


State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 17, 2015
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Traci Matthews, Engineering Specialist, Division of Engineering 
RE: Docket No. 150101-EQ- Petition for approval of standard offer for purchase of firm capacity and energy from renewable energy facilities and approval of tariff schedule REF-1, by Gulf Power Company.

Please file the attached in the "Documents" tab of the above mentioned docket file.

Thank you.



Section No. IX
Third Revised Sheet No. 9.81
Canceling Second Revised Sheet No. 9.81

STANDARD OFFER CONTRACT RATE FOR PURCHASE OF FIRM CAPACITY AND ENERGY FROM A RENEWABLE ENERGY FACILITY OR SMALL QUALIFYING FACILITY

(Schedule REF-1)

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

AVAILABILITY:

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

APPLICABILITY:

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

CHARACTER OF SERVICE:

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

ISSUED BY: S. W. Connally, Jr.



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

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

LIMITATIONS:

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

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

DETERMINATION OF FACILITY'S COMMITTED CAPACITY VALUE

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

RATES FOR PURCHASES BY THE COMPANY

Firm capacity is purchased in accordance with the provisions of paragraph A below at a unit cost, in dollars per kilowatt per month, based on the value of the Avoided Unit or Resource that Gulf has designated below for purposes of the Renewable Standard Offer. The Avoided Unit is currently designated as ~~349866~~ MWs of Combustion Turbine generation with a June 1, 2023 anticipated in-service date. Energy is purchased at a unit cost, in cents per kilowatt-hour, at the Company's energy rates in accordance with the provisions of paragraph B below.

ISSUED BY: S. W. Connally, Jr.

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(Continued from Schedule REF-1, Sheet No. 9.82)

A. Firm Capacity Rates

Four options, 1, 2, 3, and 4, as set forth in this paragraph, are available to calculate payments for firm capacity that is produced by the Facility and delivered to the Company. The capacity payment will be the product of the Facility's Committed Capacity and the applicable rate from the Facility's chosen capacity payment option. Once selected, an option shall remain in effect for the term of the contract with the Company. Tariff Sheet 9.85 contains the monthly rate per kilowatt in accordance with Options 1 through 4, of firm capacity the Facility has contractually committed to deliver to the Company and is based on the minimum contract term for an agreement pursuant to this Rate Schedule which extends ten (10) years after the anticipated in-service date of the Company's Avoided Unit or Resource. Payment schedules for other options specified within will be made available by the Company within thirty days (30) days if requested by a Facility. At a maximum, firm capacity and energy shall be delivered for a period of time equal to the anticipated plant life of the Avoided Unit or Resource, commencing with the anticipated in-service date of the Avoided Unit or Resource.

In addition to capacity payment Options 1 through 4 below, the Facility may elect a payment stream for the capital component of the Company's Avoided Unit or Resource, including front-end loaded capacity payments, that best meets the Facility's financing requirements. Early capacity payments consisting of the capital component of the Company's Avoided Unit or Resource may, at the election of the Facility, commence any time after the actual in-service date of the Facility and before the anticipated in-service date of the Company's Avoided Unit or Resource. Regardless of the payment stream elected by the Facility, the cumulative present value (CPV) of the capital cost payments made to the Facility over the term of the Renewable Standard Offer Contract shall not exceed the CPV of the capital cost payments which would have been made to the Facility pursuant to FPSC Rule 25-17.0832 (4)(g)(1), F.A.C. Fixed operation and maintenance expense shall be calculated in accordance with FPSC Rule 25-17.0832 (6) F.A.C.

Option 1 - Value of Deferral Capacity Payments - Value of Deferral Capacity Payments shall commence on the anticipated in-service date of the Company's Avoided Unit or Resource, provided the Facility is delivering firm capacity and energy to the Company. Capacity payments under this option shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Avoided Unit or Resource, and shall be equal to the value of the year-by-year deferral of the Avoided Unit or Resource, calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(1), F.A.C.

Option 2 - Early Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Company's Avoided Unit or Resource with an in-service date specified above. The Facility shall select

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(Continued from Schedule REF-1, Sheet No. 9.83)

the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Early Capacity Payments shall consist of monthly payments, escalating annually, of the avoided capital and fixed operating and maintenance expense associated with the Avoided Unit or Resource. Avoided capacity payments shall be calculated in conformance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(2), F.A.C. At the option of the Facility, Early Capacity Payments may commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Company's Avoided Unit or Resource provided the Facility is delivering firm capacity and energy to the Company. Where Early Capacity Payments are elected, the cumulative present value of the capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payments been made pursuant to Option 1.

Option 3 - Levelized Capacity Payments - Levelized Capacity Payments shall commence on the anticipated in-service date of the Company's Avoided Unit or Resource, provided the Facility is delivering firm capacity and energy to the Company. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(3), F.A.C. The fixed operation and maintenance portion of the capacity payment 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 or Resource. Where Levelized Capacity Payments are elected, the cumulative present value of the capacity payments made to the Facility over the term of the contract shall not exceed the cumulative present value of the capacity payments which would have been made to the Facility had such payment been made pursuant to Option 1.

Option 4 - Early Levelized Capacity Payments - Payment schedules under this option are based on an equivalent net present value of the Value of Deferral Capacity Payments for the Company's Avoided Unit or Resource with an in-service date specified above. The capital portion of the capacity payment under this option shall consist of equal monthly payments over the term of the contract, calculated in accordance with the applicable provisions of FPSC Rule 25-17.0832 (4)(g)(4), F.A.C. 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 or Resource. At the option of the Facility, Early Levelized Capacity Payments shall commence at any time after the specified earliest capacity payment date and before the anticipated in-service date of the Company's Avoided Unit or Resource provided the Facility is delivering firm capacity and energy to the Company. The Facility shall select the month and year in which the delivery of firm capacity and energy to the Company is to commence and capacity payments are to start. Where Early Levelized Capacity Payments are elected, the cumulative present value of the



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

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

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

<u>June - May Contract Period</u>	<u>Option 1 Normal \$/KW-MO</u>	<u>Option 2 Early \$/KW-MO</u>	<u>Option 3 Levelized \$/KW-MO</u>	<u>Option 4 Early Levelized \$/KW-MO</u>
2014 to 2015	0.00	2.36	0.00	2.74
2015 to 2016	0.00	2,421.75	0.00	2,752.01
2016 to 2017	0.00	2,481.80	0.00	2,762.02
2017 to 2018	0.00	2,541.84	0.00	2,782.03
2018 to 2019	0.00	2,611.89	0.00	2,792.04
2019 to 2020	0.00	2,671.94	0.00	2,812.05
2020 to 2021	0.00	2,741.99	0.00	2,822.07
2021 to 2022	0.00	2,812.04	0.00	2,842.08
2022 to 2023	0.00	2,882.09	0.00	2,852.09
2023 to 2024	6,754.59	2,952.14	7,314.96	2,872.11
2024 to 2025	6,924.71	3,032.20	7,354.99	2,892.12
2025 to 2026	7,094.83	3,102.25	7,395.02	2,902.13
2026 to 2027	7,274.95	3,182.31	7,435.05	2,922.15
2027 to 2028	7,455.07	3,262.37	7,475.08	2,942.16
2028 to 2029	7,645.20	3,342.43	7,515.11	2,962.18
2029 to 2030	7,845.33	3,432.49	7,555.15	2,982.20
2030 to 2031	8,035.47	3,522.55	7,605.18	2,992.21
2031 to 2032	8,245.61	3,602.61	7,645.22	3,012.23
2032 to 2033	8,455.75	3,702.68	7,695.26	3,042.25

(Continued from Schedule REF-1, Sheet No. 9.85)

The capacity payment for a given month will be added to the energy payment for such month and tendered by the Company to the Facility as a single payment as promptly as possible, normally by the twentieth business day following the day the meter is read.

B. Energy Rates

1. Payments Starting On In-Service Date of Avoided Unit or Resource: The Facility shall be paid at the Avoided Unit or Resource's energy rate for all energy delivered to the Company during each hour of the monthly billing period in which the Avoided Unit or Resource would have operated had the unit been installed. For each hour of the monthly billing period in which the Avoided Unit or Resource would not have operated, the Facility shall be paid for all energy delivered to the Company during that hour at the lesser of the Company's As-Available energy rate as described in its Rate Schedule COG-1, Sheet 9.3 or the Avoided Unit or Resource's energy rate.

The Avoided Unit or Resource's energy rate, in cents per kilowatt-hour, shall be the product of the Avoided Unit or Resource's applicable fuel cost and heat rate, plus the applicable variable operation and maintenance expense. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.

All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.

2. Payments Prior To In-Service Date of Avoided Unit or Resource: The Company's As-Available energy rate, as described in Rate Schedule COG-1, Sheet 9.3, will be applied to all energy delivered by the Facility to the Company prior to the Avoided Unit or Resource's in-service date. As-available energy payments to the Facility shall be based on the sum, over all hours of the monthly billing period in which the Facility delivers energy to the Company, of the product of each hour's As-Available energy rate times the energy received by the Company during that hour. All energy purchases shall be adjusted for losses from the point of metering to the point of interconnection.
3. Fixed Energy Payments: Upon request by the Facility, the Company will provide the following fixed payment options for energy delivered to the Company.
 - a. As-Available energy payments made prior to the Avoided Unit or Resource's in-service date shall be based on the Company's year-by-year projection of system incremental fuel costs, prior to hourly economy energy sales to other utilities, based on normal weather and fuel market conditions. A fuel market volatility risk premium may be added to the energy payments upon mutual agreement between Company and Facility regarding the method or mechanism for determining such risk premium.

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- b. Firm Energy Payments: Subsequent to the determination of full avoided cost and subject to provisions of FPSC Rule 25.17-0832 (3) (a) through (d), a mutually agreed portion of the Avoided Unit or Resource's base energy costs shall be fixed and amortized on a present value basis over the term of the contract starting as early as the in-service date of the Facility. Base energy costs associated with the Avoided Unit or Resource shall mean the energy costs that would have resulted had the Avoided Unit or Resource been operated.

PERFORMANCE CRITERIA

Payments from the Company for firm capacity are conditioned on the Facility's ability to maintain the following performance criteria:

A. Commercial In-Service Date

Capacity payments shall not commence until the Facility has attained and demonstrated, commercial in-service status. The commercial in-service date of a Facility shall be defined as the first day of the month following the successful completion of a test in which the Facility maintains an hourly kilowatt (KW) output, as metered at the point of interconnection with the Company, equal to or greater than the Facility's Committed Capacity specified in its Renewable Standard Offer Contract for an entire test period. A Facility shall coordinate the selection of the test period with the Company to ensure that the performance of the Facility during this period is reflective of day-to-day operational conditions likely to be experienced by the Company's Avoided Unit or Resource if it were to be in actual operation during a similar period.

B. Facility Capacity Availability Requirement

Payments for firm capacity shall be made monthly in accordance with the capacity payment rate option selected by the Facility, subject to the condition that, beginning on the Avoided Unit or Resource's in-service date and continuing through the remainder of the contract term, the Facility maintains the minimum Equivalent Availability Factor (EAF) that is defined in the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION Section below for each 12 month performance period ending August 31. Failure to satisfy this availability requirement shall result in an obligation for repayment by the Facility of an amount calculated in accordance with the Capacity Repayment procedure contained in Paragraph A of the ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION Section below.

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

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

ANNUAL CAPACITY AVAILABILITY FACTOR DETERMINATION

In October following each performance period, the Company will calculate the availability of the Facility over the most recent twelve month performance period ending August 31. For purposes of this Schedule, the annual capacity availability is determined using the NERC Generation Availability Data System (GADS) formula for EAF that is shown below. The Facility will be entitled to retain capacity payments received during the annual period if an EAF of 95% is maintained for each performance period. If the Facility fails to maintain this EAF, then the Facility will repay the Company a portion of the performance period capacity payments as calculated in accordance with the procedure in Paragraph A.

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

- AH** = Available Hours
Sum of all SH, RSH, Pumping Hours, and Synchronous Condensing Hours.
- EPDH** = Equivalent Planned Derated Hours
Product of the Planned Derated Hours and the Size of Reduction, divided by the NMC.
- ESEDH** = Equivalent Seasonal Derated Hours
NMC less the NDC, times the Available Hours (AH), divided by the NMC.
- EUDH** = Equivalent Unplanned Derated Hours
Product of the Unplanned Derated Hours and the Size of Reduction, divided by the NMC.

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

A. Capacity Repayment Calculation

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

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

B. Additional Performance Criteria

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

(Continued from Schedule REF-1, Sheet No. 9.89)

3. The Facility shall agree to reduce generation or take other appropriate action as requested by the Company for safety reasons or to preserve system integrity; and
4. The Facility shall coordinate scheduled outages with the Company; and
5. The Facility shall comply with the reasonable requests of the Company regarding daily or hourly communications and;
6. The Facility must promptly notify the Company of its inability to supply any portion of its full Committed Capacity from the Facility. Failure of the Facility to notify the Company of a known derating or inability to meet its Committed Capacity obligation may, at the sole discretion of the Company, result in a determination of non-performance.

DELIVERY VOLTAGE ADJUSTMENT

Energy payments to Facilities directly interconnected with the Company shall be adjusted according to the delivery voltage by dividing the energy delivered at that voltage by the following factors:

Transmission Voltage Delivery	1.01801#
Substation Voltage Delivery	1.03208##
Primary Voltage Delivery	1.05862###
Secondary Voltage Delivery	1.08576####

Any Facility interconnected at a voltage of 46 KV or above.

Any Facility interconnected at a voltage on the low side of a substation below 46 KV and above 4 KV. This substation, where the Facility takes electricity on the low side, shall have transmission voltage on the high side (115, 69, or 46 KV) and distribution voltage on the low side (25, 12, or 4 KV).

Any Facility interconnected at a distribution voltage, 4 to 25 KV inclusive.

Any Facility interconnected at a voltage below 4 KV.

METERING REQUIREMENTS

Facilities directly interconnected with the Company shall pay the Company for meters required hereunder. Hourly demand recording meters shall be required for each individual generator unit comprising a Facility with a total installed capacity of 100 KW or more. Where the total installed capacity of the Facility is less than 100 KW, the Facility may select from either hourly demand recording meters, dual kilowatt-hour register time-of-day meters or standard kilowatt-hour meters. Meters shall be installed to measure the energy production from each generating unit of the

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

BILLING OPTIONS

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

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

CHARGES TO THE FACILITY

A. Base Charges

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

B. Interconnection Charge for Non-Variable Utility Expenses

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

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

C. Interconnection Charge for Variable Utility Expenses

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

D. Taxes and Assessments

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

TERMS OF SERVICE

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

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(Continued from Schedule REF-1, Sheet No. 9.92)

amount, the Company's estimated purchases from the Facility. The security deposit should be equal to twice the amount of the difference estimated for that month. The deposit shall be required upon interconnection.

2. For each year thereafter, a review of the actual sales and purchases between the Facility and the Company shall be conducted to determine the actual month of maximum difference. The security deposit shall be adjusted to equal twice the greatest amount by which the actual monthly purchases by the Facility exceed the actual sales to the Company in that month.
- D. The Company shall specify the point of interconnection and voltage level.
- E. Facilities directly interconnected with the Company shall be required to sign the Company's filed Standard Interconnection Agreement in order to engage in parallel operations with the Company. The Facility shall recognize that its generation equipment and other related infrastructure may have unique interconnection requirements which will be separately addressed by modifications to the Company's General Standards for Safety and Interconnection where applicable.
- F. Facilities indirectly interconnected with the Company are required to make all arrangements needed to deliver the capacity and energy purchased from the Facility by the Company to the Company's interchange point with the delivering utility.
- G. Service under this Schedule is subject to the rules and regulations of the Company and the FPSC as well as other applicable federal and state legislation or regulations.

SPECIAL PROVISIONS

- A. Special contracts deviating from the above Schedule are allowable provided they are agreed to by the Company and approved by the FPSC.
- B. A Facility directly interconnected with the Company may sell firm capacity and energy to a utility other than the Company. Where such agreements exist, the Company will provide transmission wheeling service to deliver the Facility's power to the purchasing utility or to an intermediate utility. In addition, the Company will provide transmission wheeling service through its territory for a Facility indirectly interconnected with the Company, for delivery of the Facility's power to the purchasing utility or to an intermediate utility. In either case, where existing Company transmission capacity exists, the Company will impose a charge for wheeling Facility capacity and energy, measured at the point of delivery to the Company.

The Facility shall be responsible for all costs associated with such wheeling including:

1. Wheeling charges;
2. Line losses incurred by the Company; and
3. Inadvertent energy flows resulting from such wheeling.

ISSUED BY: Mark Crosswhite



Section No. IX
First Revised Sheet No. 9.94
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Energy delivered to the Company shall be adjusted before delivery to another utility.

Interstate transactions are defined as those determined to be in the jurisdiction of the Federal Energy Regulatory Commission (FERC).

Capacity delivered to the Company shall be adjusted before delivery to another utility. The following estimated adjustment factors are supplied for informational purposes only:

<u>Renewable Facility Delivery Voltage</u>	<u>Adjustment Factor</u>
Transmission Voltage Delivery	0.96758
Substation Voltage Delivery	0.94103
Primary Distribution Voltage Delivery	0.91001

All charges and adjustments for wheeling will be determined on a case-by-case basis.

Where wheeling power produced by a Facility for delivery to the Company or to another utility will impair the Company's ability to give adequate service to the rest of the Company's customers or place an undue burden on the Company, the Company may petition the FPSC for a waiver of this Special Provision B, or require the Facility to pay for the necessary transmission system improvements in accordance with the National Energy Policy Act of 1992, or other applicable Federal law.

In order to establish the appropriate transmission service arrangements, the Facility must contact:

Manager Transmission Services
Southern Company Services
Post Office Box 2625
Birmingham AL 35202

- C. As a means of protecting the Company's customers from the possibility of a Facility not coming on line as provided for under an executed Renewable Standard Offer Contract and in order to provide the Company with additional and immediately available funds for its use to secure replacement and reserve power in the event that the Facility fails to successfully complete construction and come on line in accord with the executed Renewable Standard Offer Contract, the Company requires that a cash completion security deposit equal to \$20 per kw of the nameplate capacity of the Facility's generator unit(s) at the time the Company's Renewable Standard Offer Contract is executed by the Facility. At the election of the Facility, the completion security deposit may be phased in such that one half of the total deposit due is paid at contract execution and the remainder within 12 months after contract execution.

ISSUED BY: Mark Crosswhite

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(Continued from Schedule REF-1, Sheet No. 9.94)

Depending on the nature of the Facility's operation, financial health and solvency, and its ability to meet the terms and conditions of the Company's Renewable Standard Offer Contract, one of the following, at the Company's discretion, may be used as an alternative to a cash deposit as a means of securing the completion of the Facility's project in accord with the executed Renewable Standard Offer Contract:

1. an unconditional, irrevocable direct pay letter; or
2. surety bond; or
3. other means acceptable to the Company.

The Company will cooperate with each Facility seeking an alternative to a cash security deposit as an acceptable means of securing the completion of the Facility's installation in accord with an executed Renewable Standard Offer Contract. The Company will endeavor in good faith to accommodate an equivalent to a cash security deposit which is in the best interests of both the Facility and the Company's customers.

In the case of a governmental solid waste Facility, pursuant to Subsection 366.91 (3), Florida Statutes and FPSC Rule 25-17.091, F.A.C., the following will be acceptable to the Company:

The unsecured promise of a municipal, county, or state government that it will pay the actual damages incurred by the Company because the governmental Facility fails to come on line prior to the planned in-service date for the Avoided Unit or Resource.

- D. Election of Early Capacity Payments under an Option other than (1) through (4) above, and/or election of the Fixed Energy Payments will result in the Company's immediate re-evaluation of the completion security requirements as addressed above in order to determine the adequacy of such security instruments. Given the terms and conditions ultimately set in the Renewable Standard Offer Contract, additional security requirements may be specified by the Company.

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(Continued from Schedule REF-1, Sheet No. 9.95)

- E. The Company, in evaluating the viability of any particular offer may exercise its rights under FPSC Rule 25-17.0832(4)(c)(2)(b), F.A.C.
- F. In the event that the Facility decides to sell any or all Renewable Energy Certificates, Green Tags, or other tradable environmental interests (collectively "Environmental Interests") that result from the electric generation of the Facility during the term of an executed Renewable Standard Offer Contract, the Facility shall provide notice to the Company of its intent to sell such Environmental Interests and provide the Company a reasonable opportunity to offer to purchase such Environmental Interests.
- G. All Renewable Standard Offer Contracts for the purchase of capacity and energy from a Facility shall include a provision to reopen the contract, at the election of either party, limited to changes affecting the Company's full avoided costs of the unit on which the Renewable Standard Offer Contract is based as a result of new environmental or other regulatory requirements enacted during the term of the contract.