial Reduction Value} \times [0.05 \times (\text{ACBF} - 780)] - [0.07 \times (97 - \text{MOPCBF})]$$

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

- ~~e. In the event that in the applicable Monthly Billing Period the Annual Capacity Billing Factor (ACBF), as defined in Appendix B, is equal to or greater than 98%, 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 FPL be liable to the REFQS at any time for any amount by which the Termination Fee, adjusted in accordance with the foregoing, is less than zero (0).

**APPENDIX D  
TO THE STANDARD OFFER CONTRACT  
DETAILED PROJECT INFORMATION**

Each eligible ~~Renewable~~-Contract received by FPL will be evaluated to determine if the underlying REFQS project is financially and technically viable. The REFQS shall, to the extent available, provide FPL with a detailed project proposal which addresses the information requested below.

**I. FACILITY DESCRIPTION**

- Project Name
- Project Location
  - ◆ Street Address
  - ◆ Site Plot Plan
  - ◆ Legal Description of Site
  
- Generating Technology
- Facility Classification ( include types from statute)
- Primary ~~Renewable~~-Fuel
- Alternate ~~Renewable~~-Fuel (if applicable)
- Committed Capacity
- Expected In-Service Date
- Steam Host (for cogeneration facilities)
  - ◆ Street Address
  - ◆ Legal Description of Steam Host
  - ◆ Host's annual steam requirements (lbs/yr)
  
- Contact Person
  - ◆ Individual's Name and Title
  - ◆ Company Name
  - ◆ Address
  - ◆ Telephone Number
  - ◆ Telecopy Number

**II. PROJECT PARTICIPANTS**

- Indicate the entities responsible for the following project management activities and provide a detailed description of the experience and capabilities of the entities:
  - ◆ Project Development
  - ◆ Siting and Licensing the Facility
  - ◆ Designing the Facility
  - ◆ Constructing the Facility
  - ◆ Securing the ~~Renewable~~-Fuel Supply
  - ◆ Operating the Facility
  
- Provide details on all electrical generation facilities which are currently under construction or operational which were developed by the REFQS.
  
- Describe the financing structure for the projects identified above, including the type of financing used, the permanent financing term, the major lenders, and the percentage of equity invested at financial closing.

(Continued on Sheet No. 10.516)

(Continued from Sheet No. 10.515)

**III. RENEWABLE FUEL SUPPLY**

- Describe all fuels to be used to generate electricity at the Facility. Indicate the specific physical and chemical characteristics of each fuel type (e.g., Btu content, sulfur content, ash content, etc.). Identify special considerations regarding renewable-fuel supply origin, source and handling, storage and processing requirements.
- Provide annual renewable-fuel requirements (ARFR) necessary to support the requirements pursuant to Section 366.91, Florida Statutes, and the planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the fuel supply arrangements in place to meet the ARFR in each year of the proposed operating life of the Facility. Use the categories below to describe the current arrangement for securing the AFR.

Category	Description of Renewable-Fuel Supply Arrangement
owned =	renewable-fuel is from a fully developed source owned by one or more of the project participants
contract =	fully executed firm renewable-fuel contract exists between the developer(s) and renewable-fuel supplier(s)
LOI =	a letter of intent for the renewable-fuel supply exists between developer(s) and renewable-fuel supplier(s)
REF =	renewable energy facility will burn biomass, waste, or another renewable resource
spot =	renewable-fuel supply will be purchased on the spot market
none =	no firm renewable-fuel supply arrangement currently in place
other =	renewable-fuel supply arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's ARFR which is covered by the above renewable-fuel supply arrangement(s) for each proposed operating year. The percent of ARFR covered for each operating year must total 100%. For renewable-fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the fuel price mechanism of the arrangement. In addition, indicate whether or not the fuel price includes delivery and, if so, to what location.
- Describe fuel transportation networks available for delivering all primary and secondary fuel to the Facility site. Indicate the mode, route and distance of each segment of the journey, from fuel source to the Renewable-Energy Facility site. Discuss the current status and pertinent factors impacting future availability of the transportation network.
- Provide annual renewable-fuel transportation requirements (ARFTR) necessary to support planned levels of generation and list the assumptions used to determine these quantities.
- Provide a summary of the status of the renewable-fuel transportation arrangements in place to meet the ARFTR in each year of the proposed operating life of the Renewable-Energy Facility. Use the categories below to describe the current arrangement for securing the ARFTR.

owned =	renewable-fuel transport via a fully developed system owned by one or more of the project participants
contract =	fully executed firm renewable-transportation contract exists between the developer(s) and renewable-fuel transporter(s)
LOI =	a letter of intent for renewable-fuel transport exists between developer(s) and renewable-fuel transporter(s)
Spot =	renewable-fuel transportation will be purchased on the spot market
none =	no firm renewable-fuel transportation arrangement currently in place
other =	renewable-fuel transportation arrangement which does not fit any of the above categories (please describe)

- Indicate the percentage of the Facility's ARFR which is covered by the above renewable-fuel supply arrangement(s) for each proposed operating year. The percent of ARFR covered for each operating year must total 100%. For renewable-fuel supply arrangements identified as owned, contract, or LOI, provide documentation to support this category and explain the transportation price mechanism of the arrangement.
- Provide the maximum, minimum, and average renewable-fuel inventory levels to be maintained for primary and secondary fuels at the Facility site. List the assumptions used in determining the inventory levels.

(Continued on Sheet No. 10.517)

(Continued from Sheet No. 10.516)

**IV. PLANT DISPATCHABILITY/CONTROLLABILITY**

- Provide the following operating characteristics and a detailed explanation supporting the performance capabilities indicated.
  - ◆ Ramp Rate (MW/minute)
  - ◆ Peak Capability (% above Committed Capacity)
  - ◆ Minimum power level (% of Committed Capacity)
  - ◆ Facility Turnaround Time, Hot to Hot (hours)
  - ◆ Start-up Time from Cold Shutdown (hours)
  - ◆ Unit Cycling (# cycles/yr)
  - ◆ MW and MVAR Control (AGC, Manual, Other (please explain))

**V. SITING AND LICENSING**

- Provide a licensing/permitting milestone schedule which lists all permits, licenses and variances required to site the Facility. The milestone schedule shall also identify key milestone dates for baseline monitoring, application preparation, agency review, certification and licensing/siting board approval, and agency permit issuance.
- Provide a licensing/permitting plan that addresses the issues of air emissions, water use, wastewater discharge, wetlands, endangered species, protected properties, solid waste, surrounding land use, zoning for the Facility, associated linear facilities, and support of and opposition to the Facility.
- List the emission/effluent discharge limits the Facility will meet, and describe in detail the pollution control equipment to be used to meet these limits.

**VI. FACILITY DEVELOPMENT AND PERFORMANCE**

- Submit a detailed engineering, procurement, construction, startup and commercial operation schedule. The schedule shall include milestones for site acquisition, engineering phases, selection of the major equipment vendors, architect engineer, EPC contractor, and Facility operator, steam host integration, and delivery of major equipment. A discussion of the current status of each milestone should also be included where applicable.
- Attach a diagram of the power block arrangement. Provide a list of the major equipment vendors and the name and model number of the major equipment to be installed.
- Provide a detailed description of the proposed environmental control technology for the Facility and describe the capabilities of the proposed technology.
- Attach preliminary flow diagrams for the steam system, water system, and ~~renewable~~ fuel system, and a main electrical one line diagram for the Facility.
- State the expected heat rate (HHV) at 75 degrees Fahrenheit for loads of 100%, 75%, and 50%. In addition, attach a preliminary heat balance for the Facility.
- [NOTE: add any requirements related to demonstrating that the facility meets the requirements under the statute or applicable rules]

(Continued on Sheet No. 10.518)

(Continued from Sheet No. 10.517)

**VII. FINANCIAL**

- Provide FPL with assurances that the proposed REFOS project is financially viable consistent with FPSC Rule 25-17.0832(4) (c) by attaching a detailed pro-forma cash flow analysis. The pro-forma must include, at a minimum, the following assumptions for each year of the project.
  - ◆ Annual Project Revenues
    - Capacity Payments (\$ and \$/kW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Steam Revenues (\$ and %/lb.)
    - Tipping Fees (\$ and \$/ton)
    - Interest Income
    - Other Revenues
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
    - Steam Escalation (%/yr)
    - Tipping Fee Escalation (%/yr)
  - ◆ Annual Project Expenses
    - Fixed O&M (\$ and \$/kW/Mo)
    - Variable O&M (\$ and \$/MWh)
    - Energy (\$ and \$/MWh)
    - Property Taxes (\$)
    - Insurance (\$)
    - Emission Compliance (\$ and \$/MWh)
    - Depreciation (\$ and %/yr)
    - Other Expenses (\$)
    - Fixed O&M Escalation (%/yr)
    - Variable O&M Escalation (%/yr)
    - Energy Escalation (%/yr)
  - ◆ Other Project Information
    - Installed Cost of the ~~Renewable~~ Energy Facility (\$ and \$/kW)
    - Committed ~~Renewable~~ Capacity (kW)
    - Average Heat Rate - HHV (MBTU/kWh)
    - Federal Income Tax Rate (%)
    - Facility Capacity Factor (%)
    - ~~Renewable~~ Energy Sold to FPL (MWhs)
  - ◆ Permanent Financing
    - Permanent Financing Term (yrs)
    - Project Capital Structure (percentage of long-term debt, subordinated debt, tax exempt debt, and equity)
    - Financing Costs (cost of long-term debt, subordinated debt, tax exempt debt, and equity)
    - Annual Interest Expense
    - Annual Debt Service (\$)
    - Amortization Schedule (beginning balance, interest expense, principal reduction, ending balance)
- Provide details of the financing plan for the project and indicate whether the project will be non-recourse project financed. If it will not be project financed please explain the alternative financing arrangement.
- Submit financial statements for the last two years on the principals of the project, and provide an illustration of the project ownership structure.





## Attachment C

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The Economic and Financial Assumptions associated with the Standard Offer Contract are included in the pages that follow.

Florida Power & Light Company  
Standard Offer Contract

## Economic Escalation Assumptions

<u>Year</u>	<u>General Inflation Percentage</u>	<u>Plant Construction Cost Percentage</u>	<u>Fixed O&amp;M and Capital Replacement Cost Percentage</u>	<u>Variable O&amp;M Cost Percentage</u>
Inflation	1.12%	3%	2.55%	1.12%

Florida Power & Light Company  
Standard Offer Contract

## Unit Information

Plant Name (Type): Combustion Turbine  
Net Capacity (MW): 160 MW  
Book Life (Years): 25

## Installed Cost (In-Service Year 2008)

Total Installed Cost (\$/kW)	571.23
Direct Construction Cost (\$/kW-00)	526.07
AFUDC Amount (\$/kW)	45.16
Fixed O&M (\$/kW-Yr.)	3.33
Capital Replacement (\$/kW – Yr.)	5.39
Variable O&M (cents/kWH)	.081
Assumed Capacity Factor	15
K Factor	1.3687

Florida Power & Light Company  
Standard Offer Contract

Financial Assumptions  
For the Development of K Factor

CAPITALIZATION RATIOS

Debt	45%
Preferred	0%
Equity	55%

RATE OF RETURN

Debt	6.9%
Preferred	0%
Equity	11.75%

Tax Rate           38.58%

AFUDC	<u>2006</u>	<u>2007</u>	<u>2008</u>
	8.37	7.85	8.01

Discount Rate    8.37%

Book Life         25 years

In-Service  
Year               2008

CONSTRUCTION SPENDING CURVE

<u>Year</u>	<u>% Construction Expenditures*</u>
2006	20.87%
2007	62.95%
2008	16.18%

\*To be applied to direct construction costs

**Florida Power & Light Company**  
Fixed Charge Calculations For Development of K Factor  
Unit Type: 1 - 160 MW Combustion Turbine  
(Thousands of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Year	Calendar Year	Electric Plant In-Service	Debt	Preferred	Equity	Taxes	Deferred Taxes	Total Debt Preferred Equity & Taxes	Straight Line Depreciation	Property Taxes & Insurance	Total Fixed Charges	Present Worth Fixed	Cumulative Present Worth Fixed
1	2008	\$89,264	\$1,658	\$0	\$3,450	\$1,277	\$969	\$7,354	\$2,133	\$1,322	\$10,809	\$10,809	\$10,809
2	2009	\$85,608	\$2,706	\$0	\$5,632	\$1,688	\$1,985	\$12,011	\$3,656	\$2,227	\$17,894	\$16,512	\$27,321
3	2010	\$81,952	\$2,536	\$0	\$5,279	\$1,797	\$1,654	\$11,265	\$3,656	\$2,158	\$17,079	\$14,543	\$41,863
4	2011	\$78,296	\$2,376	\$0	\$4,945	\$1,883	\$1,357	\$10,562	\$3,656	\$2,089	\$16,307	\$12,813	\$54,676
5	2012	\$74,640	\$2,224	\$0	\$4,630	\$1,954	\$1,089	\$9,897	\$3,656	\$2,021	\$15,574	\$11,292	\$65,968
6	2013	\$70,985	\$2,081	\$0	\$4,331	\$2,010	\$845	\$9,267	\$3,656	\$1,953	\$14,876	\$9,953	\$75,920
7	2014	\$67,329	\$1,943	\$0	\$4,044	\$1,945	\$730	\$8,662	\$3,656	\$1,885	\$14,202	\$8,768	\$84,688
8	2015	\$63,673	\$1,807	\$0	\$3,761	\$1,767	\$730	\$8,064	\$3,656	\$1,816	\$13,536	\$7,711	\$92,400
9	2016	\$60,017	\$1,671	\$0	\$3,477	\$1,586	\$733	\$7,466	\$3,656	\$1,748	\$12,870	\$6,766	\$99,166
10	2017	\$56,361	\$1,534	\$0	\$3,193	\$1,411	\$730	\$6,868	\$3,656	\$1,679	\$12,204	\$5,920	\$105,085
11	2018	\$52,705	\$1,398	\$0	\$2,910	\$1,229	\$733	\$6,271	\$3,656	\$1,611	\$11,538	\$5,165	\$110,250
12	2019	\$49,049	\$1,262	\$0	\$2,626	\$1,055	\$730	\$5,673	\$3,656	\$1,543	\$10,872	\$4,491	\$114,741
13	2020	\$45,394	\$1,126	\$0	\$2,343	\$873	\$733	\$5,075	\$3,656	\$1,475	\$10,206	\$3,890	\$118,631
14	2021	\$41,738	\$989	\$0	\$2,059	\$699	\$730	\$4,477	\$3,656	\$1,407	\$9,540	\$3,356	\$121,986
15	2022	\$38,082	\$853	\$0	\$1,776	\$517	\$733	\$3,879	\$3,656	\$1,339	\$8,875	\$2,880	\$124,867
16	2023	\$34,426	\$733	\$0	\$1,526	\$1,392	(\$299)	\$3,352	\$3,656	\$1,271	\$8,279	\$2,479	\$127,346
17	2024	\$30,770	\$645	\$0	\$1,342	\$2,305	(\$1,327)	\$2,964	\$3,656	\$1,203	\$7,824	\$2,162	\$129,508
18	2025	\$27,114	\$572	\$0	\$1,191	\$2,211	(\$1,327)	\$2,647	\$3,656	\$1,136	\$7,438	\$1,897	\$131,405
19	2026	\$23,458	\$500	\$0	\$1,041	\$2,116	(\$1,327)	\$2,330	\$3,656	\$1,067	\$7,053	\$1,660	\$133,065
20	2027	\$19,803	\$428	\$0	\$890	\$2,022	(\$1,327)	\$2,012	\$3,656	\$999	\$6,668	\$1,448	\$134,513
21	2028	\$16,147	\$355	\$0	\$740	\$1,927	(\$1,327)	\$1,695	\$3,656	\$931	\$6,282	\$1,259	\$135,771
22	2029	\$12,491	\$283	\$0	\$589	\$1,833	(\$1,327)	\$1,378	\$3,656	\$863	\$5,897	\$1,090	\$136,862
23	2030	\$8,835	\$211	\$0	\$439	\$1,738	(\$1,327)	\$1,061	\$3,656	\$795	\$5,512	\$940	\$137,802
24	2031	\$5,179	\$139	\$0	\$288	\$1,644	(\$1,327)	\$743	\$3,656	\$727	\$5,126	\$807	\$138,609
25	2032	\$1,523	\$66	\$0	\$138	\$1,549	(\$1,327)	\$426	\$3,656	\$659	\$4,741	\$689	\$139,298
26	2033	\$0	\$6	\$0	\$13	\$618	(\$553)	\$84	\$1,523	\$246	\$1,854	\$248	\$139,547
27	2034	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
28	2035	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
29	2036	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
30	2037	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
31	2038	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
32	2039	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
33	2040	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
34	2041	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
35	2042	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
36	2043	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
37	2044	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
38	2045	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
39	2046	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
40	2047	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547
41	2048	\$91,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,547

In-Service Cost	\$91,396
Present Worth of Fixed Charges	\$139,547
Less Equity Adjustment	\$14,448
Adjusted Present Worth of Fixed Charges	<u>\$125,099</u>
Value of K	<u>1.3687</u>

Florida Power & Light Company  
Standard Offer Contract

Economic Assumptions

AFUDC RATE

<u>2006</u>	<u>2007</u>	<u>2008</u>
8.37%	7.85%	8.01%

CAPITALIZATION RATIOS

Debt	45%
Preferred	0%
Equity	55%

DISCOUNT RATE

8.37%

RATE OF RETURN

Debt	6.9%
Preferred	0%
Equity	11.75%

BOOK DEPRECIATION LIFE

25 Years

INCOME TAX RATE

State	5.5%
Federal	35%
Effective	38.58%

TAX DEPRECIATION LIFE

15 Years

OTHER TAXES AND INSURANCE

2.48%