

**STANDARD RATE CONTRACT FOR
QUALIFYING FACILITIES OF 100KW OR LESS**

This STANDARD RATE CONTRACT FOR QUALIFYING FACILITIES OF 100KW OR LESS (this "Agreement") is made and entered into as of _____, by and between Salt River Project Agricultural Improvement and Power District ("Buyer") and _____ ("Seller"). Buyer and Seller are herein sometimes referred to individually as "Party" and collectively as "Parties".

RECITALS

WHEREAS, Buyer owns electric facilities and is engaged in the generation, purchase, distribution and sale of electric energy in the State of Arizona including from "Qualifying Facilities" as that term is defined in the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, 92 Stat 3117; and

WHEREAS, Seller owns and operates, or intends to build, own and operate a Qualifying Facility of 100kW or less as further described in Exhibit A attached hereto; and

WHEREAS, the Parties anticipate that Seller will at times generate electric energy in excess of Seller's own requirements, and Buyer wishes to purchase such excess energy when it is available.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

TERMS AND CONDITIONS

1. **DEFINITIONS**

As used in this Agreement, the following terms shall have the following meanings unless specifically stated otherwise in this Agreement:

"**Bankrupt**" – means with respect to either Party, such Party (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it and such petition remains undismissed for a period of 60 Days, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

"**Billing Month**" – means the monthly period coincidental with Seller's retail bill from Buyer for electric service.

"**Business Day**" – means a Calendar Day other than Saturday, Sunday or a or a Federal Reserve Bank holiday.

"**Calendar Day**" or "**Day**" – means the 24-hour period beginning at 12:00 a.m. midnight Mountain Standard Time and ending at 11:59:59 p.m. Mountain Standard Time. The terms Day and Calendar Day may be used interchangeably and shall have the same meaning.

“Capacity” – means the set number of kilowatts of Delivered Energy delivered in accordance with the delivery schedule set forth on Exhibit A.

“Capacity Need Hours” has the meaning specified in the QF-24 Standard Rate.

“Delivered Energy” – means the electric energy produced by the Plant and delivered by Seller at the Point of Interconnection as determined on an hourly basis pursuant to Section 5.

“Effective Date” – has the meaning specified in Section 2.1.

“Emergency” or “Emergencies” – a condition or conditions on Buyer’s distribution system which in Buyer’s sole judgment either has, or is likely to, result in significant imminent disruption of service to Seller, or imminent endangerment to life or property.

“Exempt Operational Periods” – those periods described in 18 CFR § 292.304(f) as in effect as of the date of this Agreement, wherein Buyer has notified Seller in a timely manner to cease delivery of electric energy hereunder during a specified period in which Seller would otherwise have electric energy available for delivery but, due to operational circumstances, purchases from Seller would in Buyer’s reasonable judgment result in costs greater than those that would result if Buyer generated an equivalent amount of energy through its own facilities.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry, under the circumstances, during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the industry.

“Interconnection Agreement” – means the agreement, together with appendices, between Seller and Buyer which describes the terms and conditions governing the interconnection and operation of Seller’s Plant with Buyer’s electric distribution system.

“Plant” – means the generating facility identified on Exhibit A of this Agreement, including: generating equipment, auxiliary and back-up transformers; electric delivery facilities; fuel handling equipment; administrative structures; and such other necessary and related facilities, equipment and structures associated with the generation of electricity.

“Point of Interconnection” – means the physical location where Buyer’s electric service conductors are connected to the Seller’s service conductors to allow parallel operation of the Seller’s Plant with Buyer’s electric distribution system.

“Start Date” – has the meaning specified in Section 4.2.

2. GENERAL PROVISIONS

2.1 Effective Date and Term. This Agreement shall be effective on the date it is made and entered into (“Effective Date”) and, unless terminated as provided in this Agreement, shall continue in effect for an initial term expiring five years after the Start Date.

2.2 “Qualifying Facility” Status of Facility and Seller’s Warranty. Seller represents to Buyer that the Plant has or will achieve qualifying status by the Start Date as a “cogeneration facility” or a “small power production facility” under 18 CFR §§ 292.201-292.207. Seller will use commercially reasonable efforts to ensure that the Plant will maintain its status as a “Qualifying Facility” under the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, 92 Stat 3117 and the implementing Federal Regulations promulgated thereunder as such are amended to the Effective Date of this Agreement and appear at 18 CFR §§ 292.101 through 292.602, throughout the term of this Agreement. If Seller fails to maintain such “Qualifying Facility” status, Buyer shall have the option of terminating this Agreement by giving Seller 30 Days written notice.

3. ENERGY TO BE SUPPLIED

3.1 Energy and Capacity Furnished by Seller to Buyer. Subject to the terms and conditions of this Agreement, beginning on the Start Date and continuing until the termination of this Agreement, Seller agrees to sell and supply to Buyer, and Buyer agrees to accept and purchase from Seller all Delivered Energy and Guaranteed Capacity that Seller supplies and/or delivers to Buyer under this Agreement. Compensation for such Delivered Energy and Guaranteed Capacity shall be paid in accordance with Section 7.

3.2 Guaranteed Capacity. Seller guarantees to Buyer that the Plant shall produce and deliver to Buyer during the Capacity Need Hours the Capacity set forth on Exhibit A. Seller understands that the failure to deliver the specified Capacity in accordance with Exhibit A shall be a breach of this Agreement.

3.3 Permits and Laws. Seller shall secure all licenses and permits required by law, regulation or ordinance, including, but not limited to, those pertaining to the generation and sale of electric energy. Seller shall maintain all such licenses and permits throughout the term of this Agreement. In addition, Seller shall comply with all applicable ordinances, laws, orders, rules and regulations, including those pertaining to the above licenses and permits made by any governmental authority or public regulatory body. At any time during the term of this Agreement, Buyer may request that Seller provide copies of any such licenses and permits, and Seller shall so provide them within five Business Days.

4. PLANT CONSTRUCTION AND START DATE

4.1 Seller’s Responsibility. Seller shall have sole responsibility for the planning, design, procurement, construction, start-up, testing, and licensing of the Plant subject to: (i) meeting all appropriate electrical and other applicable codes and regulations required by federal, state, municipal, or any other governmental agencies; and (ii) obtaining all necessary authorizations and permits.

4.2 Start Date. The Start Date of this Agreement will be the first date on or after the date of this Agreement upon which all the following conditions precedent have been satisfied:

(i) Seller shall have obtained all necessary licenses, permits, certificates and approvals in accordance with Section 3.2 of this Agreement;

(ii) Seller shall have executed an Interconnection Agreement and received written authorization to operate Seller's Plant in parallel with Buyer's electric system;

(iii) Seller shall have provided Buyer with evidence that the Plant is a Qualifying Facility, in accordance with Section 2.2 of this Agreement; and

(iv) Seller shall maintain an electric service at the Plant and be current in payment of all amounts due as Buyer's price plan pursuant to which Seller purchases energy from Buyer.

Buyer shall provide written notice to Seller within five Business Days of Seller having satisfied all of the above conditions precedent. Following receipt of the foregoing notice from Buyer, Seller may declare a Start Date (such date to be no earlier than the date upon which all of the above conditions precedent have been satisfied) and shall provide written confirmation of such date to Buyer at least 10 Days prior to the Start Date. If the Start Date fails to occur within 180 Days after Effective Date, Buyer shall have the right to terminate this Agreement upon written notice to Seller, to be effective as of the date specified in such notice.

5. METERING

All electric energy associated with Delivered Energy that is delivered by Seller to Buyer shall be metered at the billing meter installation(s) provided pursuant to the Interconnection Agreement and shall be separately metered from electric energy generated by generating facilities other than the Plant. To determine the amount of electric energy delivered, the metered values may be adjusted for transformer losses and line losses, if applicable, between the metering location and the Point of Interconnection.

6. OPERATION OF PLANT

6.1 Seller's Operating Obligations. Seller shall operate and maintain the Plant in accordance with Good Utility Practices, all applicable laws, and Buyer's standards and tariff requirements which apply to generating units such as Seller's Plant.

6.2 Outages of Generating Equipment. Seller shall promptly provide to Buyer all material information relating to Plant outages and significant derates of Plant Capacity which would affect Seller's ability to deliver electric energy and Capacity from the Plant to the Point of Interconnection. Such material information shall be sufficient for Buyer to determine and verify the severity and extent of such outages and derates, including at a minimum, the date and time when the outage or derate began, the cause of the outage or derate, and the anticipated date and time the outage or derate will end. Seller's obligation to deliver Capacity will be suspended during any period of outage or derate of which it notifies Buyer pursuant to this Section.

6.3 Plant Monitoring. Seller shall cooperate with Buyer to enable Buyer to monitor all electric energy generated by the Plant per then current Buyer metering standards (primarily within the Electrical Service Specifications book). Buyer may require alternative metering schemes to fully monitor plant performance. If, after the Start Date, any new metering and related communications equipment is required to enable such monitoring by Buyer, Buyer shall pay for such equipment.

6.4 Emergencies and Exempt Operational Periods. Buyer shall not be obligated to accept electric energy or make payments based on electric energy delivered pursuant to Section 7 of this Agreement for any electric energy which Seller may have available at the Plant during Emergencies or Exempt Operational Periods after Buyer has given Seller timely notice of such Emergencies or

Exempt Operational Periods, but which Buyer does not accept and receive due to such Emergencies or Exempt Operational Periods.

7. COMPENSATION

7.1 Energy Payment. Commencing with the Start Date and continuing for the term of this Agreement, Buyer shall pay Seller for Delivered Energy for the applicable Billing Month in accordance with Buyer's QF-24 Standard Rate. In accordance with Section 6.4 above, Buyer shall not be obligated to accept electric energy or make energy payments for electric energy which Seller may have available at the Plant during Emergencies and Exempt Operational Periods.

7.2 Capacity Payment. Commencing with the Start Date and continuing for the term of this Agreement, Buyer shall pay Seller for Capacity that Seller delivers to Buyer for the applicable Billing Month in accordance with Buyer's QF-24 Standard Rate and at a rate of [insert capacity rate] in dollars per kilowatt hour; provided, however, in no event will Buyer pay Seller for more Capacity than the amount specified as Guaranteed Capacity in Exhibit A for the Billing Month. In accordance with Section 6.4 above, Buyer shall not be obligated to accept Capacity or make Capacity payments for electric energy which Seller may have available at the Plant during Emergencies and Exempt Operational Periods. Buyer will determine whether, given how and when Seller will supply Capacity to Buyer, the Capacity purchase will allow Buyer to avoid any transmission or distribution cost and, if so, that will be appropriately taken into account in Seller's Capacity payment.

7.3 Netting. Any amounts due to or from Buyer and Seller shall be netted and only the balance due shall be payable by Buyer or Seller. To the extent a credit is due to Seller, the credit will be applied to Buyer's future monthly retail bill unless Seller requests payment by check from Buyer.

8. EVENTS OF DEFAULT

An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within 15 Business Days after written notice;

(b) such Party becomes Bankrupt (whether voluntarily or involuntarily);

(c) the failure by Seller to deliver the Capacity set forth in accordance with Exhibit A; and

(d) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party.

9. BILLING

9.1 Billing Procedure. As soon as practicable after the end of each Billing Month, Buyer shall submit to Seller a statement ("Statement") which shall identify any amounts owed by Buyer or Seller pursuant to Section 7 of this Agreement, during such Billing Month. Such Statement shall use metered data obtained in accordance with Section 5 of this Agreement. The net amount due shall be paid by the owing Party in accordance with Buyer's customer billing cycle. If metered data is

unavailable, Buyer may render a Statement based on its best estimate of the amount owed by Buyer or Seller to meet the payment deadline in the second paragraph of this Section 9.1. Such a Statement shall indicate that it represents a best estimate of the amount owed. If such an estimate is used, an adjustment shall be made if necessary to the next Billing Month Statement issued after the date upon which actual data is determined to correct the prior Billing Month estimate.

9.2 Disputes. Seller may, in good faith, dispute the correctness of any Statement or any adjustment to a Statement, rendered under this Agreement and Buyer may adjust any Statement for any arithmetic or computational error in accordance with Buyer's Rules and Regulations.

10. EARLY TERMINATION AFTER START DATE

10.1 Event of Default. If an Event of Default with respect to a Party (the "Defaulting Party") shall have occurred, the other Party (the "Non-Defaulting Party") shall have the right to terminate this Agreement upon 30 Days' written notice to the Defaulting Party, as provided in Section 8 of this Agreement.

10.2 Breach. A breach of this Agreement ("Breach") shall occur upon the failure of a Party to perform or observe any material term or condition of this Agreement or of Buyer's Rules and Regulations. Upon the failure of a Party in Breach of the Agreement to cure such Breach with 30 Days of written notification of the Breach, the other Party shall have the right to terminate this Agreement upon written notice to the Party in Breach. Examples of a Breach of the Agreement include, but are not limited to:

- (i) Failure of either Party to comply with the terms and conditions of this Agreement;
- (ii) An attempted assignment of the Agreement by Seller without Buyer's consent;
- (iii) Failure of either Party to provide information or data to the other Party as required under this Agreement;
- (iv) Delivered Energy exceeding Plant Nameplate Capacity kWac as identified on Exhibit A of this Agreement; and
- (v) Modification of the Plant equipment after the Start Date, without the written consent of Buyer.

10.3 False Representation. Upon written notice, Buyer may terminate this Agreement if any representation or warranty made by Seller is false or misleading in any material respect when made or when deemed made or repeated. Buyer shall have no obligation to enter into any subsequent agreement(s) with Seller until such time that both, (1) all amounts owed to Buyer are paid, and the term of any previous agreements with said Plant has lapsed. Either Party's obligation to make payments already due associated with deliveries received prior to the date of termination of the Agreement will survive any termination.

11. INDEMNITY

Seller shall indemnify, defend and hold Buyer and its officers, agents, employees and Board and Council members harmless from any and all liability, claims, demands, costs, judgments, loss or

damage, including attorney fees, attributable to or resulting from the maintenance, possession or operation of the Plant, except those caused solely by the negligence or willful misconduct of Buyer. Without limiting the foregoing, Seller shall at Buyer's request, defend at Seller's expense any suit or proceeding brought against Buyer for any of the above-named reasons; provided that Buyer notifies Seller in writing of any such claim and promptly tenders to Seller the control and defense of any such claim with Seller's choice of counsel. Buyer shall cooperate with Seller, at Seller's expense, in defending such claim and Buyer may join in defense with counsel of its choice at its own expense. Seller's indemnification shall not include damage or injuries occurring on Buyer's system after the Point of Delivery, unless the damage to or injuries occurring on such system are caused by the negligence or willful misconduct of Seller.

Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from any and all liability, claims, demands, costs, judgments, loss or damage, including attorney fees, resulting from damage or injuries occurring on Buyer's own system after the Point of Delivery, unless the damage or injuries on Buyer's system are caused by the negligence or willful misconduct of Seller.

12. WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS SET FORTH ABOVE IN THIS SECTION 12.

13. CHANGES CONCERNING MARKET DESIGN.

In the event that there is a change to the organization of Buyer's electric system that has a material adverse impact on either Party, including (a) any mandatory or voluntary joinder with or reorganization into a regional transmission organization, independent system operator, or similar organization, or (b) any material change in the rules, protocols, procedures or standards governing Buyer's electric system, then Seller and Buyer shall amend this Agreement to give effect to the original intent of Seller and Buyer.

14. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of the Parties. This Agreement shall not be assigned by a Party without the other Party's prior written consent, which consent shall not be unreasonably withheld, but provided that (i) any assignee shall expressly assume assignor's obligations under this Agreement; and (ii) no such assignment shall impair any security given by Seller under this Agreement. Any attempted assignment or transfer without such consent shall be void and not merely voidable.

15. GOVERNING LAW

This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced, and performed in accordance with the laws of the State of Arizona, without regard to its principles of conflicts of law.

16. NOTICE TO PARTIES

Unless otherwise provided in this Agreement, any notice, consent or other communication required to be made under this Agreement shall be effective if it is in writing and delivered personally, by certified mail (postage prepaid and return receipt requested), reputable overnight delivery service, or other confirmable form of electronic delivery to the address set forth on Exhibit A of this Agreement or to such other address as the receiving Party may designate in writing.

17. WAIVER

No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent is in writing and signed by the Party claimed to have waived or consented. Any consent by any Party to, or waiver of, a breach by the other Party, whether express or implied, shall not constitute a continuing waiver of, or consent to, or excuse any subsequent or different breach, nor in any way affect the validity of this Agreement or any part of it, or the right of any Party to thereafter enforce any provision of this Agreement.

18. NONSEVERABILITY

If any essential provision of this Agreement is declared invalid in whole or in part by any court or other tribunal of competent jurisdiction, then unless otherwise agreed by the Parties, the entire Agreement shall be deemed void and inoperative. If any non-essential provision in this Agreement is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or provisions of this Agreement.

19. MISCELLANEOUS

19.1 No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the Parties. Nothing in this Agreement shall be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

19.2 Disclaimer of Joint Venture, Partnership and Agency. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.3 Attorneys' Fees. If a Party commences a legal proceeding against the other Party because of an alleged breach of such Party's obligations under this Agreement, each Party shall bear its own expenses, including reasonable attorneys' fees, incurred in connection with the legal proceeding and any appeal thereof.

19.4 Headings. The various headings set forth in this Agreement are not a part of this Agreement and shall not affect the construction or interpretation of this Agreement.

19.5 Entire Agreement and Amendments. This Agreement supersedes all previous representations, understandings, negotiations and agreements either written or oral between the Parties or their representatives and constitutes the entire agreement of the Parties. No amendments or changes to this Agreement shall be binding unless made in writing and duly executed by both Parties.

19.6 Counterparts and Electronic Documents. This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the Parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither Party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

BUYER

SELLER

Salt River Project Agricultural
Improvement and Power District

By: _____
Title: _____

By: _____
Title: _____

EXHIBIT A

Salt River Project Agricultural Improvement
and Power District

Name _____

All Notices: _____

All Notices: _____

Invoices:

Invoices:

Attn: _____
Phone: _____
Email: _____

Attn: _____
Phone: _____
Email: _____

Scheduling:

Scheduling:

Attn: _____
Phone: _____
Email: _____

Attn: _____
Phone: _____
Email: _____

Plant Characteristics

Plant Type: _____
Plant Nameplate Capacity (kW_{AC}): _____
Plant Location: _____
Start Date: _____

Guaranteed Capacity by calendar day:

		CAPACITY NEED HOURS			
		5:00pm - 10:00pm			
		Select at least one of the following two hour blocks			
<input type="checkbox"/>	5:00pm - 7:00pm				
<input type="checkbox"/>	6:00pm - 8:00pm				
<input type="checkbox"/>	7:00pm - 9:00pm				
<input type="checkbox"/>	8:00pm - 10:00pm				

The Guaranteed Capacity for each selected two hour block is ____ (kW) per hour.