BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2019-185-E
DOCKET NO. 2019-186-E

In the Matter of:	)	
	)	
South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Duke Energy Carolinas, LLC's and Duke Energy Progress LLC's Standard Offer Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) – S.C. Code Ann. Section 58-41-20(A)	)	**DIRECT TESTIMONY OF STEVEN B. WHEELER ON BEHALF OF DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC**

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven B. Wheeler and my business address is 411 Fayetteville Street, Raleigh, North Carolina 27601.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the Pricing and Regulatory Solutions Director for Duke Energy Business Services, LLC ("DEBS"). DEBS is a service company subsidiary of Duke Energy Corporation ("Duke Energy") that provides services to Duke Energy and its subsidiaries, including Duke Energy Progress, LLC ("DEP") and Duke Energy Carolinas, LLC ("DEC" or, collectively, the "Companies" or "Duke").

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES IN YOUR POSITION WITH DUKE ENERGY.

A. I have primary responsibility for the development, support and administration of all DEP rate designs. This includes support of all rate design and pricing matters in general rate cases. I also provide support on regulatory matters with a common impact on both DEC and DEP to ensure adoption of a consistent approach with respect to rate design.

Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree in Mechanical Engineering from Virginia Polytechnic Institute and State University in 1976 and began employment with Carolina Power & Light Company, a predecessor of Duke Energy, upon graduation. I am a registered Professional Engineer licensed to work in the State of North Carolina. My initial employment with Duke Energy was in customer service where I was involved in promoting

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energy efficiency and electric technologies and later in meeting the electrical needs of industrial customers. I joined the Rate Department in 1982 and have held numerous positions in rate administration, regulatory services, rate design and pricing over the years.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA ("COMMISSION")?

A. Yes. I have testified before the Commission on a number of occasions, most recently in DEP's 2018 general rate case, Docket 2018-318-E.

Q. ARE YOU INCLUDING ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?

A. Yes, I am sponsoring six exhibits for DEC and DEP, respectively, that set forth each utility's Standard Offer (as that term is defined by S.C. Code Ann. § 58-41-10(15)) tariffs and forms, as further described in my testimony below:

- **Wheeler DEC Exhibit 1** presents a redlined copy of DEC's Standard Offer purchased power tariff, Schedule PP ("Standard Offer Tariff" or "Schedule PP").
- **Wheeler DEC Exhibit 2** presents a clean copy of DEC's Standard Offer Tariff.
- **Wheeler DEC Exhibit 3** presents a redlined copy of DEC's Standard Offer Power Purchase Agreement ("PPA") available to qualifying facilities ("QFs") eligible for Schedule PP.
- **Wheeler DEC Exhibit 4** presents a clean copy of DEC's Standard Offer PPA available to QFs eligible for Schedule PP.
- **Wheeler DEC Exhibit 5** presents a redlined copy of DEC's Standard Offer Terms and Conditions for the Purchase of Electric Power ("Terms and Conditions") which is incorporated by reference into the Standard Offer PPA.
- **Wheeler DEC Exhibit 6** presents a clean copy of DEC's Terms and Conditions.

- **Wheeler DEP Exhibits 1-6** present the same information for DEP as described above for DEC.

Q. WERE THESE EXHIBITS PREPARED BY YOU OR AT YOUR DIRECTION AND UNDER YOUR SUPERVISION?

A. Yes, these exhibits were prepared by me or at my direction and under my supervision.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to support the Companies' Standard Offer, including the Companies' (1) Standard Offer Tariffs; (2) Standard Offer PPA; and (3) Terms and Conditions. In addition, my testimony will support the rate design for the Integration Services Charge set forth in the Companies' respective Standard Offer Tariffs. These documents memorialize the contractual relationship between the Companies and QFs selling power to the Companies under the Standard Offer, and DEC and DEP are filing them for Commission approval in compliance with the new requirements of the South Carolina Energy Freedom Act ("Act 62" or the "Act").

II. STANDARD OFFER BACKGROUND

Q. PLEASE DESCRIBE THE REGULATORY HISTORY BEHIND THE COMPANIES' STANDARD OFFER PURCHASED POWER TARIFFS.

A. As explained in more detail by Duke Witness George Brown, the federal Public Utility Regulatory Policies Act of 1978 ("PURPA") was passed, in part, to encourage development of non-utility owned cogeneration and small power production facilities by mandating utilities purchase their energy and capacity output. In its initial PURPA rulemaking order, Order No. 69, the Federal Energy Regulatory Commission ("FERC"), recognized that smaller QFs could be challenged by the transactional costs of negotiating

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power purchase contracts with utilities, and required state regulatory authorities and utilities implementing PURPA to make standard rates and terms available to QFs 100 kW and smaller that want to sell their power to the utility.[1] The Companies and this Commission have generally called those standard rates and terms the "standard offer." Under FERC's regulations, states "may" establish standard rates and terms for QFs greater than 100 kW. FERC explained in Order No. 69 "that the establishment of standard rates for purchases can significantly encourage cogeneration and small power production, provided that these standard rates *accurately reflect the costs* that the utility can avoid as a result of such purchases."[2] Thus, in setting the "mandatory purchase obligation" requirements, FERC required utilities to offer standard avoided cost rates to small QF generators of 100 kW or less, while leaving it to the implementing state commissions to determine whether standard avoided cost rates should be made available to QF generators greater than 100 kW.[3] Where a state elects to make standard offer rates available to QF generators sized greater than 100 kW, it becomes increasingly important to ensure the offered avoided cost rates remain accurate and do not deviate from the costs that the utility can actually avoid.

Q. DOES ACT 62 NOW DEFINE THE STANDARD OFFER FOR SOUTH CAROLINA?

A. Yes. Act 62 was partially enacted to establish procedures for evaluating avoided cost rates under PURPA and defines the term "Standard Offer" as the "avoided cost rates, power

[1] 18 C.F.R. 292.304(c).
[2] *See Final Rule Regarding the Implementation of Section 210 of the Public Utility Regulatory Policies Act of 1978*, Order No. 69, at 12,223, FERC Stats. & Regs. ¶ 30,128 (1980) ("Order No. 69") (emphasis in the original).
[3] 18 C.F.R. 292.304(a)-(f).

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purchase agreement, and terms and conditions approved by the commission and applicable to purchases of energy and capacity by electrical utilities . . . from small power producers up to two megawatts AC in size."[4] In this way, the South Carolina General Assembly, consistent with past orders of this Commission, has elected to extend standard offer rates to QFs larger than the minimum threshold set by FERC.

Q. PLEASE DESCRIBE THE COMMISSION'S MOST RECENT ACTION TO APPROVE DEC'S AND DEP'S STANDARD OFFER AVOIDED COST TARIFFS IN 2016.

A. In Order No. 2016-349, the Commission most recently approved avoided cost rates for DEC and DEP and approved each utility's respective Schedule PP tariffs and Terms and Conditions, both of which became effective July 1, 2016. The Commission approved the Companies' offer of variable, 5-year, and 10-year term avoided cost rates for QFs up to 2 megawatts ("MW") in size.

On November 30, 2018, DEC and DEP jointly filed an application with the Commission in Docket No. 1995-1192-E to update their standard offer avoided cost rates and tariffs. However, on April 4, 2019, the Commission issued an order placing the proceeding in abeyance in recognition of the Legislature's ongoing consideration of what is now Act 62. The Companies filed a letter in Docket No. 1995-1192-E on August 14, 2019, contemporaneous with the pre-filing of my testimony, withdrawing their Application in that docket, which is now superseded by the Companies' Application in this proceeding.

[4] S.C. Code Ann. § 58-41-10(15).

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III. STANDARD OFFER TARIFF (SCHEDULE PP)

Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANIES' STANDARD OFFER TARIFFS THAT YOU HAVE INCLUDED AS DEC AND DEP EXHIBITS 1 & 2 TO YOUR TESTIMONY.

A. Schedule PP sets forth the Companies' avoided cost rates and contract terms available to Standard Offer QFs desiring to sell energy and capacity to DEC and DEP under PURPA. The Standard Offer Tariffs define the "Availability" or qualifications necessary to sell electricity at the standard offer rates approved by the Commission.

The Standard Offer Tariffs state the avoided cost rates and rate structure applicable to the purchase and set forth other provisions — including, but not limited to, the Seller or Administrative Charge, power factor-related charges and adjustments, monthly fees associated with interconnection facilities, and a new Integration Services Charge to recover increased costs associated with higher operating reserve requirements to accommodate intermittent solar generation — necessary to ensure that integration of the QF into the Companies' system will not increase the cost of service for retail customers. The Companies' Schedule PP applies to all QFs eligible for the Standard Offer, regardless of resource type.

Q. **WHAT ARE THE REQUIREMENTS OF ACT 62 AS THEY RELATE TO THE COMPANIES' STANDARD OFFER TARIFFS?**

A. Act 62 requires each utility's avoided cost methodology to fairly and accurately account for costs avoided by the utility or incurred by the utility, including, but not limited to,

energy, capacity, and ancillary services provided by or consumed by small power producers.[5]

Q. DO THE COMPANIES' PROPOSED STANDARD OFFER TARIFFS COMPLY WITH THOSE REQUIREMENTS?

A. Yes. The Companies' Schedules PP address energy, capacity, and ancillary services, among other factors relevant to the purchase of electricity based upon a fair and accurate assessment of DEC's and DEP's future avoided costs. As further supported by Duke Witness Glen Snider, the Companies determined the proposed fixed, forecasted energy and capacity rates through use of the peaker methodology and in reliance upon each utility's current forecasts of energy and capacity costs over the applicable term of the Schedule PP rate. Other rates, such as the Seller or Administrative Charge, charges related to the supply of VARs, and the new Integration Services Charge, were determined based upon current cost studies to ensure that the cost of supporting and billing the purchase are appropriately recovered from the QF and not passed along as part of the cost of service to retail customers. The reasonableness of the methodology employed by the Companies to establish the rates set forth in the Schedule PP is more fully discussed in the testimony of Duke Witness Snider.

Q. WHY DO THE COMPANIES' STANDARD OFFER TARIFFS OFFER TO PURCHASE QFS' OUTPUT AT VARIABLE RATES IN ADDITION TO THE FIXED PRICE RATES ADDRESSED IN ACT 62?

[5] S.C. Code Ann. 58-41-20(B).

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A. Duke offers both fixed and variable rate options to satisfy its obligations under PURPA.[6] More specifically, QFs have the option under PURPA to establish a legally enforceable obligation (*i.e.*, to enter into a PPA) requiring the utility to purchase the QF's full energy and capacity output either (1) at a fixed price or (2) at "as available" rates at the utility's avoided energy cost calculated at the time of delivery. The variable rates included in the Companies' Schedule PP satisfy the requirement to establish an "as available" rate for QFs that prefer not to execute a fixed price PPA to deliver power over a specified future term.

Q. **WHAT IS THE PROPOSED EFFECTIVE DATE FOR THE COMPANIES' STANDARD OFFER TARIFFS?**

A. As further described in the Companies' Application, availability for the Companies' pre-existing Schedule PP long-term avoided cost rates expired pursuant to the terms of that tariff on November 30, 2018, when DEC and DEP filed updated avoided cost rates in Docket No. 1995-1192-E. As the Companies are withdrawing their prior Application filed in Docket No. 1995-1192-E and superseding that prior Application with the Application in this proceeding, the effective date of the Companies' new Standard Offer Tariffs should be November 30, 2018. Establishing the effective date any later date than November 30, 2018, would result in the absence of long-term fixed avoided cost rate credits pursuant to which new Standard Offer QFs could sell power to the Companies pursuant to PURPA from November 30, 2018 until the later effective date of the Standard Offer Tariff set forth in this proceeding.

[6] 18 C.F.R. 292.304(d)(1)

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Q. WILL CHANGES TO SCHEDULE PP THAT ARE APPROVED BY THE COMMISSION IN THE FUTURE BE APPLIED TO BOTH EXISTING AND NEW QF SELLERS?

A. Yes. As discussed in the "Availability" section of Schedule PP, the fixed long-term rates in Schedule PP are available to new QF Sellers until the filing of proposed rates in the next biennial proceeding and will remain unchanged until the expiration of the individual committed QF's contract term. All other provisions are subject to review and revision upon Commission approval in each future biennial proceeding. Schedule PP is a "living document" that recognizes the costs and benefits of integrating QF generation may change over time. It therefore follows that the terms and rates set forth in the tariff must also evolve, with Commission approval, to more accurately recognize the cost and benefits offered by QF generation and to minimize cost shifting and subsidization of QFs by the general body of customers over a long-term contract period.

Q. PLEASE DESCRIBE SIGNIFICANT CHANGES TO THE STANDARD OFFER TARIFFS FROM THOSE MOST RECENTLY APPROVED BY THE COMMISSION IN 2016.

A. The most notable change to Schedule PP is the adoption of a more granular energy and capacity rate structure. The updated avoided energy rate design better recognizes each utility's discrete production costs throughout the day, as well as differences in summer and non-summer peak periods. The avoided capacity rate design concentrates capacity payments in the seasons and hours when it is of the most value in avoiding the need for future generation capacity. Duke Witness Snider supports the updated energy and capacity

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rate design, which is addressed in the "Energy and Capacity Credits" section of Schedule PP.

In addition, the DEC Schedule PP now includes a "Rate Update" paragraph to match a similar paragraph in DEP's Schedule PP describing the 2-year update process required in Act 62 and clarifying that the fixed long-term energy and capacity credits are not subject to update or change until the term of the QF's contract expires.

Finally, both DEC and DEP added a new "Integration Services Charge" section, which describes the Integration Services Charge and the rate to be applied during the current biennial proceeding. As Duke Witnesses Snider and Nick Wintermantel explain, the Integration Services Charge is designed to recover the cost of higher operating reserves required to integrate intermittent solar generation. I further discuss the Companies' Integration Services Charge rate design in Section VI of my testimony *infra*.

Q. WHY WAS A NEW SOUTH CAROLINA POWER EXCISE TAX PARAGRAPH INCLUDED IN DEP'S SCHEDULE PP?

A. A new South Carolina Power Excise Tax paragraph was added to DEP's Schedule PP to aid QF Sellers in recognizing this obligation on businesses selling electric power for resale within the State. A similar informational paragraph has historically been reflected in DEC's Schedule PP.

IV. STANDARD OFFER POWER PURCHASE AGREEMENT

Q. PLEASE DESCRIBE THE STANDARD OFFER POWER PURCHASE AGREEMENTS THAT YOU HAVE INCLUDED AS DEC AND DEP EXHIBITS 3 & 4 TO YOUR TESTIMONY.

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A. The Standard Offer PPA is the pro forma PPA that the Companies use to contract with QFs eligible for the Standard Offer for the purchase of energy and capacity under PURPA. The Standard Offer PPA describes the QF Facility's site location, expected generation capacity, annual energy production, expected date of operation, point of interconnection, delivery voltage, and the business name and address of the QF owner. The Standard Offer PPA is thus essential to establishing the physical parameters that support interconnecting the QF to the Companies' grid and to memorializing the commercial terms of purchasing the QF's power. Additionally, the Standard Offer PPA specifies the desired contract term and rate option selected by the QF from Schedule PP.

Q. WHAT ARE THE SPECIFIC REQUIREMENTS OF ACT 62 AS THEY RELATE TO THE COMPANIES' PROPOSED STANDARD OFFER PPAS?

A. Act 62 requires DEC and DEP to offer fixed price PPAs to small power producers for the purchase of energy and capacity at avoided cost rates, with "commercially reasonable terms and a duration of ten years."[7] In addition, such PPAs must be consistent with regulations and orders promulgated by FERC.

Q. HAVE THE COMPANIES COMPLIED WITH THOSE REQUIREMENTS?

A. Yes. The Companies' Standard Offer PPAs, in conjunction with Schedule PP and the supporting Terms and Conditions, offer eligible QFs a term duration of ten (10) years and, as discussed below, set forth terms that are both consistent with FERC regulations and commercially reasonable. The Companies' Standard Offer PPA is based on forms that have proven acceptable to numerous QF developers, their investors and lenders in recent years—including 49 projects located in South Carolina and more than 700 projects on a

[7] S.C. Code Ann. § 58-41-20 (F)(1).

system-wide basis over the past 8 years—which strongly supports the commercial reasonableness of the Companies' Standard Offer PPA.

Q. PLEASE DESCRIBE ANY CHANGES TO THE STANDARD OFFER PPA FROM THE CURRENT FORMS.

A. The Companies are proposing several modifications to the Standard Offer PPA. First, the Companies are amending Section 1.4, which establishes the "Contract Capacity" of the QF, based upon the estimated generation capacity and amount of annual energy production that "the Seller contracts to deliver to the Company." These capacity and annual production amounts are agreed upon and fixed at the time the PPA is executed. This proposed modification clarifies the contractual commitment between the parties since any significant deviation from the agreed-to amounts would constitute a "material alteration" of the contract as defined in the Terms and Conditions and discussed in more detail below. Because, per the proposed Terms and Conditions, any "material alteration" of the QF Facility requires the utility's consent, this clarification in the Standard Offer PPA is necessary to avoid future disputes over the Contract Capacity delivered by the QF and to mitigate the risk to retail customers of overpaying QFs for additional energy at rates exceeding the utility's then-current avoided cost rates.

Second, the Companies are revising Section 3, "Initial Delivery Date" of the PPA, to clarify that a Seller must contract for a minimum term of five (5) years to receive capacity payments. Shorter term agreements are permissible for Sellers that only request variable energy credits. The Companies are also revising this Section to clarify that the purchase of electric power will automatically extend upon expiration if the QF has not yet executed a new PPA at the then-current variable rates. This approach is appropriate

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because a QF whose contract term has expired is no longer contractually obligated to deliver its full energy and capacity output to DEC or DEP, and this provision allows the Companies to continue to compensate the Seller for energy now being delivered "as available" if it continues delivering generation after its contract term expires.

Third, the Companies are adding a new Section 5 to describe the requirements should a QF elect to install battery storage at the QF Facility. When applicable, an Energy Storage Protocol describing the special operating conditions for the storage device will be included in the Standard Offer PPA as Exhibit A.

Finally, the Companies propose to revise Section 5 (now Section 6) to remove the 3,000 kW capacity requirement for annual, monthly and day-ahead reporting since, under Act 62, Standard Offer Tariffs are now only applicable to QFs with capacities of 2,000 kW or less. The Companies propose to retain the option to require such power generation reporting for all Schedule PP QFs in the future. While the Companies do not currently request this type of reporting from smaller QFs selling power under Schedule PP, such reporting may be necessary and beneficial to the Companies' operation of the grid as additional QF solar is added to the distribution and transmission systems.

In addition to the above-described changes, the Companies are proposing a number of other minor modifications to the Standard Offer PPA, which the Companies believe will better describe the QF Facilities and pave the way for a more seamless integration of the QF generator into the Companies' system operations. Those minor changes are as follows:

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- Adding a more detailed description of the QF Facility's fuel source, planned operation, nameplate capacity and site location to improve consistency with the descriptions provided in the companion Interconnection Agreement;
- Revising Paragraph 1.1 to clarify that the sale of electricity is dependent upon the Company's completion of both the interconnection facilities and any required system upgrades; and
- Revising Paragraph 4 to reference the approved South Carolina Generator Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnections and to state the current carrying charge rate applicable to interconnection facilities.

Q. ARE THESE CHANGES TO THE PPA REASONABLE AND COMPLIANT WITH PURPA AND ACT 62?

A. Yes, these contractual provisions are commercially reasonable and appropriately memorialize the terms and conditions upon which DEC and DEP will purchase the QF's output and will allow the Companies to more effectively integrate the QF into its daily operations.

V. STANDARD OFFER TERMS AND CONDITIONS

Q. PLEASE DESCRIBE THE TERMS AND CONDITIONS DOCUMENT THAT YOUR ARE SPONSORING AS DEC AND DEP EXHIBITS 5 & 6 OF YOUR TESTIMONY.

A. The Terms and Conditions are incorporated into the Standard Offer PPA by reference (*see* Section 2 of the PPA) and set forth the contractual obligations of both the QF and the Companies as necessary to administer Schedule PP and the Standard Offer PPA in a fair

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and consistent manner. The Terms and Conditions serve a similar function as the Companies' Service Regulations for retail customers. In particular, the Terms and Conditions address the QF's commitment to deliver the capacity, quantity, and quality of electricity committed to delivered under the Standard Offer PPA and then set forth the impacts and remedies of failing to meet these obligations. The Terms and Conditions also address billing issues, such as meter readings schedules and how payments are handled if a meter error occurs, and describe the payment for interconnection facilities if not addressed in the Interconnection Agreement executed with the QF.

Q. WHAT ARE THE SPECIFIC REQUIREMENTS OF ACT 62 REGARDING THE STANDARD OFFER TERMS AND CONDITIONS?

A. Like Standard Offer PPAs, Act 62 mandates that terms and conditions must be "commercially reasonable" and consistent with all FERC regulations and orders issued to implement PURPA.[8]

Q. DO THE COMPANIES' PROPOSED TERMS AND CONDITIONS COMPLY WITH THOSE REQUIREMENTS?

A. Yes. The Companies' Terms and Conditions have been available to QFs for a number of years and have evolved over time to address changing economic and regulatory circumstances associated with DEC's and DEP's implementation of PURPA. For the same reasons described in my response to this question as to the Companies' Standard Offer PPA, the Terms and Conditions are commercially reasonable.

Q. HOW DO CHANGES TO THE TERMS AND CONDITIONS IMPACT EXISTING QFs?

[8] S.C. Code Ann. 58-41-20(B)(2).

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A. As with all retail tariffs, upon Commission approval any updates to the Terms and Conditions apply to both new and existing QFs upon approval by the Commission. Similar to Schedule PP, the potential for future Commission-approved changes to the Terms and Conditions is specifically referenced in Section 2 of the Schedule PP PPA.

Q. PLEASE BRIEFLY DESCRIBE THE SUBSTANTIVE CHANGES THAT THE COMPANIES HAVE MADE TO THE MOST RECENTLY APPROVED TERMS AND CONDITIONS.

A. The Companies are making several notable changes to the Terms and Conditions to aid administration and clarify the Companies' and Seller's obligations under the Standard Offer PPA. These changes are as follows:

1. The Companies are revising Paragraph 1(e) to clarify that a QF owner or "Seller" under Schedule PP may not transfer or assign its existing PPA to another Schedule PP Seller that is located within one-half mile of the original Seller. This amendment is intended to prevent evasion of the pre-existing geographic restriction, presently stated in the Availability section of Schedule PP, through later consolidation of ownership of QFs after their Schedule PPAs have been executed.
2. The Companies are revising Paragraph 1(i) to reflect that a "Material Alteration," to a QF Facility impacting the agreed-upon Contract Capacity set forth in the PPA without prior consent by the Company is grounds for default, suspension of purchases, and termination of the PPA. In addition, the Companies are revising this paragraph to clarify that failure to deliver energy for six consecutive months constitutes a breach and grounds for termination of the Agreement.

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3. The Companies are revising Paragraph 2(b) to clarify that QFs delivering power under Schedule PP must comply with any Duke Energy system operator instructions and, if applicable, operational protocols for dispatching generation (or battery storage) output on to the utility's system. These system operator instructions are in addition to any applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC") or the SERC Reliability Corporation ("SERC").
4. The Companies are consolidating certain definitions and incorporating several new definitions into Paragraph 3, including, but not limited to, definitions for the terms, Material Alteration of the QF Facility, Nameplate Capacity, Prudent Utility Practice, Storage Resource, and System Operator Instructions. I further discuss the definitions of Material Alteration and System Operator Instructions below.
5. The Companies are revising Paragraph 4(a) to clarify that the Contract Capacity in the PPA should not exceed the agreed-upon capacity specified in the corresponding Interconnection Agreement. To maintain consistency with the changes proposed to Paragraph 1(i), the Companies are also revising Paragraph 4(a) to clarify that the Contract Capacity and annual energy production should not exceed the agreed-upon capacity established in the PPA.
6. The Companies propose adding new Paragraph 4(d) to state that any increase in the Seller's Contract Capacity can only occur after an amendment to the PPA is executed between the parties recognizing the change to the QF Facility's future deliveries to the Companies' system.

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7. The Companies propose adding new Paragraph 4(e) which provides that a Material Alternation to the QF Facility shall not be allowed and shall not become effective until memorialized in an amendment to the PPA executed by Company and Seller.

8. The Companies are revising Paragraph 6 to clarify that the parties must execute an amendment to the Standard Offer PPA or a new agreement before the agreed-to Contract Capacity may be exceeded by the Seller. In addition, the Companies are removing the "increase in contract capacity" provision since it is now addressed in Paragraph 4(d).

9. The Companies are revising Paragraph 8(e) to require the Seller to provide reasonable written notice prior to any requested material change to the Seller's facility. This modification will allow the Companies time to accommodate any required changes to the facility.

10. The Companies are revising Paragraph 10 to set a timeframe for the provision of fuel costs for power delivered during the prior billing period so that such information may be used in the fuel adjustment proceeding.

11. The Companies are revising Paragraph 13 to identify the current South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections ("SC GIP"). The remainder of this Paragraph only applies in limited circumstances when a QF Seller is not subject to the Commission-approved SC GIP.

12. The Companies are revising Paragraph 14 to better describe the circumstances that are considered "an emergency condition" impacting the delivery or receipt of electricity supplied by the Seller. These circumstances expressly include any circumstance that

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requires action by the Companies to comply with NERC/SERC regulations or standards.

The Companies are proposing most of these revisions to the Terms and Conditions to align with proposed changes to the Standard Offer Tariff and Standard Offer PPA or to clarify the currently-approved Terms and Conditions. I discuss the more substantive modifications to the Terms and Conditions below.

Q. PLEASE DISCUSS WHY THE COMPANIES HAVE PROPOSED CHANGES TO THEIR STANDARD OFFER PPA AND TERMS AND CONDITIONS TO MORE CLEARLY ADDRESS PROPOSALS BY QF OWNERS THAT WOULD MATERIALLY ALTER THE OPERATIONS OF QF FACILITIES.

A. Since the Commission last reviewed the Companies' avoided cost tariffs, the Companies have received multiple inquiries from solar developers requesting clarification as to what alterations can and cannot be made to operating QF generating Facilities within the terms of their existing PPAs. Proposals have included, among other things, replacing existing solar photovoltaic panels with greater MW_{DC} capacity panels, known as "over-paneling," or proposing to install battery storage at a QF Facility to either increase their energy output or to shift their energy output from lower rate off-peak hours to higher rate on-peak hours.

The Companies' proposed modifications to the Standard Offer PPA and Terms and Conditions are intended to avoid future uncertainty with respect to the Companies' rights to require prior approval of material alterations to QF Facilities operating under existing PPAs.

The avoided cost rates approved in earlier avoided cost proceedings now significantly exceed the Companies' current and forecasted avoided costs. In fact, pursuant

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to already-existing PPAs, over 3,900 MW of solar capacity (approximately 500 solar QF Facilities across North Carolina and South Carolina) have committed to sell to the Companies at significantly higher and now out-of-date long-term avoided cost rates approved in earlier proceedings. Any modifications to these contracted QF generating facilities to increase generator size (MW_{AC}), increase capability to produce energy in more hours of the day (MW_{DC}), or to shift energy production at these outdated and now-excessive avoided cost rates will increase future over-payments to QFs more than the Companies' actual avoided costs. The Companies' proposed modifications to the Standard Offer PPA and Terms and Conditions are thus necessary and appropriate to prevent exacerbation of the Companies' current financial obligations to QFs and, most importantly, to mitigate increased future over-payment to QFs by our retail customers.

Q. PLEASE DISCUSS THE COMPANIES' PROPOSED MODIFICATIONS TO THE STANDARD OFFER PPA AND TERMS AND CONDITIONS TO ADDRESS THESE CONCERNS.

A. The Companies are making several clarifying modifications to the Standard Offer PPA and Terms and Conditions to address these concerns. In particular, the Companies have defined "Material Alteration" in Section 3 of the Terms and Conditions. In doing so, the Companies seek to clarify that they may discontinue purchases from the QF and/or terminate a QF's PPA in the event that the QF produces energy in excess of the estimated annual energy production contained in the PPA.

Q. PLEASE EXPLAIN WHAT THE COMPANIES MEAN BY "MATERIAL ALTERATION."

A. The Companies' Terms and Conditions define "Material Alteration" as follows:

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> "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity, or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.

The addition of this defined term clarifies that QF owners may not modify the originally-certificated Facility that entered into the PPA and has been selling power at the Companies' pre-existing avoided cost rates in such a way as to increase the Existing Capacity of the QF Facility or to reduce the Existing Capacity by more than 5%. This would include the addition of a Storage Resource, as that term is now defined in the Terms and Conditions. Duke has also clarified that material changes to existing QF Facilities will be evaluated in a commercially reasonable manner.

Q. HAVE THE COMPANIES ADDRESSED POTENTIAL CONCERNS REGARDING QFs' ABILITY TO REPAIR OR REPLACE DAMAGED FACILITY COMPONENTS SUCH AS SOLAR PANELS, INVERTERS, ETC. WITHOUT BEING IN DEFAULT UNDER THE PPA AND TERMS AND CONDITIONS FOR MAKING A MATERIAL ALTERATION?

A. Yes. The new Material Alteration definition expressly provides that the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity, or decrease the Existing Capacity by more than

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five percent (5%), shall not be considered a Material Alteration and can be undertaken by the QF owner in the normal course of business without obtaining Duke's prior consent.

Q. DO YOU BELIEVE DUKE'S PROPOSED MODIFICATIONS TO THE TERMS AND CONDITIONS ARE REASONABLE FROM A CONTRACTUAL PERSPECTIVE?

A. Yes. Duke's proposal is reasonable and aligns with the well-established principle that the rights and obligations of parties to a binding contract are determined at the time the contract is executed, and cannot be materially modified by one party without prior consent of the other party during the term of the contract. Obviously, Duke cannot respond to declining avoided cost rates by unilaterally reducing the fixed price paid to a QF, or by unilaterally reducing the amount of power purchased from the QF. Similarly, it would be unjust and unreasonable for a QF to materially alter its generating facility to sell more energy at now-excessive avoided cost rates or to shift its generation output into legacy on-peak hours no longer aligning with Duke's highest marginal cost hours. Such an outcome would disadvantage retail customers who would be over-paying for QF power in excess of the amounts originally contemplated when the Companies and the QF entered into the PPA.

Q. ARE THERE ANY OTHER PROPOSED MODIFICATIONS OR ADDITIONS TO THE COMPANIES' TERMS AND CONDITIONS THAT YOU WOULD SPECIFICALLY LIKE TO ADDRESS?

A. Yes. The Companies are modifying Section 2(b) of the Terms and Conditions to provide that Sellers should operate their Facilities in compliance with instructions provided by the Companies' system operators, including any energy storage protocols:

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> Seller shall operate its Facility in compliance with all: (i) system operator instructions provided by Company, including any energy storage protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.

The Companies are also defining the term "system operator instruction" and proposing energy storage protocols specific to QFs contracting to sell power under the Standard Offer Tariff.

Q. PLEASE DISCUSS THE PURPOSE OF THE ADDITION TO EXPRESSLY REQUIRE STANDARD OFFER QFs TO COMPLY WITH SYSTEM OPERATOR INSTRUCTIONS.

A. These system operator instructions are designed to effectuate the curtailment rights provided for under PURPA to respond to system emergencies. This provision is not intended to provide the Companies additional rights outside of the PPA to curtail QFs. Instead, these system operator instructions memorialize the Companies' pre-existing rights and obligations to curtail QFs in a non-discriminatory manner where necessary to respond to an emergency condition or force majeure event in order to maintain safe and reliable operation of the Companies' system.

Q. PLEASE ADDRESS THE REQUIREMENT FOR STANDARD OFFER QFs TO COMPLY WITH ENERGY STORAGE PROTOCOLS.

A. Section 2(b) of the Terms and Conditions requires QFs to agree to operate their QF generating Facility in compliance with the agreed-upon terms of standardized operating protocols that establish how batteries co-located with QF generating facilities are operated in parallel with the Companies' system. These operating protocols are designed to help ensure that QFs effectively manage the charging and discharge of stored energy in real-

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time such that variability and ramping characteristics of such Facilities are not materially more challenging for the Companies' system operators than a comparable solar Facility operating without a co-located Storage Resource.

Q. DO THE STORAGE PROTOCOLS APPLICABLE TO QFs SELLING UNDER SCHEDULE PP DIFFER FROM THE COMPANIES' STORAGE PROTOCOLS APPLICABLE TO LARGER GENERATING FACILITIES?

A. Yes. The Schedule PP storage protocols for smaller standard offer QFs are more streamlined and impose less rigorous technical operating requirements than the storage protocols applicable to larger generating facilities selling power under the CPRE Program or from larger QFs selling under negotiated avoided cost rates.

VI. INTEGRATION SERVICES CHARGE

Q. WHAT IS THE BASIS FOR SEEKING INCLUSION OF AN INTEGRATION SERVICES CHARGE IN THE COMPANIES' PROPOSED STANDARD OFFER TARIFFS?

A. As identified in the testimony of Duke Witnesses Wintermantel and Snider, the Companies' system now incurs increased ancillary services costs to regulate power flows due to the continually increasing amounts of variable, intermittent generation outputting to the system. As further explained by Duke Witness Snider, this increased ancillary services cost is unique to intermittent generation; therefore, the Companies are proposing that the Integration Services Charge only be applicable to solar photovoltaic generation resources. Although it may be appropriate to apply this type of charge to other intermittent generation sources in the future, the Companies lack sufficient experience with integrating these other QF technologies to make a recommendation now.

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Q. HOW HAS DUKE ASSESSED THE COSTS OF ANCILLARY SERVICES?

A. The Companies commissioned Astrapé Consulting to conduct a study analyzing DEC's and DEP's costs of integrating increasing levels of QF solar generation into the Companies' systems. As discussed in greater detail by Duke Witness Wintermantel, the Astrapé Solar Ancillary Services Study (the "Study") analyzed the average and incremental ancillary services cost impacts based upon existing levels of solar deployment on the DEC and DEP systems and also analyzed the impacts as future resource additions occur under first Tranche of the Competitive Procurement of Renewable Energy ("CPRE") program. The difference in the average and incremental ancillary service cost impacts are laid out in Duke Witness Wintermantel's testimony.

Q. PLEASE DESCRIBE THE PROPOSED INTEGRATION SERVICES CHARGE RATE DESIGN, AS INCLUDED IN SCHEDULE PP.

A. The Integration Services Charge rate design reflects the current average cost of ancillary services cost caused by the integration of intermittent solar generation. In this proceeding, the level of generation used to derive the rate reflects the near-term development of the "Existing plus Transition" level of solar that DEC and DEP anticipate will be installed in the DEC and DEP Balancing Areas in 2020. The average rate will be reviewed and adjusted in each biennial proceeding and will apply to all new and existing QFs that are subject to the charge; however, a maximum rate limit or cap shall apply to QFs based upon their vintage of long-term fixed rates. In this proceeding, the cap reflects the estimated incremental cost of ancillary services based upon the amount of solar installations projected in DEC's and DEP's most recently filed 2018 integrated resource plans ("IRPs") to be installed at the end of 2020, which aligns with the point in time of the next biennial avoided

cost proceeding. The derivation of the rate caps is addressed in the testimony of Duke Witness Wintermantel.

Q. PLEASE DESCRIBE WHY THE COMPANIES SUPPORT CALCULATING AN "AVERAGE" RATE TO RECOVER THE INCREASED ANCILLARY SERVICES COSTS THROUGH THE INTEGRATION SERVICES CHARGE.

A. The proposed Integration Services Charge rate design recognizes that all intermittent generation resources create this higher cost of service, not just new generation resources. It also recognizes that the Companies' costs are expected to change with increased deployment of intermittent resources, but will also vary in the future based upon actual load growth, the mix of the Companies' generation resources and potential impacts of electricity storage capability. These changes could all impact the significance of future changes in the Companies' average ancillary services costs over time. This potential for significant changes in the future makes developing an accurate long-term estimate that would be necessary to establish a longer-term fixed rate challenging. For these reasons, the Companies support developing an average rate.

Q. WHY SHOULD THE INTEGRATION SERVICES CHARGE NOT BE SET TO RECOVER THE "INCREMENTAL" ANCILLARY SERVICES COST TO PROVIDE CURRENT CUSTOMERS CERTAINTY FOR THE TERM OF THEIR LONG-TERM AGREEMENT?

A. Setting the rate equal to Duke's incremental ancillary services cost would be inappropriate for several reasons. First, the higher cost is caused by all intermittent resources, not just new Sellers. Collection of incremental cost would result in preferential pricing for the first entrants while shifting cost recovery to new Sellers. This is equivalent to only charging

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generation cost to new retail customers that cause the need for a new generator while allowing all existing customers to benefit from these new resources, which is potentially discriminatory and inconsistent with average-cost ratemaking principles. Second, collection of incremental cost requires creation of vintage years for each participant, creating an administrative burden as projects get delayed or as existing projects PPAs expire and they enter into new agreements. It is quite possible that the average rate will never exceed the cap rate, discussed later in my testimony, thereby avoiding a need for vintage rates by applying the cap. Finally, adopting a rate based upon incremental cost fixes the rate for the long-term contract term and fails to recognize that ancillary services costs imposed on the system by all solar QFs changes over time. Collection of average costs eliminates these concerns and ensures that Sellers causing the ancillary services cost to be incurred properly pay the costs, thereby avoiding a cost shift to retail customers.

Q. IS THERE PRECEDENT FOR UPDATING THE COSTS INCURRED TO SERVE DISTRIBUTED GENERATORS THROUGH UPDATING THE CHARGES APPLICABLE TO BOTH EXISTING AND NEW SELLERS?

A. Yes. As noted earlier, the Companies' Seller or Administrative Charge included in Schedule PP is routinely reviewed and updated to better reflect the billing-related cost and the adjusted charge applies to both existing and new QFs upon approval by the Commission. Also, both utilities have recently reduced their carrying charge rate applicable to interconnection facilities in recent general rate cases and immediately lowered the corresponding monthly facilities charge for all QFs. The Companies believe that these types of cost should be periodically reviewed, updated and applied to all QFs,

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consistent with cost causation principles, to minimize subsidization of QFs by the general body of customers.

Q. TURNING NOW TO THE PROPOSED RATE CAP ON THE INTEGRATION SERVICES CHARGE, IS INCLUSION OF A CAP TO LIMIT FUTURE ADJUSTMENTS TO THE CHARGE CONSISTENT WITH HOW OTHER COSTS INCURRED TO SERVE DISTRIBUTED GENERATION ARE TREATED?

A. No, it is not. However, the Companies recognize that possible future adjustments to the Integration Services Charge during the term of solar QFs' PPAs may impose increased risk of unknown future cost increases assigned to QF developers, as increasing levels of uncontrolled solar are integrated into the DEC and DEP systems. Offering a cap on future adjustments to the Integration Services Charge over the term of the QF's PPA limits this exposure.

The Companies propose to cap future adjustments to the solar Integration Services Charge as a reasonable approach to offer QFs limited price certainty during their contract term. It should be recognized, however, that inclusion of a cap might result in some level of subsidization of QFs by the general body of customers if the average cost of these ancillary services continues to grow.

Q. HOW WILL THE INTEGRATION SERVICES CHARGE CAP BE ADDRESSED IN THE STANDARD OFFER TARIFF?

A. The "Rates" Section of Purchased Power Schedule PP includes a statement establishing that future adjustments to the average Integrated Services Charge will not exceed the rate cap that was in effect at time the Seller's avoided energy and capacity rates were established for the selected contract term. The DEC Integration Services Charge for

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Purchased Power Agreements executed under rates approved in this biennial proceeding (2019-2021) shall not exceed $0.00322 per kWh. The DEP rate cap is $0.00670 per kWh.

Q. ARE THE COMPANIES PROPOSING FOR THE SOLAR INTEGRATION SERVICES CHARGE TO BE APPLIED TO EXISTING SOLAR QF GENERATORS?

A. No, the Companies do not recommend applying the Integration Services Charge to PPAs executed under long-term rate arrangements on or before November 30, 2018, the date the Companies' first requested Commission approval to incorporate an Integration Services Charge into the Schedule PP tariff through the Companies' prior Petition to update their avoided cost rates filed in Docket No. 1995-1192-E. Even though both existing and new solar generators equally contribute to the higher ancillary services costs, the Companies' recommend that the Integration Services Charge only apply to QF Sellers that have committed to sell power on or after November 30, 2018, or until the contract for existing QFs expires and a new PPA is executed under then-current rates.

More specifically, the Companies are only proposing to apply the proposed Integration Services Charge to solar photovoltaic QFs that either establish a Legally Enforceable Obligation or renew or otherwise extend a PPA on or after November 30, 2018. This includes all Sellers served under Variable rates. While the Companies' tariffs allow updates to all terms, conditions and rates exclusive of fixed long-term energy and capacity rates upon approval of the Commission, the Companies recognize that Sellers paid under long-term rates could not have considered this charge at the time they originally entered into the PPA and therefore might be disadvantaged by this new charge. By delaying implementation until the QF's current PPA expires and it elects to enter into a

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new PPA for a future fixed term, QF Sellers are protected from immediately being subject to the new charge while also ensuring that they will eventually be responsible for these increased costs if they continue to sell their generation output. Until their current term expires, any increased ancillary services cost to integrate these existing QFs would be borne by retail customers.

Q. IS RECOVERY OF THE INTEGRATION SERVICES CHARGE FROM QFs SELLING POWER UNDER THE STANDARD OFFER CONSISTENT WITH SOUND RATEMAKING PRINCIPLES?

A. Yes. Inclusion of the Integration Services Charge in the Standard Offer Tariff is consistent with cost causation principles and minimizes cost shifting and subsidization by non-participants.

Q. WILL THE INTEGRATION SERVICES CHARGE APPLY IF A CONTROLLED SOLAR GENERATOR DEMONSTRATES THE CAPABILITY TO SIGNIFICANTLY ELIMINATE ADDITIONAL ANCILLARY SERVICE REQUIREMENTS?

A. No. As further discussed by Duke Witness Snider, if a solar generator can demonstrate its capability of operating in a manner that significantly reduces or eliminates the need for additional ancillary service requirements (as reasonably determined by the Companies), a negotiated PPA can be executed which could eliminate the applicability of the Integration Services Charge. This capability could be demonstrated through inclusion of energy storage devices or other mechanisms that significantly reduce or eliminate the intermittency of the output from the solar generators.

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Q. WOULD A SOLAR QF CONTRACTING TO SELL UNDER SCHEDULE PP BE ALLOWED TO AVOID THE SOLAR INTEGRATION SERVICES CHARGE?

A. No. QFs contracting to sell under Schedule PP are "must take" and may only be curtailed during system emergencies. In addition to demonstrating its capability to operate in a manner that substantially reduces or eliminates the need for additional ancillary service requirements, a solar QF seeking to eliminate the applicability of the Integration Services Charge must also contractually agree to operate their solar generating facilities to meet operating requirements, as reasonably determined by Duke, that enable the QF to reduce or eliminate the need for additional ancillary services. These requirements would be established through a negotiated PPA and would prescribe terms and conditions governing the capacity of the energy storage facility, operational control and performance requirements, monitoring of the facility's operations, as well as remedies for failure to comply. Again, these provisions would be established through a negotiated PPA and not through Schedule PP.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

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SCHEDULE PP (SC)
PURCHASED POWER

AVAILABILITY (South Carolina Only)

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below)~~-~~ to ~~the~~ Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission~~'~~'s (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not ~~applicable~~available to a Qualifying Facility owned by a ~~Customer~~Seller, or affiliate or partner of a ~~Customer~~Seller, who sells power to ~~the~~ Company from another ~~facility~~Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than two (2) megawatts.

Service necessary for the delivery of power from the Seller's generating facilities into ~~the~~ Company's system shall be furnished solely to the individual contracting ~~Customer~~Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to ~~the~~ Company's purchase of energy or energy and capacity from ~~the Customer's~~Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with ~~the~~ Company's system. Power delivered to ~~the~~ Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of ~~the~~ Company~~,~~. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All ~~q~~Qualifying ~~f~~Facilities have the option to sell energy to ~~the~~ Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for ~~Non~~ Eligible Qualifying Facilities. The Fixed Long~~-~~-Term Credit rates on this ~~s~~Schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation and execute a Purchase Power Agreement on or before the filing date of proposed rates in the next avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving the avoided cost rates ~~set forth below,~~in Docket No. 2019-185-E, ~~-~~but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long~~-~~-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long~~-~~-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the Public Service Commission of South Carolina ("Commission") in that proceeding.

~~Qualifying Facilities Eligible for Capacity and/or Energy Credits~~QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or ~~a~~ generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of two (2) megawatts or less, based on the nameplate rating of the generator, which are interconnected directly with ~~the~~ Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution systems. Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term~~.~~, as set forth in the "RATE" section of this Schedule.

TYPE OF SERVICE

~~The~~ Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

Single-phase, 120/240; 120/208, 240/480 or ~~240~~ other available single-phase voltages at Company's option, or
3-phase, 208Y/120, 460Y/265, 480Y/277 volts, or~~volts; or~~
3-phase, 3-wire, 240, 480, 575 or 2300~~4160, 12470, or 24940~~ volts,~~;~~ or
3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts, or
3-phase voltages other than those listed above may be available~~the foregoing, but only~~ at ~~the~~ Company's option if the~~, and provided that the~~ size of the ~~Customer~~Seller's~~—~~ contract warrants a substation solely to serve that ~~Customer~~Seller, and if~~further~~

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SCHEDULE PP (SC)
PURCHASED POWER

~~provided that~~ the ~~Customer~~Seller furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with ~~the~~ Company's specifications.

The type of service under this Schedule shall be determined by ~~the~~ Company. ~~-~~Prospective ~~customers~~sellers shall ascertain the available voltage by written inquiry of ~~the~~ Company before purchasing equipment.

RATE

~~The~~ Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to ~~the~~ Company at the Credits set forth below as applicable. ~~-~~Such payments shall be reduced by ~~both~~ the Administrative Charge, Integration Services Charge and any applicable Interconnection Facilities Charge.

Energy and Capacity Credits

Eligible Qualifying Facilities ~~eligible~~ for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company~~'~~'s system as registered or computed from Company~~'~~'s metering facilities. ~~-~~The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Power Agreement.

Administrative Charge	$ 11.07 per month
Interconnection Facilities Charge	The Interconnection Charge for each ~~customer~~seller is set forth in the Agreement as outlined in the Terms and Conditions; however, the $25.00 minimum will not apply if the charge is for a meter only.
Integration Services Charge:	$0.00110 per kWh

Due to incremental operations costs incurred with intermittent generation resources, Seller shall pay an integration services charge (the "Integration Services Charge"), which currently applies only to solar photovoltaic generation facilities. The Charge shall apply to solar photovoltaic Eligible Qualifying Facilities that either establish a Legally Enforceable Obligation or renew or otherwise extend a Purchase Power Agreement on or after November 30, 2018, including all Sellers served under Variable rates. This Integration Services Charge shall be in the amount specified and will be billed monthly based upon generated energy delivered to Company. The Integration Services Charge shall be subject to adjustment in future biennial avoided cost proceedings similar to other rates and charges, as addressed in the "RATE UPDATES" section of this Schedule. However, any future adjustments to the Integration Services Charge shall be capped at $0.00322 per kWh for any Seller executing a Purchase Power Agreement to sell the output from their Qualifying Facility under rates approved in the 2019-2021 biennial period for the specified term of its Purchase Power Agreement.

~~Interconnected to Distribution System:~~

	~~Variable Rate~~	~~5-Year Fixed Rate~~	~~10-Year Fixed Rate~~
~~I. Capacity Credit~~			
~~a. All On-Peak Energy per Summer Month per kWh:~~	~~6.11¢~~	~~6.33¢~~	~~6.68¢~~
~~b. All On-Peak Energy per Nonsummer Month per kWh:~~	~~2.37¢~~	~~2.45¢~~	~~2.58¢~~
~~II. Energy Credit~~			
~~a. All On-Peak Energy per Month per kWh~~	~~4.24¢~~	~~4.46¢~~	~~5.04¢~~
~~b. All Off-Peak Energy per Month per kWh~~	~~3.34¢~~	~~3.49¢~~	~~4.09¢~~

~~Interconnected to Transmission System:~~

	~~Variable Rate~~	~~5-Year Fixed Rate~~	~~10-Year Fixed Rate~~
~~I. Capacity Credit~~			
~~a. All On-Peak Energy per Summer Month per kWh:~~	~~5.97¢~~	~~6.18¢~~	~~6.52¢~~
~~b. All On-Peak Energy per Nonsummer Month per kWh:~~	~~2.31¢~~	~~2.39¢~~	~~2.52¢~~

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SCHEDULE PP (SC)
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~~II. Energy Credit~~

~~a. All On-Peak Energy per Month per kWh~~	~~4.14¢~~	~~4.35¢~~	~~4.92¢~~
~~b. All Off-Peak Energy per Month per kWh~~	~~3.26¢~~	~~3.42¢~~	~~4.00¢~~

	Interconnected to Distribution			Interconnected to Transmission		
	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)
Energy Credits (¢/kWh)[1]:						
On-peak kWh:						
a. Summer	3.74	4.00	4.48	3.62	3.86	4.33
b. Winter						
1. Morning Hours	6.53	5.11	4.61	6.36	4.97	4.49
2. Evening Hours	3.03	3.61	4.15	2.95	3.52	4.05
c. Premium Peak						
1. Summer	4.38	4.18	4.58	4.22	4.02	4.42
2. Winter	3.30	3.43	5.04	3.19	3.32	4.87
d. Shoulder	3.01	3.09	3.39	2.95	3.03	3.33
Off-peak kWh:						
a. Summer	2.46	2.38	2.60	2.41	2.33	2.55
b. Winter	2.47	2.44	2.70	2.42	2.39	2.65
c. Shoulder	2.19	2.11	2.28	2.16	2.08	2.25
Capacity Credits (¢/kWh)[2]:						
On-peak kWh:						
a. Summer	0.00	0.00	0.86	0.00	0.00	0.83
b. Winter						
1. Morning Hours	0.00	0.00	3.99	0.00	0.00	3.88
2. Evening Hours	0.00	0.00	1.29	0.00	0.00	1.25

[1] For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 12:00 p.m. noon to 4:00 p.m. and 8:00 p.m. to 10:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 6:00 a.m. and 9:00 a.m. to 10:00 a.m., plus evening hours from 5:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 6:00 a.m. to 10:00 a.m. plus evening hours from 4:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m.. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day.

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[2] Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m. Capacity credits are not applicable in all other months.

~~The Capacity Credits and Energy Credits of the Variable Rate are subject to change at any time during the term of contract as approved by the Public Service Commission of South Carolina.~~

~~DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS~~

	~~Summer Months~~	~~Nonsummer Months~~
	~~June 1 – September 30~~	~~October 1 – May 31~~
~~On-Peak Period Hours~~	~~1 p.m. – 9 p.m.~~	~~6 a.m. – 1 p.m.~~
	~~Monday – Friday~~	~~Monday – Friday~~
~~Off-Peak Period Hours~~	~~All other weekday hours and all Saturday and Sunday hours.~~	
	~~All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.~~	

RENEWABLE ENERGY CREDITS
Unless otherwise specified in ~~the~~ Company's agreements with the Seller, the sale of power under this ~~s~~Schedule does not convey to ~~the~~ Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

INTERCONNECTION FACILITIES CHARGE
For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company~~'~~'s Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the $25 minimum monthly Interconnection Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections.

POWER FACTOR CORRECTION
Unless the Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when the Seller consumes VARs supplied by ~~the~~ Company or the Seller delivers VARs to Company, ~~the~~ Company may reduce the purchased energy measured in kilowatt-hours for that month by multiplying by the Average Consumed Power Factor. The Average Consumed Power Factor shall be the calculated on a monthly basis as the average kWh divided the average kVAh, where average kVAh shall be the square root of the sum of the average kWh squared plus the average consumed and delivered kVARh squared. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company.

CONTRACT CAPACITY
The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

RATE UPDATES
The Credits, Integration Services Charge and Administrative Charge under this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Rate provisions of this Schedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or

substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long-Term rates approved in Docket No. 2019-185-E or its predecessors, any change to the Schedule shall not apply to the Fixed Long-Term Energy and Capacity Rates during the Contract Period.

PAYMENTS

Credit billings to ~~the Customer~~Seller will be credited to ~~the~~ Seller~~Customer~~'s account,~~-~~ or, at the option of ~~the Customer~~Seller and upon ten (10) days' prior written notice, shall be payable to ~~the Customer~~Seller within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of ~~the~~ Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, ~~the~~ Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 ½%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

SOUTH CAROLINA POWER EXCISE TAX

~~The Customer~~Seller shall be responsible for paying any and all taxes including, but not limited to, the Electric Power Excise Tax for the electric power generated by ~~the Customer~~Seller's facilities, which may be imposed under Subsection (1) of S.C. Code Ann. §12-23-10 (1976), as amended, or any equivalent statute or regulations.

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SCHEDULE PP (SC)
PURCHASED POWER

AVAILABILITY (South Carolina Only)

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller, or affiliate or partner of a Seller, who sells power to Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than two (2) megawatts.

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All Qualifying Facilities have the option to sell energy to Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Eligible Qualifying Facilities. The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation and execute a Purchase Power Agreement on or before the filing date of proposed rates in the next avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving the avoided cost rates in Docket No. 2019-185-E, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the Public Service Commission of South Carolina ("Commission") in that proceeding.

QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of two (2) megawatts or less, based on the nameplate rating of the generator, which are interconnected directly with Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution systems. Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term, as set forth in the "RATE" section of this Schedule.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

Single-phase, 120/240; 120/208, 240/480 or other available single-phase voltages at Company's option, or
3-phase, 208Y/120, 460Y/265, 480Y/277 volts, or
3-phase, 3-wire, 240, 480, 575 or 2300 volts, or
3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts, or
3-phase voltages other than those listed above may be available at Company's option if the size of the Seller's contract warrants a substation solely to serve that Seller, and if the Seller furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with Company's specifications.

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SCHEDULE PP (SC)
PURCHASED POWER

The type of service under this Schedule shall be determined by Company. Prospective sellers shall ascertain the available voltage by written inquiry of Company before purchasing equipment.

RATE

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below as applicable. Such payments shall be reduced by the Administrative Charge, Integration Services Charge and any applicable Interconnection Facilities Charge.

Energy and Capacity Credits

Eligible Qualifying Facilities for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Power Agreement.

Administrative Charge	$ 11.07 per month
Interconnection Facilities Charge	The Interconnection Charge for each seller is set forth in the Agreement as outlined in the Terms and Conditions; however, the $25.00 minimum will not apply if the charge is for a meter only.
Integration Services Charge:	$0.00110 per kWh

Due to incremental operations costs incurred with intermittent generation resources, Seller shall pay an integration services charge (the "Integration Services Charge"), which currently applies only to solar photovoltaic generation facilities. The Charge shall apply to solar photovoltaic Eligible Qualifying Facilities that either establish a Legally Enforceable Obligation or renew or otherwise extend a Purchase Power Agreement on or after November 30, 2018, including all Sellers served under Variable rates. This Integration Services Charge shall be in the amount specified and will be billed monthly based upon generated energy delivered to Company. The Integration Services Charge shall be subject to adjustment in future biennial avoided cost proceedings similar to other rates and charges, as addressed in the "RATE UPDATES" section of this Schedule. However, any future adjustments to the Integration Services Charge shall be capped at $0.00322 per kWh for any Seller executing a Purchase Power Agreement to sell the output from their Qualifying Facility under rates approved in the 2019-2021 biennial period for the specified term of its Purchase Power Agreement.

	Interconnected to Distribution			Interconnected to Transmission		
	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)
Energy Credits (¢/kWh)[1]:						
On-peak kWh:						
a. Summer	3.74	4.00	4.48	3.62	3.86	4.33
b. Winter						
1. Morning Hours	6.53	5.11	4.61	6.36	4.97	4.49
2. Evening Hours	3.03	3.61	4.15	2.95	3.52	4.05
c. Premium Peak						
1. Summer	4.38	4.18	4.58	4.22	4.02	4.42
2. Winter	3.30	3.43	5.04	3.19	3.32	4.87
d. Shoulder	3.01	3.09	3.39	2.95	3.03	3.33

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SCHEDULE PP (SC)
PURCHASED POWER

Off-peak kWh:

a. Summer	2.46	2.38	2.60	2.41	2.33	2.55
b. Winter	2.47	2.44	2.70	2.42	2.39	2.65
c. Shoulder	2.19	2.11	2.28	2.16	2.08	2.25

Capacity Credits (¢/kWh)[2]:

On-peak kWh:

a. Summer	0.00	0.00	0.86	0.00	0.00	0.83
b. Winter						
1. Morning Hours	0.00	0.00	3.99	0.00	0.00	3.88
2. Evening Hours	0.00	0.00	1.29	0.00	0.00	1.25

[1] For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 12:00 p.m. noon to 4:00 p.m. and 8:00 p.m. to 10:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 6:00 a.m. and 9:00 a.m. to 10:00 a.m., plus evening hours from 5:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 6:00 a.m. to 10:00 a.m. plus evening hours from 4:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m.. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day.

[2] Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m. Capacity credits are not applicable in all other months.

RENEWABLE ENERGY CREDITS

Unless otherwise specified in Company's agreements with the Seller, the sale of power under this Schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

INTERCONNECTION FACILITIES CHARGE

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the $25 minimum monthly Interconnection Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections.

POWER FACTOR CORRECTION

Unless the Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when the Seller consumes VARs supplied by Company or the Seller delivers VARs to Company, Company may reduce the purchased energy measured in kilowatt-hours for that month by multiplying by the Average Consumed Power Factor. The Average Consumed Power Factor shall be the calculated on a monthly basis as the average kWh divided the average kVAh, where average kVAh shall be the square root of the sum of the average kWh squared plus the average consumed and delivered kVARh squared. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company.

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SCHEDULE PP (SC)
PURCHASED POWER

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

RATE UPDATES

The Credits, Integration Services Charge and Administrative Charge under this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Rate provisions of this Schedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long-Term rates approved in Docket No. 2019-185-E or its predecessors, any change to the Schedule shall not apply to the Fixed Long-Term Energy and Capacity Rates during the Contract Period.

PAYMENTS

Credit billings to Seller will be credited to Seller's account, or, at the option of Seller and upon ten (10) days' prior written notice, shall be payable to Seller within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 ½%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

SOUTH CAROLINA POWER EXCISE TAX

Seller shall be responsible for paying any and all taxes including, but not limited to, the Electric Power Excise Tax for the electric power generated by Seller's facilities, which may be imposed under Subsection (1) of S.C. Code Ann. §12-23-10 (1976), as amended, or any equivalent statute or regulations.

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PURCHASE~~D~~ POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

~~CUSTOMER~~SELLER NAME

~~"Project Name"~~"Facility Name" Project

Contract Number: _____

Contract Date: _____

Initial Delivery Date: _____

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P-U-R-C-H-A-S-E-D P-O-W-E-R A-G-R-E-E-M-E-N-T BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER

THIS PURCHASED POWER AGREEMENT ("Agreement") is made this_____day of _____, 20___, by and between

DUKE ENERGY CAROLINAS, LLC,

a South Carolina Limited Liability Company ("Company"),

-and

_____

,CUSTOMER NAME

a(n) [insert place of formation _____] [insert entity type_____] ("Seller"), for the

" ," **Project**("Supplier" or "Customer"), for the

"Project Name",

Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity", which is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC"), and that construction of the Facility (was/was not) commenced on or after November 9, 1978, and that the Facility is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978. The Facility as defined herein (the "Facility") shall consist of that certain *[insert description of the Facility including fuel type and Nameplate Capacity rating in AC and DC] [where applicable, identify any Storage Resource connected to or incorporated into the Facility along with the Storage Resource's capacity (MW and MWh)]* – which is located at *[insert facility address]*., consisting of _____generator (the "Facility") located _____, South Carolina.

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements

1.1 Seller shall sell and deliver exclusively to the Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements and the Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the completion of the installation, by Company, of its system upgrades and interconnection facilities at the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may

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apply, whether or not Seller actually delivers any electricity to Company. If ~~the~~ Seller requests retail electric service~~standby back-up and/or maintenance power~~ for the Facility's auxiliary electrical requirements from ~~the~~ Company when Seller's generation is reduced, such power shall be provided to Supplier pursuant to a separate electric service agreement under ~~the~~ Company's rate tariffs~~schedule~~ appropriate for such service.

1.1

1.2

~~1.2~~ Electricity ~~-~~supplied~~-~~ by~~-~~ S~~the s~~eller~~-~~ shall~~-~~ be~~-~~ [*single~~-~~ (1)/three~~-~~ (3)*]~~-~~ phase,~~-~~ alternating~~,-~~ at~~-~~ a frequency~~-~~ of~~-~~ approximately~~-~~ sixty~~-~~ (60) ~~-~~cycles~~hertz~~, ~~-~~and~~-~~ at a delivery voltage of ~~-~~approximately~~-~~ _____ volts, _____ ~~s,~~ _____~~,~~ wires~~-~~ at~~-~~ a ~~-~~sufficient~~-~~ power~~-~~ factor~~-~~ to~~-~~ maintain~~-~~ system~~-~~ operating parameters as specified by Company.

1.3 Delivery of~~-~~ said~~-~~ Seller's~~-~~ p~~P~~ower ___ shall~~-~~ be~~-~~ at~~-~~ a~~-~~ point~~-~~ of~~-~~ delivery~~-~~ described~~-~~ as~~-~~ follows: _____.

~~1.4~~ 1.4 T~~Based upon the alternating current rating, t~~he~~-~~ Contract~~-~~ Capacity~~-~~ of~~-~~ the Facility~~Seller's generating facilities~~, as defined in the Terms and Conditions for the Purchase of Electric Power _____ is~~s~~ _____ AC kW/MW. The~~and~~ estimated annual energy production of~~-~~ the Facility is _____ kWh. _____ ~~amount Seller contracts to deliver to Company and Company agrees to receive. kWh is the~~

2. Rate Schedule

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of ~~the~~ Company's Purchased Power Schedule PP(SC), *[Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] for [Distribution][Transmission] Interconnection]* ("Rate Schedule") and the Terms and Conditions~~,~~ for the Purchase of Electric Power,~~,~~ both of which are now on file with the Public Service Commission of South Carolina, ("Commission") and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to

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Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. Initial Delivery Date

The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments and shall begin upon the first date when energy is generated by the Facility and delivered to Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter at the as available rate unless terminated by either party by giving not less than thirty (30) days prior written notice. ~~The extension will be at the Variable Rates in effect at the time of extension.~~ The term shall be for _____ years and shall begin no earlier than the date Company's Interconnection Facilities are installed and are ready to accept electricity from Seller which is requested to be_____ _____, ~~20~~ . Company at its sole discretion may terminate this Agreement on_____ _____, 20__ (30 months following the date of the order initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and ~~the~~ Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 1.4~~2~~ above. This date may be extended by upon mutual agreement by both parties.

4.~~.~~ Interconnection Facilities

Unless otherwise required by Company, an Interconnection A~~a~~greement pursuant to the South Carolina Generator Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnections (Interconnection Standard)~~interconnect~~ shall be executed by Seller, including~~ any applicable~~ payments of all charges and fees associated with the interconnection, before Company will accept this Agreement. (Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a) The Interconnection Facilities Charge shall be specified in the Interconnection Agreement,~~.~~ or *(b)* The Interconnection Facilities Charge shall be 1.~~7~~0 ~~–~~% of the installed cost of metering equipment and is $~~–~~ per month.

5. Energy Storage

If the Facility is to be equipped with battery storage or other energy storage device (the "Storage Resource"), the Storage Resource shall be identified in this Agreement. In all cases, the Storage Resource must be charged solely by the Facility and the use of any Storage Resource shall be operated and equipped in accordance with the system operator's Energy Storage Protocol, a copy of which is attached hereto as Exhibit A, as may be modified from time to time by the system operator (the "Energy Storage Protocol").

~~5~~6. Reporting Requirements~~s~~

Upon request, ~~facilities larger than 3,000 kW~~Seller may be required to provide prior

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notice of annual, monthly, and day-ahead forecast of hourly production, as specified by ~~the~~ Company. If ~~the~~ Seller is required to notify ~~the~~ Company of planned or unplanned outages, notification should be made as soon as known. Seller shall include the start time, the time for return to service, the amount of unavailable capacity, and the reason for the outage.

Upon the execution~~acceptance hereof~~ by Company and Seller~~, evidenced by the signature of its Presidents, Vice-Presidents or Authorized Representatives~~ in the block provided below, this Agreement~~document~~ together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and delivered to Company~~declared~~ by Seller from the~~its~~ above ~~-~~described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.

Witness as to Seller:

_____ _____, **Seller**

Printed: _____

_____ By_____

Printed: _____ Printed: _____

Title_____

This_____day of_____, 20_____

ACCEPTED: DUKE ENERGY CAROLINAS, LLC **Mail Payment/Bill to:**

By_____

_____

Title_____ _____

This_____day of_____, 20___ _____

Exhibit A

Energy Storage Protocol for Schedule PP Sellers

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, whether up or down, at any time that the Facility is not generating, unless the system operator has waived this ramping limitation.
6. When the Facility is generating, the Storage Resource shall not act to increase the net ramp rate

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of the Facility by more than 5 percent of the Storage Resource's capacity (MW) per minute in relation to the output from the Facility alone, over a one-minute interval, up or down, unless the system operator has waived this ramping limitation.

7. Scheduling and other storage limitations:
    a. For all months/days with Premium Peak (as defined in the Proposed Settlement) windows, the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the combined output of solar and storage at the highest practical level during the Premium Peak hours of such calendar day, except as limited by ramp rate criteria and inverter capability.
        i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic that is applied to Weekdays/non-Holidays, for the respective month.
        ii. If the storage device is AC (MW) limited, discharge may begin prior to the Premium Peak window to allow the storage device to reach its Allowable Depth (as defined below) of Discharge.
    b. For the remaining months without Premium Peak windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the combined output of solar and storage at the highest practical level during three consecutive hours beginning with the hour of sunset.
        i. If the storage device is AC (MW) limited, discharge may continue beyond the three-hour window until the storage device reaches its Allowable Depth of Discharge.
8. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

Notes:

a) "Allowable Depth of Discharge" shall mean the MWh energy storage potential, considering the original equipment manufacturer's recommendations and any emergent operating limitations, at a given point in time.

b) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

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PURCHASE POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

SELLER NAME

"Facility Name" Project

Contract Number: _____

Contract Date: _____

Initial Delivery Date: _____

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PURCHASE POWER AGREEMENT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER

THIS PURCHASE POWER AGREEMENT ("Agreement") is made this _____day of _____, 20 ___, by and between

DUKE ENERGY CAROLINAS, LLC,
a South Carolina Limited Liability Company ("Company"),

and

_____,

a(n) [insert place of formation _____] [insert entity type_____] ("Seller"), for the

"_____," Project

Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity", as defined by the Federal Energy Regulatory Commission ("FERC"), and that construction of the Facility (was/was not) commenced on or after November 9, 1978, and that the Facility is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978. The Facility as defined herein (the "Facility") shall consist of that certain *[insert description of the Facility including fuel type and Nameplate Capacity rating in AC and DC] [where applicable, identify any Storage Resource connected to or incorporated into the Facility along with the Storage Resource's capacity (MW and MWh)]* – which is located at *[insert facility address]*.

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements

1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements and Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the completion of the installation, by Company, of its system upgrades and interconnection facilities at the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may apply, whether or not Seller actually delivers any electricity to Company. If Seller requests retail electric service for the Facility's auxiliary electrical requirements from Company when Seller's generation is reduced, such power shall be provided to Supplier pursuant to a separate electric service agreement under Company's rate tariffs appropriate for such service.

1.2 Electricity supplied by Seller shall be [*single (1)/three (3)*] phase, alternating at a frequency of approximately sixty (60) cycles, and at a delivery voltage of approximately _____volts, _____ wires at a sufficient power factor to maintain system operating parameters as specified by Company.

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1.3 Delivery of said Seller's power shall be at a point of delivery described as follows: _____.

1.4 The Contract Capacity of the Facility, as defined in the Terms and Conditions for the Purchase of Electric Power is_____ AC kW/MW. The estimated annual energy production of the Facility is _____ kWh.

2. Rate Schedule

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of Company's Purchased Power Schedule PP(SC), *[Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] for [Distribution][Transmission] Interconnection]* ("Rate Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now on file with the Public Service Commission of South Carolina, ("Commission") and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. Initial Delivery Date

The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments and shall begin upon the first date when energy is generated by the Facility and delivered to Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter at the as available rate unless terminated by either party by giving not less than thirty (30) days prior written notice. The term shall be for _____ years and shall begin no earlier than the date Company's Interconnection Facilities are installed and are ready to accept electricity from Seller which is requested to be_____ . Company at its sole discretion may terminate this Agreement on _____, 20__ (30 months following the date of the order initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 1.4 above. This date may be extended by upon mutual agreement by both parties.

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4. Interconnection Facilities

Unless otherwise required by Company, an Interconnection Agreement pursuant to the South Carolina Generator Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnections (Interconnection Standard) shall be executed by Seller, including payments of all charges and fees associated with the interconnection, before Company will accept this Agreement. (Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a) The Interconnection Facilities Charge shall be specified in the Interconnection Agreement, or *(b)* The Interconnection Facilities Charge shall be 1.0 % of the installed cost of metering equipment and is $_____ per month.

5. Energy Storage

If the Facility is to be equipped with battery storage or other energy storage device (the "Storage Resource"), the Storage Resource shall be identified in this Agreement. In all cases, the Storage Resource must be charged solely by the Facility and the use of any Storage Resource shall be operated and equipped in accordance with the system operator's Energy Storage Protocol, a copy of which is attached hereto as Exhibit A, as may be modified from time to time by the system operator (the "Energy Storage Protocol").

6. Reporting Requirements

Upon request, Seller may be required to provide prior notice of annual, monthly, and day-ahead forecast of hourly production, as specified by Company. If Seller is required to notify Company of planned or unplanned outages, notification should be made as soon as known. Seller shall include the start time, the time for return to service, the amount of unavailable capacity, and the reason for the outage.

Upon the execution by Company and Seller in the block provided below, this Agreement together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and delivered to Company by Seller from the above described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.

Witness as to Seller:

_____ _____, **Seller**

Printed: _____

By_____

Printed: _____ Printed: _____

Title_____

This_____day of_____, 20_____

ACCEPTED: DUKE ENERGY CAROLINAS, LLC **Mail Payment/Bill to:**

By_____ _____

Title_____ _____

This_____day of_____, 20____ _____

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Exhibit A

Energy Storage Protocol for Schedule PP Sellers

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, whether up or down, at any time that the Facility is not generating, unless the system operator has waived this ramping limitation.
6. When the Facility is generating, the Storage Resource shall not act to increase the net ramp rate of the Facility by more than 5 percent of the Storage Resource's capacity (MW) per minute in relation to the output from the Facility alone, over a one-minute interval, up or down, unless the system operator has waived this ramping limitation.
7. Scheduling and other storage limitations:
    a. For all months/days with Premium Peak (as defined in the Proposed Settlement) windows, the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the combined output of solar and storage at the highest practical level during the Premium Peak hours of such calendar day, except as limited by ramp rate criteria and inverter capability.
        i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic that is applied to Weekdays/non-Holidays, for the respective month.
        ii. If the storage device is AC (MW) limited, discharge may begin prior to the Premium Peak window to allow the storage device to reach its Allowable Depth (as defined below) of Discharge.
    b. For the remaining months without Premium Peak windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the combined output of solar and storage at the highest practical level during three consecutive hours beginning with the hour of sunset.
        i. If the storage device is AC (MW) limited, discharge may continue beyond the three-hour window until the storage device reaches its Allowable Depth of Discharge.
8. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

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Notes:

a) "Allowable Depth of Discharge" shall mean the MWh energy storage potential, considering the original equipment manufacturer's recommendations and any emergent operating limitations, at a given point in time.

b) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

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Duke Energy Carolinas, LLC

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER
South Carolina

l. PURCHASE POWER AGREEMENT

These "Terms and Conditions~~"~~" provide a mechanism through which Duke Energy Carolinas, LLC, hereafter called ~~the~~ "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the ~~Purchased Power~~ Schedule PP (SC) Purchased Power. ~~This~~The Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by ~~the~~ Company to ~~the~~ Seller.

(a) Description - The Purchase Power Agreement (hereinafter sometimes termed "~~"~~Agreement~~"~~") shall consist of (1) ~~the~~ Company's form of Purchase Power Agreement when signed by Seller and accepted by ~~the~~ Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "~~"~~Terms and Conditions~~"~~"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.

(b) Application of Terms and Conditions and Schedules - All Purchase Power Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").

(c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.

(d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

(e) Assignment of Agreement - A Purchase Power Agreement between ~~the~~ Company and ~~the~~ Seller may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, subject to the written approval of ~~the~~ Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. ~~The~~ Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at ~~the~~ Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.

(f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to ~~the~~ Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility, ~~the~~ Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising ~~the~~ Company of any plans for such an assignment, sale or transfer.

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Duke Energy Carolinas, LLC

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER
South Carolina

(g) Suspension of Sales Under Agreement at Seller's Request - If ~~the~~ Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, ~~the~~ Company will, upon written request of ~~the~~ Seller, and for a period ~~the~~ Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

(h) Termination of Agreement at Seller's Request - If ~~the~~ Seller desires to terminate the Agreement, ~~the~~ Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any ~~agreement to interconnect~~Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. ~~The~~ Company may waive the foregoing provision if ~~the~~ Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to ~~the~~ Company for the delivery of electricity to ~~the~~ Company for a term not less than the unexpired portion of ~~the~~ Seller's Agreement.

(i) Company's Right to Terminate or Suspend Agreement – ~~The~~ Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller ~~(1) for~~based on any of the following: (1) default or breach of the Agreement by ~~the~~ Seller, (2) ~~for~~any fraudulent or unauthorized use of ~~the~~ Company~~'~~'s meter, (3) ~~for~~ failure to pay any applicable bills when due and payable, (4) ~~for a~~any Material Alteration to the Facility without Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on ~~the~~ Seller~~'~~'s side of the point of delivery actually known by ~~the~~ Company to be, or which ~~the~~ Company reasonably anticipates may be, dangerous to life or property, or ~~(5) due to the Seller's inability~~(6) Seller's failure to deliver energy to ~~the~~ Company ~~the quality and/or quantity~~for six (6) consecutive months. Termination ~~-~~of ~~electricity mutually agreed to in the Purchase~~the Agreement shall be at Company's sole option and is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by ~~the~~ Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1~~.~~(i)(2) or 1(i)(5) above. ~~The~~ Company shall give ~~the~~ Seller ~~a minimum of~~ thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1~~.~~(i)(1)~~, (3),~~ and ~~(5)~~1(i)(3)-(4). ~~The~~ Company shall give ~~the~~ Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1~~.~~(i)~~(4)~~(6).

Failure of ~~the~~ Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect ~~the~~ Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by ~~the~~ Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve ~~the~~ Seller of ~~the~~ Seller's liability to compensate ~~the~~ Company for services and/or facilities supplied, nor shall it relieve ~~the~~ Seller (1) of ~~the~~ Seller~~'~~'s liability for the payment of minimum monthly charges during the period of suspension, nor (2) of ~~the~~ Seller~~'~~'s liability for damages, if the Agreement has been terminated, in

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the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

2. CONDITIONS OF SERVICE

(a) ~~The~~ Company is not obligated to purchase electricity from ~~the~~ Seller unless and until: (1) ~~the~~ Company~~'~~'s form of Purchase Power Agreement is executed by ~~the~~ Seller and accepted by ~~the~~ Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from ~~the~~ Seller, ~~the~~ Seller conveys or causes to be conveyed to ~~the~~ Company, without cost to ~~the~~ Company, a right-of-way easement, satisfactory to ~~the~~ Company, across such private property which will provide for the construction, maintenance, and operation of ~~the~~ Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, ~~the~~ Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to ~~the~~ Company. Where not required by law, an inspection by a Company-approved inspector shall be made at ~~the~~ Seller~~'~~'s expense. In the event ~~the~~ Seller is unable to secure such necessary rights of way, ~~the~~ Seller shall reimburse ~~the~~ Company for all costs ~~the~~ Company may incur for the securing of such rights of way.

The obligation of ~~the~~ Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. ~~The~~ Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by ~~the~~ Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

(b) ~~The~~ Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.

(c) ~~The~~ Seller shall submit ~~a request to interconnect~~an Interconnection Request as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. ~~The~~ Company shall not be required to install facilities to support interconnection of ~~the~~ Seller's generation or execute the Purchase Power Agreement until Seller has signed an ~~agreement to interconnect~~Interconnection Agreement as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as may be required by ~~the~~ Company.

~~(d)~~ If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, ~~the~~ Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) ~~the~~ Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless ~~the~~ Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of ~~the~~ Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

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(d)

3. DEFINITIONS

~~(a) Nameplate Capacity: The term "Nameplate Capacity" shall mean the manufacturer's nameplate rated output capability of the generator. For multi-unit generator facilities, the "Nameplate Capacity" of the facility shall be the sum of the individual manufacturer's nameplate rated output capabilities of the generators.~~

~~(b) Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Seller's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.~~

~~(c)~~(a) ~~Auxiliary Load: The term~~ "Auxiliary Load" shall mean power used to operate auxiliary equipment in the ~~facility~~Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

~~(d) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to the Company by Seller.~~

(b) ~~The term~~ "Company~~'~~'s conductors~~"~~" shall mean ~~the~~ Company~~'~~'s wires extending from the point of connection with ~~the~~ Company's existing electric system to the point of delivery.

(c) "Energy Storage Protocol" shall have the meaning specified in the Purchase Power Agreement.

(d) "Facility" shall have the meaning specified in the Purchase Power Agreement.

(e) "Interconnection" shall mean the connection of Company's conductors to Seller's conductors.

(f) "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity, or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.

(g) "Nameplate Capacity" shall mean the manufacturer's kW_{AC} nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the "Nameplate Capacity" of the Facility shall be the sum of the individual manufacturer's kW_{AC} nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the "Nameplate Capacity" shall be the manufacturer's rated kW_{AC} output on the inverters.

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(h) "Prudent Utility Practice" means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgement and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.

~~(e)~~(i) "Purchase" or "Purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.

~~(f) The term~~ "Seller's conductors~~"~~" shall mean ~~the~~ Seller~~'~~'s wires extending from the point of delivery to the switch box or other point where ~~the~~ Seller~~'~~'s circuits connect for the purpose of supplying the electricity produced by ~~the~~ Seller.

(j) ~~The term "'interconnection" shall mean the connection of Company's conductors to Seller's conductors.~~

(k) "Storage Resource" means battery storage or other energy storage device installed at or connected behind the meter of the Facility.

~~(g)~~(l) "System Operator Instruction" means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

4. CONTRACT CAPACITY

(a) The Contract Capacity shall be ~~the kW of~~specified in the Purchase Power Agreement and shall not exceed the capacity specified in ~~the Purchase Power~~Seller's Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by ~~the~~ Company, as measured at the Point of Delivery and shall be the maximum kW_{AC} delivered to ~~the~~ Company during any billing period. ~~In cases where any change is required in the Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to the Seller requesting an increase in the capacity of Company's facilities, the Company may require the Seller to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If the Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice,~~ Seller shall not exceed the

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existing Contract Capacity ~~or such amount in excess thereof~~unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller's facilities have been upgraded to accept the actual or requested increase as ~~the~~may be required by Company ~~determines it is able to accept~~in its commercially reasonable discretion.

(b) ~~The~~ Seller shall not change ~~its generating capacity~~the Contract Capacity (AC or DC), or contracted estimated annual ~~kWh~~ energy production without adequate notice to ~~the~~ Company, and without receiving ~~the~~ Company's prior written consent, and if such unauthorized increase causes loss of or damage to ~~the~~ Company's facilities, the cost of making good such loss or repairing such damage shall be paid by ~~the~~ Seller.

(c) ~~The~~ Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of ~~the~~ Seller~~'~~'s generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.

(d) ~~In the event that the Contract Capacity is terminated, in whole or in part, prior to the completion of the term of the Agreement, the Seller shall pay to the Company a penalty as set forth in paragraph 6, below.~~Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company and execution of an amendment to implement the change by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

~~(d)~~(e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity or a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability, shall require the prior written consent of Company, which may be withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.

5. ~~CONTRACT ENERGY~~ESTIMATED ANNUAL ENERGY PRODUCTION

The ~~Contract Energy~~estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from ~~the~~ Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION~~ OR INCREASE IN CONTRACT CAPACITY OR CONTRACT ENERGY~~

Early Contract Termination - If Seller terminates the Agreement, or the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement, the following payment shall be made to ~~the~~ Company by ~~the~~ Seller:

~~Early Contract Termination – The~~ Seller shall pay to ~~the~~ Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for

Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by ~~the~~ Company in the calendar year previous to that in which the Agreement was commenced.

~~Increase In Contract Capacity – The Seller may apply to the Company to increase the Contract Capacity during the Contract Period and, upon approval by the Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of the Company's facilities, such additional costs to Seller shall be determined in accordance with any agreement to interconnect.~~

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of ~~the~~ Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration ~~the~~ Company's then avoided cost rates and other relevant factors, or (2) set by ~~the Commission~~arbitration.

8. QUALITY OF ENERGY RECEIVED

(a) ~~The~~ Seller has full responsibility for the routine maintenance of ~~his~~its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to ~~the~~ Company.

(b) The ~~Seller's facility~~Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by ~~the~~ Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

(c) ~~The~~ Seller may operate direct current generators in parallel with ~~the~~ Company through a synchronous inverter. ~~–~~The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into ~~the~~ Company~~'~~'s system. Harmonics generated by a DC generator-inverter combination must not adversely affect ~~the~~ Company~~'~~'s supply of electric service to, or the use of electric service by ~~the~~ Company~~'~~'s other customers, and any correction thereof is the full responsibility of Seller.

(d) In the event ~~the~~ Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing ~~the~~ Company to be unable to provide proper voltage levels to its customers, ~~the~~ Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by ~~the~~ Company.

(e) ~~The~~ All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide ~~the~~ Company written notification of any requested changes to ~~their generation system~~the Facility, support equipment such as inverters, or interconnection facilities ~~and shall provide~~ as soon as reasonably possible to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.

(f) Failure of ~~the~~ Seller to comply with either (a), (b), (c), (d) or (e)~~ in paragraph 8~~ above will constitute grounds for ~~the~~ Company to cease parallel operation with Seller's generation equipment

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and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1 above.

9. BILLING

(a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.

(b) If ~~the~~ Company is unable to read its purchase meter for any reason, ~~the~~ Seller~~'~~'s production may be estimated by ~~the~~ Company on the basis of ~~the~~ Seller~~'~~'s production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.

(c) The term "~~"~~Month~~"~~" or "~~"~~Monthly~~"~~", as used in ~~the~~ Company~~'~~'s Schedules and Riders, refers to the period of time between the regular meter readings by ~~the~~ Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 35 or less than 25 days, the bill will be prorated based on a 30-day billing month.

(d) Payments for capacity and/or energy will be made to ~~the~~ Seller based on the rate schedule stated in the Purchase Power Agreement.

(e) ~~The~~ Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to ~~the~~ Company, including, but not limited to, unpaid charges pursuant to the ~~agreement to interconnect~~Interconnection Agreement or past due balances on any accounts ~~the~~ Seller has with ~~the~~ Company for other services. ~~The Company shall include a written description of any amounts setoff due from the Company to the Seller in the applicable monthly bill.~~

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, ~~the~~ Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. ~~The~~ Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and ~~the~~ Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. ~~The~~ Company will not provide any information developed solely by ~~the~~ Seller and designated by ~~the~~ Seller in writing to be "proprietary" unless ~~expressly~~ required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, ~~the~~ Company will notify ~~the~~ Seller prior to supplying the proprietary information. ~~The Company will provide the proprietary information under the applicable procedures of the Commission, the FERC or other regulatory body or court for the submission of proprietary and confidential information, but shall not be required to otherwise defend or support the designation of the information as proprietary. Any and all support, defense or justification of the designation of the information as proprietary shall be the sole and exclusive responsibility of Seller.~~

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal,

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oil, natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, ~~the~~ Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to ~~the~~ Seller, or ~~the~~ Seller shall refund to ~~the~~ Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by ~~the~~ Seller. ~~-~~No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where ~~the~~ Company~~'~~'s conductors are, or are to be, connected to Seller's conductors. ~~The~~ Seller shall do all things necessary to bring its conductors to such point of delivery for connection to ~~the~~ Company's conductors, and shall maintain said conductors in good order at all times. If ~~the~~ Seller chooses to deliver power to ~~the~~ Company through a point of delivery where ~~the~~ Seller presently receives power from ~~the~~ Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

~~Unless otherwise addressed in a separate agreement to interconnect,~~If Seller is not subject to the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 the following conditions shall apply to Interconnection Facilities necessary to deliver ~~the~~ Seller's electricity to ~~the~~ Company. Otherwise, the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 govern.

(a) By Company: ~~The~~ Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of ~~the~~ Seller's facilities with ~~the~~ Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to ~~the~~ Company, though such meter may be located on ~~the~~ Seller~~'~~'s side of the point of delivery. Interconnection facilities, installed by either ~~the~~ Company or ~~the~~ Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by ~~the~~ Company necessary to receive power from ~~the~~ Seller shall be considered ~~additional facilities~~Interconnection Facilities and shall be provided, if ~~the~~ Company finds it practicable, under the following conditions:

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Duke Energy Carolinas, LLC

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(1) The facilities will be of a kind and type normally used by or acceptable to ~~the~~ Company and will be installed at a place and in a manner satisfactory to ~~the~~ Company.

(2) Seller will pay to Company a Monthly Interconnection Facilities Charge ~~of~~based on 1.~~7~~0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than $25 per month; however, the $25 minimum will not apply ~~with~~when the Interconnection Facilities consist only of the meter. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of ~~the~~ Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by ~~the~~ Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

(3) If ~~the~~ Company increases its investment~~, other than replacement of existing equipment with equipment of equal capacity and kind,~~ in interconnection facilities or other special facilities required by Seller (including conversion of ~~the~~ Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the ~~interconnection~~additional facilities will be adjusted at that time. ~~The~~ If the Monthly Interconnection Facilities Charge increases, Seller may terminate the ~~interconnection facilities~~Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue ~~the interconnection facilities~~Interconnection Facilities under the changed conditions.

(4) In lieu of the Monthly Interconnection Facilities Charge of 1.~~7~~0 percent, ~~the~~ Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. In lieu of the monthly charge above, at ~~the~~ Company's option, ~~the~~ Customer may elect to be billed under an alternative payment option to the 1.~~7~~0 percent per month. Under such option, the payment must be renewed after each thirty-four (34) year period.

(5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until ~~the~~ Seller no longer has need for such facilities. In the event ~~the~~ Seller~~'~~'s interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.

(6) ~~The~~ Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of ~~the~~ Company~~'~~'s standard metering equipment or other equipment deemed necessary by ~~the~~ Company for the metering of ~~the~~ Seller~~'~~'s electrical output. ~~The~~ Company shall, at its expense, be permitted to install, in ~~the~~ Seller~~'~~'s wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.

(7) ~~The~~ Company shall furnish and install the Interconnection Facilities no later than the date requested by ~~the~~ Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin ~~on~~upon the earlier of (1) completion of the installation but no earlier than the requested in-service date ~~that such~~specified in the Interconnection

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~~Facilities become operational, except as provided in Paragraph 3.4 hereof~~Agreement or (2) the first date when energy is generated and delivered to Company, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not ~~the~~ Seller is actually supplying electric power to ~~the~~ Company.

(b) By Seller: ~~The~~ Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of ~~the~~ Company~~'~~'s meter and meter transformers, on ~~the~~ Seller~~'~~'s side of the point of delivery. ~~The~~ Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller~~'~~'s side of the point of delivery. ~~The~~ Seller must conform to ~~any State approved interconnection requirements~~the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. ~~The~~ Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. ~~The~~ Company~~'~~'s meter may be located on ~~the~~ Seller's side of the point of delivery, and when it is to be so located, ~~the~~ Seller must make suitable provisions in ~~the~~ Seller's wiring, at a place suitable to ~~the~~ Company, for the convenient installation of the type of meter ~~the~~ Company will use. All of ~~the~~ Seller's conductors installed on ~~the~~ Company's side of the meter and not installed in conduit must be readily visible.

~~The~~ Seller shall install and maintain devices adequate to protect ~~the~~ Seller's equipment against irregularities on ~~the~~ Company~~'~~'s system, including devices to protect against single-phasing. ~~The~~ Seller shall also install and maintain such devices as may be necessary to automatically disconnect ~~the~~ Seller's generating equipment, which is operated in parallel with ~~the~~ Company, when service provided by ~~the~~ Seller is affected by electrical disturbances on ~~the~~ Company's or ~~the~~ Seller's systems, or at any time when ~~the~~ Company's system is de-energized from its prime source.

(c) Access to Premises: The duly authorized agents of ~~the~~ Company shall have the right of ingress and egress to the premises of ~~the~~ Seller at all reasonable hours for the purpose of reading meters, inspecting ~~the~~ Company~~'~~'s wiring and apparatus, changing, exchanging, or repairing ~~the~~ Company's property on the premises of ~~the~~ Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

(d) Protection: ~~The~~ Seller shall protect ~~the~~ Company's wiring and apparatus on ~~the~~ Seller~~'~~'s premises and shall permit no one but ~~the~~ Company~~'~~'s agents to handle same. In the event of any loss of or damage to such property of ~~the~~ Company caused by or arising out of carelessness, neglect, or misuse by ~~the~~ Seller or ~~the~~ Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by ~~the~~ Seller. In cases where ~~the~~ Company~~'~~'s service facilities on ~~the~~ Seller's premises require abnormal maintenance due to ~~the~~ Seller~~'~~'s operation, ~~the~~ Seller shall reimburse ~~the~~ Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. ~~They~~Each Party shall at all times use reasonable diligence ~~at all times~~ to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor

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shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

(a) An emergency condition or action due to an adverse condition, event, and/-or disturbance on ~~the~~ Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas, or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to Company's system, disruption of generation by Seller, disruption of reliability or service on Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.

(b) An event or condition of force majeure, as described below.

(c) Making necessary adjustments to, changes in, or repairs on ~~the~~ Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

~~The~~ Seller shall be responsible for ~~i~~ensuring the safe operation of ~~his~~its equipment at all times, and will install and maintain, to ~~the~~ Company's satisfaction, the necessary automatic equipment to prevent the back feed of power into, or damage to ~~the~~ Company~~'~~'s de-energized system, and shall be subject to immediate disconnection of its equipment from ~~the~~ Company~~'~~'s system if ~~the~~ Company determines that such equipment is unsafe or adversely affects ~~the~~ Company~~'~~'s transmission/distribution system or service to its other customers.

~~The~~ Seller assumes responsibility for and shall indemnify, defend, and save ~~the~~ Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to ~~the~~ Seller or ~~the~~ Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on ~~the~~ Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force

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majeure." ~~.~~ ~~–~~It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. ~~–~~Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;

(b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;

(c) The affected Party uses its best efforts to remedy its inability to perform;

(d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,

(e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

~~The~~ Seller shall obtain and retain, for as long as the generation is interconnected with ~~the~~ Company's system, either the applicable home owner's insurance policy with liability coverage of at least $100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least $300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by ~~the~~ Company. ~~The~~ Company reserves the right to refuse to establish, or continue the interconnection of ~~the~~ Seller's generation with ~~the~~ Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by ~~the~~ Seller to ~~the~~ Company upon ~~the~~ Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

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This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by ~~the~~ Company, from ~~the~~ Seller, are subject to changes, restrictions, curtailments, or complete suspensions by ~~the~~ Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of ~~the~~ Company therefor.

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Duke Energy Carolinas, LLC

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER
South Carolina

l. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Carolinas, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Schedule PP (SC) Purchased Power. The Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

(a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.

(b) Application of Terms and Conditions and Schedules - All Purchase Power Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").

(c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.

(d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

(e) Assignment of Agreement - A Purchase Power Agreement between Company and Seller may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, subject to the written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.

(f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility, Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company of any plans for such an assignment, sale or transfer.

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(g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

(h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.

(i) Company's Right to Terminate or Suspend Agreement – Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller based on any of the following: (1) default or breach of the Agreement by Seller, (2) any fraudulent or unauthorized use of Company's meter, (3) failure to pay any applicable bills when due and payable, (4) any Material Alteration to the Facility without Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property, or (6) Seller's failure to deliver energy to Company for six (6) consecutive months. Termination of the Agreement shall be at Company's sole option and is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1(i)(2) or 1(i)(5) above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1(i)(1) and 1(i)(3)-(4). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1(i)(6).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

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2. CONDITIONS OF SERVICE

(a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction, maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

(b) Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.

(c) Seller shall submit an Interconnection Request as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Company shall not be required to install facilities to support interconnection of Seller's generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as may be required by Company.

(d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

(a) "Auxiliary Load" shall mean power used to operate auxiliary equipment in the Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

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(b) "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.

(c) "Energy Storage Protocol" shall have the meaning specified in the Purchase Power Agreement.

(d) "Facility" shall have the meaning specified in the Purchase Power Agreement.

(e) "Interconnection" shall mean the connection of Company's conductors to Seller's conductors.

(f) "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity, or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.

(g) "Nameplate Capacity" shall mean the manufacturer's kW_{AC} nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the "Nameplate Capacity" of the Facility shall be the sum of the individual manufacturer's kW_{AC} nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the "Nameplate Capacity" shall be the manufacturer's rated kW_{AC} output on the inverters.

(h) "Prudent Utility Practice" means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgement and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.

(i) "Purchase" or "Purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.

(j) "Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.

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(k) "Storage Resource" means battery storage or other energy storage device installed at or connected behind the meter of the Facility.

(l) "System Operator Instruction" means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

4. CONTRACT CAPACITY

(a) The Contract Capacity shall be specified in the Purchase Power Agreement and shall not exceed the capacity specified in Seller's Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW_{AC} delivered to Company during any billing period. Seller shall not exceed the existing Contract Capacity unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller's facilities have been upgraded to accept the actual or requested increase as may be required by Company in its commercially reasonable discretion.

(b) Seller shall not change the Contract Capacity (AC or DC), or contracted estimated annual energy production without adequate notice to Company, and without receiving Company's prior written consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.

(c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.

(d) Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company and execution of an amendment to implement the change by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

(e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity or a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability, shall require the prior written consent of Company, which may be withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.

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5. ESTIMATED ANNUAL ENERGY PRODUCTION

The estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION

Early Contract Termination - If Seller terminates the Agreement, or the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement, the following payment shall be made to Company by Seller:

Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by Company in the calendar year previous to that in which the Agreement was commenced.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

(a) Seller has full responsibility for the routine maintenance of its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.

(b) The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

(c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.

(d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing Company to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.

(e) All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide Company written notification of any requested changes to the Facility, support equipment such as inverters, or interconnection facilities as soon as reasonably possible

to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.

(f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1 above.

9. BILLING

(a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.

(b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.

(c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 35 or less than 25 days, the bill will be prorated based on a 30-day billing month.

(d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.

(e) Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil, natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

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11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 govern.

(a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of Seller's facilities with Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered Interconnection Facilities and shall be provided, if Company finds it practicable, under the following conditions:

(1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.

(2) Seller will pay to Company a Monthly Interconnection Facilities Charge based on 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than $25 per month; however, the $25 minimum will not apply when the Interconnection Facilities consist

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only of the meter. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

(3) If Company increases its investment in interconnection facilities or other special facilities required by Seller (including conversion of Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the additional facilities will be adjusted at that time. If the Monthly Interconnection Facilities Charge increases, Seller may terminate the Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue Interconnection Facilities under the changed conditions.

(4) In lieu of the Monthly Interconnection Facilities Charge of 1.0 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. In lieu of the monthly charge above, at Company's option, Customer may elect to be billed under an alternative payment option to the 1.0 percent per month. Under such option, the payment must be renewed after each thirty-four (34) year period.

(5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.

(6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.

(7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin upon the earlier of (1) completion of the installation but no earlier than the requested in-service date specified in the Interconnection Agreement or (2) the first date when energy is generated and delivered to Company, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.

(b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to

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one point of delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

(c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

(d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. Each Party shall at all times use reasonable diligence to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

(a) An emergency condition or action due to an adverse condition, event, and/or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas, or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by Company to

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comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to Company's system, disruption of generation by Seller, disruption of reliability or service on Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.

(b) An event or condition of force majeure, as described below.

(c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

Seller shall be responsible for ensuring the safe operation of its equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the back feed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure." It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;

(b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;

(c) The affected Party uses its best efforts to remedy its inability to perform;

(d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,

(e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owner's insurance policy with liability coverage of at least $100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least $300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of Company therefor.

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PURCHASED POWER SCHEDULE PP-~~2~~5

AVAILABILITY

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) ~~-~~to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission~~'~~'s (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to ~~the~~ Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than two (2) megawatts.

Service necessary for the delivery of power from ~~the~~ Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from ~~the~~ Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All ~~q~~Qualifying ~~f~~Facilities have the option to sell energy to ~~the~~ Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for ~~Non~~ Eligible Qualifying Facilities. The Fixed Long Term Credit rates on this schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation and execute a Purchase Power Agreement on or before the filing date of proposed rates in the next avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving the avoided cost rates ~~set forth below~~in Docket No. 2019-186-E, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long~~-~~-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long~~-~~-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the Public Service Commission of South Carolina ("Commission") in that proceeding.

~~Qualifying Facilities Eligible for Capacity and/or Energy Credits~~QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or ~~a~~ generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract

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Capacity of two (2) megawatts or less, based on the nameplate rating of the generator, which are interconnected directly with ~~the~~ Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution systems. Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term, as set forth in the "MONTHLY RATE" section of this Schedule.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

MONTHLY RATE

Monthly Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below as applicable. ~~—~~Such payments shall be reduced by ~~both~~ the Seller Charge, Integration Services Charge ~~-~~and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10 kW or less shall only be made on a calendar year basis.

Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Purchase Power Agreement between Company and Seller:

Monthly Seller Charge	$8.05

Integration Services Charge

Due to incremental operations costs incurred with intermittent generation resources, Seller shall pay an integration services charge (the "Integration Services Charge"), which currently applies only to solar photovoltaic generation facilities. The Charge shall apply to solar photovoltaic Eligible Qualifying Facilities that either establish a Legally Enforceable Obligation or renew or otherwise extend a Purchase Power Agreement on or after November 30, 2018, including all Sellers served under Variable rates. This Integration Services Charge shall be in the amount specified and will be billed monthly based upon generated energy delivered to Company. The Integration Services Charge shall be subject to adjustment in future biennial avoided cost proceedings similar to other rates and charges, as addressed in the "RATE UPDATES" section of this Schedule. However, any future adjustments to the Integration Services Charge shall be capped at $0.00670 per kWh for any Seller executing a Purchase Power Agreement to sell the output from their Qualifying Facility under rates approved in the 2019-2021 biennial period for the specified term of its Purchase Power Agreement.

Integration Services Charge:	$0.00239 per kWh

Energy and Capacity Credits

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Eligible Qualifying Facilities ~~eligible~~ for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon ~~the~~ Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company~~'~~'s system as registered or computed from Company~~'~~'s metering facilities. The Energy and Capacity Credit will be in accordance with the length of

~~Credits for Facilities Interconnected to Company's Distribution System:~~

	~~Variable Credit~~	~~Fixed Long-Term Credits~~	
		~~5-Year~~	~~10-Year~~
~~Energy Credits~~			
~~On-peak kWh (¢/kWh)~~	~~3.89~~	~~3.97~~	~~4.71~~
~~Off-peak kWh (¢/kWh)~~	~~3.46~~	~~3.56~~	~~4.15~~
~~Capacity Credits~~			
~~On-peak kWh (¢/kWh) - Summer[1]~~	~~5.74~~	~~5.94~~	~~6.27~~
~~On-peak kWh (¢/kWh) - Non-Summer[1]~~	~~2.22~~	~~2.30~~	~~2.43~~

~~Credits for Facilities Interconnected to Company's Transmission System:~~

	~~Variable Credit~~	~~Fixed Long-Term Credits~~	
		~~5-Year~~	~~10-Year~~
~~Energy Credits~~			
~~On-peak kWh (¢/kWh)~~	~~3.80~~	~~3.88~~	~~4.60~~
~~Off-peak kWh (¢/kWh)~~	~~3.42~~	~~3.52~~	~~4.10~~
~~Capacity Credits~~			
~~On-peak kWh (¢/kWh) - Summer[1]~~	~~5.61~~	~~5.81~~	~~6.13~~
~~On-peak kWh (¢/kWh) - Non-Summer[1]~~	~~2.17~~	~~2.25~~	~~2.37~~

rate term for energy sales so established in the Purchase Power Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility based upon the season.

	Interconnected to Distribution			Interconnected to Transmission		
	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)
Energy Credits (¢/kWh)[1]:						
On-peak kWh:						
a. Summer	2.65	2.93	3.11	2.59	2.87	3.04
b. Winter						
1. Morning Hours	4.01	3.50	3.54	3.95	3.45	3.48
2. Evening Hours	3.14	3.16	3.42	3.08	3.11	3.36
c. Premium Peak						

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1. Summer	3.12	3.07	3.30	3.05	3.00	3.22
2. Winter	3.08	2.71	3.58	3.01	2.65	3.50
d. Shoulder	2.70	2.81	2.98	2.67	2.78	2.95
Off-peak kWh:						
a. Summer	2.55	2.51	2.68	2.52	2.47	2.65
b. Winter	2.60	2.62	2.75	2.56	2.58	2.71
c. Shoulder	2.08	2.11	2.26	2.06	2.09	2.24

Capacity Credits (¢/kWh)[2]:

On-peak kWh:						
a. Summer	0.00	0.00	0.00	0.00	0.00	0.00
b. Winter						
1. Morning Hours	10.82	11.03	11.36	10.62	10.83	11.15
2. Evening Hours	4.64	4.73	4.87	4.55	4.64	4.78

[1] ~~Summer months are defined as the calendar months of June through September. All other months are Non-Summer for purposes of applying the capacity credits.~~ [1] For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 1:00 p.m. to 4:00 p.m. and 8:00 p.m. to 9:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 4:00 a.m. to 6:00 a.m. and 9:00 a.m. to 11:00 a.m., plus evening hours from 6:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 10:00 a.m. plus evening hours from 5:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

[2] Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m. Capacity credits are not applicable in all other months.

POWER FACTOR CORRECTION

Unless Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when Seller consumes VARs supplied by ~~the~~ Company or Seller delivers VARs to Company, the monthly bill will be increased by a sum equal to $0.30 multiplied by the maximum consumed or supplied reactive kilovolt-amperes (kVAR) registered by a demand meter suitable for measuring the demand used during a

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15-minute interval. ~~The~~ Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of ~~the~~ Company.

RATE UPDATES

The Credits, Integration Services Charge and Seller Charge ~~of~~under this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable ~~Credit~~Capacity Rate provisions of this S~~s~~chedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but ~~it~~ shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long-Term rates approved in Docket No. 2019-186-E or its predecessors, any change to the Schedule shall not apply to the Fixed Long-Term Energy and Capacity Rates during the Contract Period.

~~DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS~~

~~The on-peak and off-peak hours by summer and non-summer month are defined by calendar month as follows:~~

~~TOU Season~~	~~Summer Calendar Months of June through September~~	~~Non-Summer Calendar Months of October through May~~
~~On-peak Hours~~	~~Hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays[1] considered as off-peak.~~	~~Hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays[1] considered as off-peak.~~
~~Off-peak Hours~~	~~The off-peak hours in any month are defined as all hours not specified above as on-peak hours.~~	

~~[1] All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.~~

RENEWABLE ENERGY CREDITS

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Unless otherwise specified in Company's agreements with Seller, the sale of power under this ~~s~~Schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

PAYMENTS

Credit billings to Seller shall be payable to ~~the~~ Seller within fifteen (15) days of the date of the bill. Bills under this Schedule are due and payable on the date of the bill. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, ~~the~~ Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a 1.5% late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

INTERCONNECTION FACILITIES COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company~~'~~'s Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the $25 minimum monthly Interconnection Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections.

SOUTH CAROLINA POWER EXCISE TAX

Seller shall be responsible for paying any and all taxes including, but not limited to, the Electric Power Excise Tax for the electric power generated by Seller's facilities, which may be imposed under Subsection (1) of S.C. Code Ann. §12-23-10 (1976), as amended, or any equivalent statute or regulations.

~~Supersedes Schedule CSP-30B~~
~~Effective for energy and capacity billed on and after July 1, 2016~~
~~SCPSC Docket No. 1995-1192-E, Order No. 2016-349~~

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PURCHASED POWER SCHEDULE PP-5

AVAILABILITY

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than two (2) megawatts.

Service necessary for the delivery of power from Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All Qualifying Facilities have the option to sell energy to Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Eligible Qualifying Facilities. The Fixed Long Term Credit rates on this schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation and execute a Purchase Power Agreement on or before the filing date of proposed rates in the next avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving the avoided cost rates in Docket No. 2019-186-E, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long-Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long-Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the Public Service Commission of South Carolina ("Commission") in that proceeding.

QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of two (2) megawatts or less, based on the nameplate rating of the generator, which are interconnected directly with Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

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Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution systems. Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term, as set forth in the "MONTHLY RATE" section of this Schedule.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

MONTHLY RATE

Monthly Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below as applicable. Such payments shall be reduced by the Seller Charge, Integration Services Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10 kW or less shall only be made on a calendar year basis.

Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Purchase Power Agreement between Company and Seller:

Monthly Seller Charge	$8.05

Integration Services Charge

Due to incremental operations costs incurred with intermittent generation resources, Seller shall pay an integration services charge (the "Integration Services Charge"), which currently applies only to solar photovoltaic generation facilities. The Charge shall apply to solar photovoltaic Eligible Qualifying Facilities that either establish a Legally Enforceable Obligation or renew or otherwise extend a Purchase Power Agreement on or after November 30, 2018, including all Sellers served under Variable rates. This Integration Services Charge shall be in the amount specified and will be billed monthly based upon generated energy delivered to Company. The Integration Services Charge shall be subject to adjustment in future biennial avoided cost proceedings similar to other rates and charges, as addressed in the "RATE UPDATES" section of this Schedule. However, any future adjustments to the Integration Services Charge shall be capped at $0.00670 per kWh for any Seller executing a Purchase Power Agreement to sell the output from their Qualifying Facility under rates approved in the 2019-2021 biennial period for the specified term of its Purchase Power Agreement.

Integration Services Charge:	$0.00239 per kWh

Energy and Capacity Credits

Eligible Qualifying Facilities for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Power Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility based upon the season.

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	Interconnected to Distribution			Interconnected to Transmission		
	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)	Variable Rate	Fixed Long-Term Rate (5 years)	Fixed Long-Term Rate (10 years)
Energy Credits (¢/kWh)[1]:						
On-peak kWh:						
a. Summer	2.65	2.93	3.11	2.59	2.87	3.04
b. Winter						
1. Morning Hours	4.01	3.50	3.54	3.95	3.45	3.48
2. Evening Hours	3.14	3.16	3.42	3.08	3.11	3.36
c. Premium Peak						
1. Summer	3.12	3.07	3.30	3.05	3.00	3.22
2. Winter	3.08	2.71	3.58	3.01	2.65	3.50
d. Shoulder	2.70	2.81	2.98	2.67	2.78	2.95
Off-peak kWh:						
a. Summer	2.55	2.51	2.68	2.52	2.47	2.65
b. Winter	2.60	2.62	2.75	2.56	2.58	2.71
c. Shoulder	2.08	2.11	2.26	2.06	2.09	2.24
Capacity Credits (¢/kWh)[2]:						
On-peak kWh:						
a. Summer	0.00	0.00	0.00	0.00	0.00	0.00
b. Winter						
1. Morning Hours	10.82	11.03	11.36	10.62	10.83	11.15
2. Evening Hours	4.64	4.73	4.87	4.55	4.64	4.78

[1] For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 1:00 p.m. to 4:00 p.m. and 8:00 p.m. to 9:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 4:00 a.m. to 6:00 a.m. and 9:00 a.m. to 11:00 a.m., plus evening hours from 6:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 10:00 a.m. plus evening hours from 5:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the

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Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

[2] Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m. Capacity credits are not applicable in all other months.

POWER FACTOR CORRECTION

Unless Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when Seller consumes VARs supplied by Company or Seller delivers VARs to Company, the monthly bill will be increased by a sum equal to $0.30 multiplied by the maximum consumed or supplied reactive kilovolt-amperes (kVAR) registered by a demand meter suitable for measuring the demand used during a 15-minute interval. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company.

RATE UPDATES

The Credits, Integration Services Charge and Seller Charge under this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Rate provisions of this Schedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long-Term rates approved in Docket No. 2019-186-E or its predecessors, any change to the Schedule shall not apply to the Fixed Long-Term Energy and Capacity Rates during the Contract Period.

RENEWABLE ENERGY CREDITS

Unless otherwise specified in Company's agreements with Seller, the sale of power under this Schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

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CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

PAYMENTS

Credit billings to Seller shall be payable to Seller within fifteen (15) days of the date of the bill. Bills under this Schedule are due and payable on the date of the bill. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a 1.5% late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

INTERCONNECTION FACILITIES COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the $25 minimum monthly Interconnection Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections.

SOUTH CAROLINA POWER EXCISE TAX

Seller shall be responsible for paying any and all taxes including, but not limited to, the Electric Power Excise Tax for the electric power generated by Seller's facilities, which may be imposed under Subsection (1) of S.C. Code Ann. §12-23-10 (1976), as amended, or any equivalent statute or regulations.

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PURCHASE POWER AGREEMENT

between

DUKE ENERGY PROGRESS, LLC

and

SELLER NAME

"Facility Name" Project

Contract Number: _____

Contract Date: _____

Initial Delivery Date: _____

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PURCHASE POWER AGREEMENT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER

THIS PURCHASE POWER AGREEMENT ("Agreement") is made this _____ day of_____, 20____, by and between

DUKE ENERGY PROGRESS, LLC
a South Carolina Limited Liability Company ("Company"),

~~,~~and

_____,

a(n) [*insert place of formation* _____ _____] [*insert entity type* _____]
("Seller"), for the~~Corporation ("Seller" or "Customer"), for the~~

"_____," **Project**

~~which~~ Seller hereby certifies that the~~this~~ Facility, as defined below,~~facility~~ (is/is not) "new capacity~~,~~", as defined by the Federal Energy Regulatory Commission ("FERC"), and that construction of the Facility (was/was not) commenced on or after November 9, 1978, and that the Facility ~~and~~ is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978~~[and which is or will be a hydroelectric generating facility owned and operated by a small power producer as defined in G.S. 62-3(27a) - (if applicable)].~~; ~~-~~The Facility as defined herein (the "Facility") shall consist of that certain [*insert description of the Facility including fuel type and Nameplate Capacity rating in AC and DC*] *[where applicable, identify any Storage Resource connected to or incorporated into the Facility along with the Storage Resource's capacity (MW and MWh)*] which is located at [*insert facility address*].~~consisting of~~
~~_____(the "Facility"),~~
~~which is located at _____.~~

(Hereinafter, the parties are also referred to individually as "Party" and collectively as~~-~~ "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements

1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements~~,~~ and Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. ~~-~~Upon the completion of the installation, by Company, of its system upgrades and interconnection facilities at the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may apply, whether or not Seller actually delivers any electricity to Company. ~~–~~If Seller requests retail electric service for the Facility's auxiliary electrical requirements from Company when Seller's generation is reduced,~~standby,~~

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~~back-up and/or maintenance power for the Facility's auxiliary electrical requirements from Company,~~ such power shall be provided to Supplier pursuant to a separate electric service agreement under Company's rate tariffs appropriate for such service.

1.2 Electricity supplied by Seller shall be [*single (1)/three (3)*] phase, alternating at a frequency of approximately sixty (60) cycles, and at a delivery voltage of approximately _____ volts, _____ wires at a sufficient power factor to maintain system operating parameters as specified by Company.

1.3 Delivery of said Seller's power shall be at a point of delivery described as follows: _____ .

1.4 T~~Based upon the alternating current rating, t~~he Contract Capacity of the Facility~~Seller's generating facility~~, as defined in the Terms and Conditions for the Purchase of Electric Power is _____ AC kW/MW. The~~ and~~ estimated annual energy production of~~–~~ the Facility is _____ kWh~~_____ kWh is the amount Seller contracts to deliver to Company and Company agrees to receive~~.

2. Rate Schedule

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of Company's Purchased Power Schedule PP-___ *[Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] for [Distribution][Transmission] Interconnection]* ("Rate Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now on file with the Public Service Commission of South Carolina, ("Commission")~~,~~ and are hereby incorporated by reference and made a part hereof as though fully set forth herein. ~~-~~Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. Initial Delivery Date

The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments and shall begin upon the first date when energy is generated by the Facility and delivered to Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter at the as available rate unless terminated by either party by giving not less than thirty (30) days prior written notice.~~ The extension will be at the Variable Rates in effect at the time of extension.~~ ~~-~~The term shall be for ___ years and shall begin no earlier than the date Company's Interconnection Facilities are installed and are ready to accept electricity from Seller which is requested to be _____~~, 20__~~. ~~–~~Company at its sole discretion may terminate this Agreement on _____, 20__ (30 months following the date of the order

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initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and ~~the~~ Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 1.4~~2~~ above. ~~-~~This date may be extended by upon mutual agreement by both parties.

4. Interconnection Facilities

Unless otherwise required by Company, an Interconnection Agreement~~agreement to interconnect~~ pursuant to the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections (Interconnection Standard) shall be executed by Seller, including ~~any applicable~~ payments of all charges and fees associated with the interconnection, before Company will accept this Agreement. *(Either sentence (a) or (b) as follows is inserted into the agreement as appropriate)* ~~-~~*(a)* ~~-~~The Interconnection Facilities Charge shall be specified in the Interconnection Agreement,~~.~~ ~~-~~or~~-~~ *(b)* The Interconnection Facilities Charge shall be ~~2~~1.0~~-~~% of the installed cost of metering equipment and is $_____ per month.

5. Energy Storage

If the Facility is to be equipped with battery storage or other energy storage device (the "Storage Resource"), the Storage Resource shall be identified in this Agreement. In all cases, the Storage Resource must be charged solely by the Facility and the use of any Storage Resource shall be operated and equipped in accordance with the system operator's Energy Storage Protocol, a copy of which is attached hereto as Exhibit A, as may be modified from time to time by the system operator (the "Energy Storage Protocol").

6~~5~~. Reporting Requirements

Upon request, ~~facilities larger than 3,000 kW~~Seller may be required to provide prior notice of annual, monthly, and day-ahead forecast of hourly production, as specified by ~~the~~ Company. If ~~the~~ Seller is required to notify ~~the~~ Company of planned or unplanned outages, notification should be made as soon as known. ~~-~~Seller shall include the start time, the time for return to service, the amount of unavailable capacity, and the reason for the outage.

Upon the execution~~acceptance hereof~~ by Company and Seller ~~, evidenced by the signature of its Presidents, Vice-Presidents or Authorized Representatives~~ in the block provided below, this Agreement ~~document~~ together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and delivered to Company~~declared~~ by Seller from ~~its~~the above ~~-~~described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.

Witness as to Seller:

_____ _____, **Seller**

Printed: _____

By_____

Printed: _____ Printed: _____

Title_____

This _____ day of _____, 20_____

ACCEPTED: DUKE ENERGY PROGRESS, LLC **Mail Payment/Bill to:**

By_____ _____

Title_____ _____

This_____ day of _____, 20____ _____

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Exhibit A

Energy Storage Protocol for Schedule PP Sellers

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, whether up or down, at any time that the Facility is not generating, unless the system operator has waived this ramping limitation.
6. When the Facility is generating, the Storage Resource shall not act to increase the net ramp rate of the Facility by more than 5 percent of the Storage Resource's capacity (MW) per minute in relation to the output from the Facility alone, over a one-minute interval, up or down, unless the system operator has waived this ramping limitation.
7. Scheduling and other storage limitations:
    a. For all months/days with Premium Peak (as defined in the Proposed Settlement) windows, the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the combined output of solar and storage at the highest practical level during the Premium Peak hours of such calendar day, except as limited by ramp rate criteria and inverter capability.
        i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic that is applied to Weekdays/non-Holidays, for the respective month.
        ii. If the storage device is AC (MW) limited, discharge may begin prior to the Premium Peak window to allow the storage device to reach its Allowable Depth (as defined below) of Discharge.
    b. For the remaining months without Premium Peak windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the combined output of solar and storage at the highest practical level during three consecutive hours beginning with the hour of sunset.
        i. If the storage device is AC (MW) limited, discharge may continue beyond the three-hour window until the storage device reaches its Allowable Depth of Discharge.
8. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

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Notes:

a) "Allowable Depth of Discharge" shall mean the MWh energy storage potential, considering the original equipment manufacturer's recommendations and any emergent operating limitations, at a given point in time.
b) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

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PURCHASE POWER AGREEMENT

between

DUKE ENERGY PROGRESS, LLC

and

SELLER NAME

"Facility Name" Project

Contract Number: _____

Contract Date: _____

Initial Delivery Date: _____

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PURCHASE POWER AGREEMENT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER

THIS PURCHASE POWER AGREEMENT ("Agreement") is made this _____ day of_____, 20____, by and between

DUKE ENERGY PROGRESS, LLC
a South Carolina Limited Liability Company ("Company"),

and

_____,

a(n) [*insert place of formation*_____] [*insert entity type* _____] ("Seller"), for the

"_____," Project

Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity", as defined by the Federal Energy Regulatory Commission ("FERC"), and that construction of the Facility (was/was not) commenced on or after November 9, 1978, and that the Facility is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978. The Facility as defined herein (the "Facility") shall consist of that certain [*insert description of the Facility including fuel type and Nameplate Capacity rating in AC and DC*] *[where applicable, identify any Storage Resource connected to or incorporated into the Facility along with the Storage Resource's capacity (MW and MWh)*] which is located at [*insert facility address*].

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements

1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements and Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the completion of the installation, by Company, of its system upgrades and interconnection facilities at the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may apply, whether or not Seller actually delivers any electricity to Company. If Seller requests retail electric service for the Facility's auxiliary electrical requirements from Company when Seller's generation is reduced, such power shall be provided to Supplier pursuant to a separate electric service agreement under Company's rate tariffs appropriate for such service.

1.2 Electricity supplied by Seller shall be [*single (1)/three (3)*] phase, alternating at a frequency of approximately sixty (60) cycles, and at a delivery voltage of approximately _____ volts,

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_____ wires at a sufficient power factor to maintain system operating parameters as specified by Company.

1.3 Delivery of said Seller's power shall be at a point of delivery described as follows: _____.

1.4 The Contract Capacity of the Facility, as defined in the Terms and Conditions for the Purchase of Electric Power is _____ AC kW/MW. The estimated annual energy production of the Facility is _____ kWh.

2. <u>Rate Schedule</u>

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with all the terms and conditions of Company's Purchased Power Schedule PP-___ *[Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] for [Distribution][Transmission] Interconnection]* ("Rate Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now on file with the Public Service Commission of South Carolina, ("Commission") and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. <u>Initial Delivery Date</u>

The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments and shall begin upon the first date when energy is generated by the Facility and delivered to Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter at the as available rate unless terminated by either party by giving not less than thirty (30) days prior written notice. The term shall be for ___ years and shall begin no earlier than the date Company's Interconnection Facilities are installed and are ready to accept electricity from Seller which is requested to be _____. Company at its sole discretion may terminate this Agreement on _____, 20__ (30 months following the date of the order initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 1.4 above. This date may be extended by upon mutual agreement by both parties.

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4. Interconnection Facilities

Unless otherwise required by Company, an Interconnection Agreement pursuant to the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections (Interconnection Standard) shall be executed by Seller, including payments of all charges and fees associated with the interconnection, before Company will accept this Agreement. *(Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a)* The Interconnection Facilities Charge shall be specified in the Interconnection Agreement, or *(b)* The Interconnection Facilities Charge shall be 1.0% of the installed cost of metering equipment and is $_____ per month.

5. Energy Storage

If the Facility is to be equipped with battery storage or other energy storage device (the "Storage Resource"), the Storage Resource shall be identified in this Agreement. In all cases, the Storage Resource must be charged solely by the Facility and the use of any Storage Resource shall be operated and equipped in accordance with the system operator's Energy Storage Protocol, a copy of which is attached hereto as Exhibit A, as may be modified from time to time by the system operator (the "Energy Storage Protocol").

6. Reporting Requirements

Upon request, Seller may be required to provide prior notice of annual, monthly, and day-ahead forecast of hourly production, as specified by Company. If Seller is required to notify Company of planned or unplanned outages, notification should be made as soon as known. Seller shall include the start time, the time for return to service, the amount of unavailable capacity, and the reason for the outage.

Upon the execution by Company and Seller in the block provided below, this Agreement together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and delivered to Company by Seller from the above described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.

Witness as to Seller:

_____

Printed: _____

Printed: _____

_____, **Seller**

By_____

Printed: _____

Title_____

This _____ day of _____, 20_____

ACCEPTED: DUKE ENERGY PROGRESS, LLC

By_____

Title_____

This_____ day of _____, 20____

Mail Payment/Bill to:

_____

_____

_____

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Exhibit A

Energy Storage Protocol for Schedule PP Sellers

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., System Operator Instruction) from the system operator.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, whether up or down, at any time that the Facility is not generating, unless the system operator has waived this ramping limitation.
6. When the Facility is generating, the Storage Resource shall not act to increase the net ramp rate of the Facility by more than 5 percent of the Storage Resource's capacity (MW) per minute in relation to the output from the Facility alone, over a one-minute interval, up or down, unless the system operator has waived this ramping limitation.
7. Scheduling and other storage limitations:
    a. For all months/days with Premium Peak (as defined in the Proposed Settlement) windows, the Seller shall distribute any discharge of the storage device in a manner that levelizes (holds constant) the combined output of solar and storage at the highest practical level during the Premium Peak hours of such calendar day, except as limited by ramp rate criteria and inverter capability.
        i. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall apply the same discharge logic that is applied to Weekdays/non-Holidays, for the respective month.
        ii. If the storage device is AC (MW) limited, discharge may begin prior to the Premium Peak window to allow the storage device to reach its Allowable Depth (as defined below) of Discharge.
    b. For the remaining months without Premium Peak windows, the Seller shall distribute any discharge of the storage device in a way that levelizes (holds constant) the combined output of solar and storage at the highest practical level during three consecutive hours beginning with the hour of sunset.
        i. If the storage device is AC (MW) limited, discharge may continue beyond the three-hour window until the storage device reaches its Allowable Depth of Discharge.
8. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

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Notes:

a) "Allowable Depth of Discharge" shall mean the MWh energy storage potential, considering the original equipment manufacturer's recommendations and any emergent operating limitations, at a given point in time.
b) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

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TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

l. PURCHASE POWER AGREEMENT

These "Terms and Conditions~~"~~" provide a mechanism through which Duke Energy Progress, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. ~~This~~The Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

(a) Description - The Purchase Power Agreement (hereinafter sometimes termed "~~"~~Agreement~~"~~") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "~~"~~Terms and Conditions~~"~~"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.

(b) Application of Terms and Conditions and Schedules - All Purchase Power Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").

(c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.

(d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

(e) Assignment of Agreement - A Purchase Power Agreement between Company and Seller may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, subject to the written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at ~~the~~ Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.

(f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility, ~~the~~ Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company of any plans for such an assignment, sale or transfer.

(g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably

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required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

(h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any ~~agreement to interconnect~~Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.

(i) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller ~~(1) for~~based on any of the following: (1) default or breach of the Agreement by Seller, (2) ~~for~~any fraudulent or unauthorized use of Company's meter, (3) ~~for~~ failure to pay any applicable bills when due and payable, (4) ~~for a~~any Material Alteration to the Facility without Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property, or ~~(5) due to Seller's inability~~(6) Seller's failure to deliver energy to Company ~~the quality~~for six (6) consecutive months. Termination of the Agreement shall be at Company's sole option and~~/or quantity of electricity mutually agreed to in the Purchase Agreement~~ is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1~~.~~(i)(2) or 1(i)(5) above. Company shall give Seller~~ a minimum of~~ thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1~~.~~(i)(1)~~, (3),~~ and ~~(5)~~1(i)(3)-(4). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision ~~1.(i)(4)~~1(i)(6).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller~~'~~'s liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller~~'~~'s liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

2. CONDITIONS OF SERVICE

(a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where

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it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction, maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller'’s expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement ~~are~~is dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

(b) Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation (“NERC”); and (iii) the SERC Reliability Corporation (“SERC”) or any successor thereto.

(c) Seller shall submit ~~a request to interconnect.~~an Interconnection Request as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Company shall not be required to install facilities to support interconnection of Seller’s generation or execute the Purchase Power Agreement until Seller has signed an ~~agreement to interconnect~~Interconnection Agreement as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as may be required by Company.

(d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days'’ written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

~~(a) Nameplate Capacity: The term “Nameplate Capacity” shall mean the manufacturer’s nameplate rated output capability of the generator. For multi-unit generator facilities, the “Nameplate Capacity” of the facility shall be the sum of the individual manufacturer’s nameplate rated output capabilities of the generators.~~

~~(b) Net Capacity: The term “Net Capacity” shall mean the Nameplate Capacity of the Seller’s generating facilities, less the portion of that capacity needed to serve the generating facilities’ Auxiliary Load.~~

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~~(c)~~(a) ~~Auxiliary Load: The term~~ "Auxiliary Load" shall mean power used to operate auxiliary equipment in the ~~facility~~Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

~~(d) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to Company by Seller.~~

(b) ~~The term~~ "Company~~'~~'s conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.

(c) "Energy Storage Protocol" shall have the meaning specified in the Purchase Power Agreement.

(d) "Facility" shall have the meaning specified in the Purchase Power Agreement.

(e) "Interconnection" shall mean the connection of Company's conductors to Seller's conductors.

(f) "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.

(g) "Nameplate Capacity" shall mean the manufacturer's kW_{AC} nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the "Nameplate Capacity" of the Facility shall be the sum of the individual manufacturer's kW_{AC} nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the "Nameplate Capacity" shall be the manufacturer's rated kW_{AC} output on the inverters.

(h) "Prudent Utility Practice" means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgement and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.

~~(e)~~(i) "Purchase" or "Purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.

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(j) The term "Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.

(k) "Storage Resource" means battery storage or other energy storage device installed at or connected behind the meter of the Facility.

(f) "System Operator Instruction" means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

(g) The term "interconnection" shall mean the connection of Company's conductors to Seller's conductors.

(h)(l)

4. CONTRACT CAPACITY

(a) The Contract Capacity shall be the kW of capacity specified in the Purchase Power Agreement and shall not exceed the capacity specified in Seller's Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW_{AC} delivered to Company during any billing period. In cases where any change is required in Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to Seller requesting an increase in the capacity of Company's facilities, Company may require Seller to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice, Seller shall not exceed the existing Contract Capacity or such amount in excess thereof unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller's facilities have been upgraded to accept the actual or requested increase as may be required by Company determine it is able to accept in its commercially reasonable discretion.

(b) Seller shall not change its generating capacity the Contract Capacity (AC or DC), or contracted estimated annual kWh energy production without adequate notice to Company, and without receiving Company's prior written consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.

(c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.

(d) Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company and execution of an amendment to implement the change by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

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~~(c)~~(e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity or a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability shall require the prior written consent of Company, which may be withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.

~~(d) In the event that the Contract Capacity is terminated, in whole or in part, prior to the completion of the term of the Agreement, the Seller shall pay to Company a penalty as set forth in paragraph 6, below.~~

5. ~~CONTRACT ENERGY~~ESTIMATED ANNUAL ENERGY PRODUCTION

~~The Contract Energy~~The estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION~~ OR INCREASE IN CONTRACT CAPACITY OR CONTRACT ENERGY~~

Early Contract Termination - If Seller terminates the Agreement, or the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement, the following payment shall be made to Company by Seller:

~~Early Contract Termination -~~ Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by ~~the~~ Company in the calendar year previous to that in which the Agreement was commenced.

~~Increase In Contract Capacity - Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with any agreement to interconnect.~~

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration ~~the~~ Company's then avoided cost rates and other relevant factors, or (2) set by ~~the Commission~~arbitration.

8. QUALITY OF ENERGY RECEIVED

(a) Seller has full responsibility for the routine maintenance of ~~his~~its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.

(b) ~~Seller's facility~~The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

(c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into ~~the~~ Company~~'~~'s system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company~~'~~'s supply of electric service to,

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or the use of electric service by Company~~'~~'s other customers, and any correction thereof is the full responsibility of Seller.

(d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing ~~the~~ Company to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.

(e) All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide Company written notification of any ~~material~~requested changes to ~~their generation system~~the Facility, support equipment such as inverters, or interconnection facilities ~~and shall provide~~as soon as reasonably possible to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.

(f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

9. BILLING

(a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.

(b) If Company is unable to read its purchase meter for any reason, Seller~~'~~'s production may be estimated by Company on the basis of Seller~~'~~'s production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.

(c) The term "~~"~~Month~~"~~" or "~~"~~Monthly~~"~~", as used in Company~~'~~'s Schedules and Riders, refers to the period of time between the regular meter readings by the Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 34 or less than 28 days, the bill will be prorated based on a 30-day billing month.

(d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.

~~(e)~~ Company reserves the right to set off against any amounts due from ~~the~~ Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the ~~agreement to interconnect~~Interconnection Agreement or past due balances on any accounts Seller has with Company for other services. ~~Company shall include a written description of any amounts setoff due from Company to Seller in the applicable monthly bill.~~

(e)

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. ~~The~~ Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless ~~expressly~~ required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, ~~the~~ Company will

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notify ~~Seller prior to supplying the proprietary information. The Company will provide the proprietary information under the applicable procedures of the Commission, the FERC or other regulatory body or court for the submission of proprietary and confidential information, but shall not be required to otherwise defend or support the designation of the information as proprietary. Any and all support, defense or justification of the designation of the information as proprietary shall be the sole and exclusive responsibility of Seller~~ Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil, natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

~~Unless otherwise addressed~~If Seller is not subject to the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in ~~a separate agreement to interconnect,~~Docket No. 2015-362-E, Order No. 2016-191 the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 govern.

(a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of ~~the~~ Seller's facilities with ~~the~~ Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

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Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered ~~extra facilities~~Interconnection Facilities and shall be provided, if Company finds it practicable, under the following conditions:

(1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.

(2) Seller will pay to Company a Monthly Interconnection Facilities Charge ~~of~~based on 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than $25 per month~~.~~; however, the $25 minimum will not apply when the Interconnection Facilities consist only of the meter. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of ~~the~~ Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by ~~the~~ Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

(3) If Company increases its investment~~, other than replacement of existing equipment with equipment of equal capacity and kind,~~ in interconnection facilities or other special facilities required by Seller (including conversion of ~~the~~ Company~~'~~'s primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the ~~interconnection~~additional facilities will be adjusted at that time. ~~–~~If the Monthly Interconnection Facilities Charge increases, Seller may terminate the ~~interconnection facilities~~Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue ~~the interconnection facilities~~Interconnection Facilities under the changed conditions.

(4) In lieu of the Monthly Interconnection Facilities Charge of 1.0 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. After such payment, the Monthly Interconnection Facilities Charge for the interconnection facilities will be 0.3 percent of said payment.

(5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.

(6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company~~'~~'s standard metering equipment or other equipment deemed necessary by Company for the metering of Seller~~'~~'s electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.

(7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin ~~on~~upon the earlier of (1) completion of the installation but no earlier than the requested in-service date ~~that such~~specified in the Interconnection ~~Facilities become operational, except as provided in Paragraph 3.4 hereof~~Agreement or (2) the first date when energy is generated and delivered to Company, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.

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(b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller~~'~~'s side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller~~'~~'s side of the point of delivery. ~~–~~Seller must conform to ~~any~~the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections ~~State-approved interconnection requirements~~. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. Company~~'~~'s meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on ~~the~~ Company~~'~~'s side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company~~'~~'s system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

(c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company~~'~~'s wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

(d) Protection: Seller shall protect Company~~'~~'s wiring and apparatus on Seller~~'~~'s premises and shall permit no one but Company~~'~~'s agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company~~'~~'s service facilities on Seller~~'~~'s premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. ~~They~~Each Party shall at all times use reasonable diligence ~~at all times~~ to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

(a) An emergency condition or action due to an adverse condition, event, and/~~-~~or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas, or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to

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expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to Company's system, disruption of generation by Seller, disruption of reliability or service on Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.

(b) An event or condition of force majeure, as described below.

(c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

Seller shall be responsible for ~~i~~ensuring the safe operation of ~~his~~its equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the back feed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company~~'~~'s system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;

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(b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;

(c) The affected Party uses its best efforts to remedy its inability to perform;

(d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,

(e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owner's insurance policy with liability coverage of at least $100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least $300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of ~~the~~ Company therefor.

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TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

l. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. The Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

(a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.

(b) Application of Terms and Conditions and Schedules - All Purchase Power Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").

(c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.

(d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

(e) Assignment of Agreement - A Purchase Power Agreement between Company and Seller may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, subject to the written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.

(f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility, Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company of any plans for such an assignment, sale or transfer.

(g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably

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required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

(h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.

(i) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller based on any of the following: (1) default or breach of the Agreement by Seller, (2) any fraudulent or unauthorized use of Company's meter, (3) failure to pay any applicable bills when due and payable, (4) any Material Alteration to the Facility without Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property, or (6) Seller's failure to deliver energy to Company for six (6) consecutive months. Termination of the Agreement shall be at Company's sole option and is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1(i)(2) or 1(i)(5) above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1(i)(1) and 1(i)(3)-(4). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1(i)(6).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

2. CONDITIONS OF SERVICE

(a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction,

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maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement is dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

(b) Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.

(c) Seller shall submit an Interconnection Request as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Company shall not be required to install facilities to support interconnection of Seller's generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as may be required by Company.

(d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. <u>DEFINITIONS</u>

(a) "Auxiliary Load" shall mean power used to operate auxiliary equipment in the Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

(b) "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.

(c) "Energy Storage Protocol" shall have the meaning specified in the Purchase Power Agreement.

(d) "Facility" shall have the meaning specified in the Purchase Power Agreement.

(e) "Interconnection" shall mean the connection of Company's conductors to Seller's conductors.

(f) "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the

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Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.

(g) "Nameplate Capacity" shall mean the manufacturer's kW_{AC} nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the "Nameplate Capacity" of the Facility shall be the sum of the individual manufacturer's kW_{AC} nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the "Nameplate Capacity" shall be the manufacturer's rated kW_{AC} output on the inverters.

(h) "Prudent Utility Practice" means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgement and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.

(i) "Purchase" or "Purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.

(j) "Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.

(k) "Storage Resource" means battery storage or other energy storage device installed at or connected behind the meter of the Facility.

(l) "System Operator Instruction" means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

4. <u>CONTRACT CAPACITY</u>

(a) The Contract Capacity shall be specified in the Purchase Power Agreement and shall not exceed the capacity specified in Seller's Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW_{AC} delivered to Company during any billing period. Seller shall not exceed the existing Contract Capacity unless

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and until the increase has been agreed to in an amendment executed by Company and Seller and Seller's facilities have been upgraded to accept the actual or requested increase as may be required by Company in its commercially reasonable discretion.

(b) Seller shall not change the Contract Capacity (AC or DC), or contracted estimated annual energy production without adequate notice to Company, and without receiving Company's prior written consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.

(c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.

(d) Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company and execution of an amendment to implement the change by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

(e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity or a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability shall require the prior written consent of Company, which may be withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.

5. ESTIMATED ANNUAL ENERGY PRODUCTION

The estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION

Early Contract Termination - If Seller terminates the Agreement, or the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement, the following payment shall be made to Company by Seller:

Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by Company in the calendar year previous to that in which the Agreement was commenced.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

(a) Seller has full responsibility for the routine maintenance of its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.

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(b) The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

(c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.

(d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing Company to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.

(e) All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide Company written notification of any requested changes to the Facility, support equipment such as inverters, or interconnection facilities as soon as reasonably possible to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.

(f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

9. BILLING

(a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.

(b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.

(c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 34 or less than 28 days, the bill will be prorated based on a 30-day billing month.

(d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.

(e) Company reserves the right to set off against any amounts due from Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body,

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upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil, natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections, as approved by the Commission in Docket No. 2015-362-E, Order No. 2016-191 govern.

(a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of Seller's facilities with Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered Interconnection Facilities and shall be provided, if Company finds it practicable, under the following conditions:

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(1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.

(2) Seller will pay to Company a Monthly Interconnection Facilities Charge based on 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than $25 per month; however, the $25 minimum will not apply when the Interconnection Facilities consist only of the meter. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

(3) If Company increases its investment in interconnection facilities or other special facilities required by Seller (including conversion of Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the additional facilities will be adjusted at that time. If the Monthly Interconnection Facilities Charge increases, Seller may terminate the Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue Interconnection Facilities under the changed conditions.

(4) In lieu of the Monthly Interconnection Facilities Charge of 1.0 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. After such payment, the Monthly Interconnection Facilities Charge for the interconnection facilities will be 0.3 percent of said payment.

(5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.

(6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.

(7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin upon the earlier of (1) completion of the installation but no earlier than the requested in-service date specified in the Interconnection Agreement or (2) the first date when energy is generated and delivered to Company, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.

(b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the South Carolina Generator Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of

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delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

(c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

(d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. Each Party shall at all times use reasonable diligence to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

(a) An emergency condition or action due to an adverse condition, event, and/or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas, or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to Company's system, disruption of generation by Seller,

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disruption of reliability or service on Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.

(b) An event or condition of force majeure, as described below.

(c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

Seller shall be responsible for ensuring the safe operation of its equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the back feed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;

(b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;

(c) The affected Party uses its best efforts to remedy its inability to perform;

(d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,

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(e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owner's insurance policy with liability coverage of at least $100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least $300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of Company therefor.