

STANDARD FORM
Simplified Contract for Eligible CHP Systems less than 500 kW

POWER PURCHASE AND SALE AGREEMENT
between
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
and
[SELLER'S NAME]

This Power Purchase and Sale Agreement (this "Agreement") by and between **Liberty Utilities (CalPeco Electric) LLC**, a California limited liability company ("Buyer"), and **[Seller's name]**, a [Seller's form of business entity and state of registration] ("Seller"), is dated as of [Date of execution] (the "Effective Date"). Buyer and Seller are sometimes referred to in this Agreement individually as a "Party" and jointly as the "Parties." Unless the context otherwise specifies or requires, initially capitalized terms used in this Agreement have the meanings set forth in Exhibit A. Exhibits A through G inclusive are hereby incorporated into and made a part of this Agreement.

RECITALS

- A. On June 26, 2008, the CPUC opened Rulemaking 08-06-024 to implement Assembly Bill 1613 (codified in California Public Utilities Code Section 2840 et. seq.), which establishes the Waste Heat and Carbon Emissions Reductions Act (the "Act").
- B. Buyer is required to offer this Agreement to Seller in order to fulfill Buyer's obligations under the Act and CPUC Decision 09-12-042 (as modified by CPUC Decisions 10-04-055, 10-12-055 and 11-04-033), and Seller desires to accept such offer and enter into this Agreement.

The Parties, intending to be legally bound, agree as follows:

{Buyer Comment: If the Term is greater than or equal to five years and if the Generating Facility provides baseload generation, before executing this Agreement, Seller must provide to Buyer documentation evidencing its compliance with the Greenhouse Gas Emissions Performance Standard set forth in D.07-01-039 and in subsequent CPUC rulings implementing D.07-01-039, and with any subsequent CPUC-established precondition to the execution of this Agreement. }

ARTICLE ONE. SPECIAL CONDITIONS

- 1.01 Term. The term of this Agreement (the "Term") commences on [Date] (the "Term Start Date") and ends on [Date] (the "Term End Date"). The Term Start Date must be on the first day of a calendar month. If the Generating Facility is (a) a New Eligible CHP Facility, the Term Start Date must occur within 18 months of the Effective Date, or (b) an Existing Eligible CHP Facility, the Term Start Date must occur within 6 months of the Effective Date. Subject to the limitation set forth in the immediately preceding sentence, Seller may change the Term Start Date set forth in this Section 1.01 by providing Notice to Buyer at least three months before such Term Start Date. The Term must be no less than one year and no more than 10 years.
- 1.02 Generating Facility. The name of the Generating Facility is [Generating Facility name], which is [a New Eligible CHP Facility] [an Existing Eligible CHP Facility], and which is further described in Exhibit F. The Generating Facility is located at [Generating Facility address], which must be located within Buyer's service territory.
- 1.03 As-Available Contract Capacity; Power Rating. The As-Available Contract Capacity equals [___] kW. The As-Available Contract Capacity must be less than 500 kW. The Power Rating of the Generating

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Facility must be less than 500 kW. Seller has no obligation under this Agreement to produce or deliver firm energy or capacity.

- 1.04 Site Host Load. The Site Host Load is expected to equal, on average, [___] kW. The amount of electric energy to be used to serve the Site Host Load is expected to equal, on average, [___] kWh per Term Year, which amount may change from time to time; *provided, however*, the As-Available Contract Capacity shall always be less than 500 kW.
- 1.05 Expected Term Year Energy Production. The Expected Term Year Energy Production for each Term Year equals [___] kWh. The actual energy production of the Generating Facility may change from time to time; *provided, however*, the Expected Term Year Energy Production may not exceed the As-Available Contract Capacity at 100% capacity factor applied over the Term Year.
- 1.06 Delivery Point. The delivery point is the point where Seller's facilities connect with facilities owned by Buyer (the "Delivery Point"). Seller shall convey to Buyer and Buyer shall accept all the As-Available Contract Capacity and associated electric energy from the Generating Facility at the Delivery Point. Title to and risk of loss related to the Power Product shall transfer from Seller to Buyer at the Delivery Point. Line losses attributable to Seller, if any, shall be determined as part of the Interconnection Study.
- 1.07 Power Product Prices. The Monthly Contract Payment for the Power Product is set forth in Exhibit B.
- 1.08 This Contract Capacity available for generation must be approved by NV Energy in accordance with Buyer's obligations as set forth in section 4.5 of the April 22, 2009 PPA Agreement
- 1.09 Seller will sign an Interconnection Agreement, with Buyer in accordance with Rule 21, tariff sheet 269 in conjunction with this agreement and such Interconnection Agreement must be in place and implemented before Capacity power can be purchased by Buyer
- 1.10 GHG Emissions Compliance Costs.
- (a) Buyer shall reimburse Seller for Direct GHG Compliance Costs (other than GHG Emissions Allowances) in accordance with and subject to Section 3.03(a).
- (b) With respect payment for GHG Emissions Allowances, Seller elects (check one box only):
- _____ To manage its own GHG Emissions Allowances and request reimbursement from Buyer for such GHG Emissions Allowances in accordance with and subject to the requirements of Sections 3.03(b) and (c); or
- _____ To have Buyer purchase GHG Emissions Allowances on behalf of Seller upon the CPUC's issuance of guidelines on the mechanics of Buyer's obligations to purchase GHG Emissions Allowances pursuant to CPUC Decision 09-12-042 (as modified by CPUC Decisions 10-04-055, 10-12-055, and 11-04-033). Until such time, Seller shall manage its own GHG Emissions Allowances and request reimbursement from Buyer for such GHG Emissions Allowances in accordance with and subject to the requirements of Sections 3.03(b) and (c).

ARTICLE TWO. SELLER'S SATISFACTION OF OBLIGATIONS; TERMINATION

- 2.01 Seller's Satisfaction of Obligations before the Term Start Date. Before the Term Start Date, Seller must demonstrate to Buyer that the Generating Facility has obtained Full Capacity Deliverability Status and that Seller has satisfied all of the requirements necessary for Seller to Operate the Generating Facility in accordance with the terms of this Agreement (including Section 7.10), Applicable Law, the CAISO

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Tariff (to the extent possible), NV Energy requirements, and any other applicable tariff, legal, and regulatory requirements.

2.02 Termination Rights of the Parties.

(a). Termination Rights of Seller.

Seller has the right to terminate this Agreement on Notice if Seller's Site Host relocates its business outside the State of California or terminates its business operations in California; *provided, however*, that if Seller terminates this Agreement in accordance with this Section 2.02(a), Seller (or any entity over which Seller or any owner or manager of Seller exercises Control) agrees to waive any right it may have under the Act to enter into any new agreement to sell energy, capacity, or attributes from the Generating Facility to Buyer or any other California investor-owned utility for a period of one year from the effective date of such termination. The termination of this Agreement becomes effective five Business Days after Seller delivers such Notice.

(b). Termination Rights of Buyer

Buyer may terminate this Agreement if Seller (1) violates any term of the Interconnection Agreement; (2) disrupts the Buyer's power distribution due to a power quality issue, or (3) fails to operate the Generating Facility in accordance with Prudent Electrical Practices.

(c). Event of Default.

(i) In the event of an uncured Event of Default or an Event of Default for which there is no opportunity for cure permitted in this Agreement, the Non-Defaulting Party may, at its option, terminate this Agreement as set forth in Section 6.03 and, if the Non-Defaulting Party is Buyer, then Seller (or any entity over which Seller or any owner or manager of Seller exercises Control) agrees to waive any right it may have under the Act to enter into any new agreement to sell energy, capacity or attributes from the Generating Facility to Buyer or any other California investor-owned utility for a period of one year following the date of such termination.

(ii) If Buyer terminates this Agreement in accordance with Section 6.03 as result of an Event of Default by Seller under Section 6.01(b)(vi) due to the Generating Facility being decertified from participation in the Assembly Bill 1613 program, then Seller shall have the right to enter into any applicable mandatory must-purchase contract available to "qualifying cogeneration facilities" (as contemplated in 18 CFR Part 292, Section 292.205) in California, but only to the extent that Seller and the Generating Facility are otherwise eligible for, and satisfy the conditions to enter into any such contract.

(d). End of Term. This Agreement terminates at midnight of (i) the Term End Date, or (ii) a termination date agreed to in writing by the Parties.

(e). Rights and Obligations Surviving Termination. The rights and obligations of the Parties that are intended to survive a termination of this Agreement are all such rights and obligations that this Agreement expressly provides survive such termination as well as those rights and obligations arising from either Parties' covenants, agreements, representations or warranties applicable to, or to be performed, at, before or as a result of the termination of this Agreement.

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ARTICLE THREE. SELLER'S OBLIGATIONS

- 3.01 Conveyance of the Product. During the Term, Seller shall provide and convey the Product to Buyer in accordance with the terms of this Agreement, and Buyer shall have the exclusive right to the Product. Seller shall, at its own cost, take all reasonable actions and execute all documents or instruments that are reasonable and necessary to effectuate the use of the Green Attributes, for Buyer's benefit throughout the Term.
- 3.02 GHG Emissions Compliance Costs.
- (a) Direct GHG Compliance Costs.
- (i) During the Term, Buyer shall reimburse Seller for any Direct GHG Compliance Costs, other than GHG Emissions Allowances, which are separately addressed in the sections below, attributable to the Generating Facility for GHG emissions associated with the Power Product, within forty-five (45) days of Buyer's receipt from Seller of documentation, in form and substance acceptable to Buyer, establishing that: (1) Seller is actually liable for the Direct GHG Compliance Costs for GHG emissions attributed to the Power Product; and (2) Direct GHG Compliance Costs were imposed upon Seller by an authorized Governmental Authority with jurisdiction to impose Direct GHG Compliance Costs where the Generating Facility is located, or which otherwise has jurisdiction over Seller or the Generating Facility, including NV-Energy.
- (ii) Buyer is not liable for reimbursement to Seller for Direct GHG Compliance Costs for GHG emissions associated with the Power Product if the GHG emissions for which Seller seeks reimbursement exceed the GHG Emissions Cap and based on the actual delivered Power Product.
- (iii) The Generating Facility's GHG emissions shall be allocated between the useful thermal output, the electricity consumed on-site, and the exported Power Product based on the relative BTU content of the end product, consistent with Form CEC-2843, as amended.
- (b) GHG Emissions Allowance Costs. Buyer shall bear the cost of GHG Emissions Allowances for GHG emissions attributable to the Generating Facility and associated with the Power Product through either reimbursement, or direct procurement, as indicated in Section 1.09, provided that:
- (i) Seller is actually required to procure such GHG Emissions Allowances for GHG emissions attributed to the Power Product;
- (ii) Such GHG Emissions Allowances compliance requirements were imposed upon Seller by an authorized Governmental Authority with jurisdiction to impose GHG Emissions Allowances requirements where the Generating Facility is located, or which otherwise has jurisdiction over Seller or the Generating Facility;

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- (iii) The Generating Facility's GHG emissions, less any Free Allowance for which the Generating Facility is eligible, shall be allocated between the useful thermal output, the electricity consumed on-site, and the exported Power Product based on the relative BTU content of the end product consistent with Form CEC-2843, as amended;
 - (iv) Buyer's responsibility for GHG Emissions Allowances is limited to GHG emissions associated with the Power Product for which the Seller or the Generating Facility was not eligible to receive Free Allowances; and
 - (v) Buyer's responsibility for GHG Emissions Allowances will not exceed the GHG Emissions Cap based on the actual delivered Power Product.
- (c) Reimbursement of Seller for GHG Emissions Allowances. If Seller has elected to manage its own GHG Emissions Allowances in Section 1.09, then, during the Term, Buyer shall reimburse Seller to the extent of Buyer's responsibility for GHG Emissions Allowances in accordance with Section 3.03(b) ("applicable quantity") within forty-five (45) days of Buyer's receipt from Seller of documentation, in form and substance acceptable to Buyer, requesting reimbursement. If the CPUC has specified an index for use in determining the price to be paid for GHG Emissions Allowances, in no event shall Buyer's total payment to Seller for the applicable quantity exceed the total payment that would be due to Seller if the applicable quantity were purchased at the index price at the relevant time period.
- (d) Buyer's Purchase of GHG Emissions Allowances. If Seller has elected to have Buyer purchase GHG Emissions Allowances for the Generating Facility in Section 1.09, then, during the Term and upon the CPUC's issuance of guidelines on the mechanics of Buyer's obligations to purchase GHG Emissions Allowances pursuant to CPUC Decision 09-12-042 (as modified by CPUC Decisions 10-04-055, 10-12-055, and 11-04-033), Buyer shall purchase GHG Emissions Allowances for Seller for the applicable quantity for the remainder of the Term in accordance with and subject to such guidelines, as may be revised from time to time.
- 3.03 Exclusive Rights. Notwithstanding anything to the contrary in this Agreement, as of the Effective Date and until the Term End Date, Seller may not use, provide or convey any of the Product to any Person other than Buyer.
- 3.04 Site Control. Within 60 days of the Effective Date and until the Term End Date, Seller shall have Site Control.
- 3.05 Permits. Seller shall obtain and maintain all Permits necessary for the Seller to Operate the Generating Facility and to deliver electric energy from the Generating Facility to the Delivery Point.
- 3.06 Interconnection. Seller shall, at its own cost, obtain and maintain all interconnection rights and an interconnection agreement and any related Governmental Authority approval(s) required to enable interconnection with Buyer's electric system and Parallel Operation of the Generating Facility. Seller shall request Full Capacity Deliverability Status when making any applicable interconnection request.
- 3.07 Generating Facility Modifications. Seller shall provide at least 30 days advance Notice to Buyer before making any material modification to the Generating Facility, which Notice will include a description of any change in actual energy production of the Generating Facility and in the Site Host Load anticipated as a result of the modification. Notwithstanding the foregoing, Seller shall make no modification to the Generating Facility that would prevent Seller from complying with the terms of this Agreement.
- 3.08 Metering.

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- (a) CAISO-Approved Meter. Seller shall, at its own cost, install, maintain and test the CAISO-Approved Meter pursuant to the CAISO Tariff or other applicable metering requirements, and each CAISO-Approved Meter shall have net energy capability as required under Public Utilities Code Section 2840.2(b)(2).
- (b) Check Meter. Buyer may, at its sole cost, furnish and install one or more Check Meters, as applicable, on the high voltage side of the substation associated with the Generating Facility or, if there is not enough space at such substation to install the Check Meter, any other location mutually agreeable to the Parties. The Check Meter shall be interconnected with Buyer's communication network to permit (i) periodic, remote collection of revenue quality meter data, and (ii) back-up real time transmission of operating-quality meter data through the Telemetry System. Buyer shall test and recalibrate the Check Meter at least once every Term Year. The Check Meter will be locked or sealed, and the lock or seal may only be broken by a Buyer representative. Seller has the right to be present whenever such lock or seal is broken. Buyer shall replace the Check Meter battery at least once every 36 months; *provided, however*, if the Check Meter battery fails, Buyer shall promptly replace such battery.

Use of Check Meter for Back-Up Purposes. Buyer may compare the Check Meter data to the CAISO-Approved Meter data. If the deviation between the CAISO-Approved Meter data (after adjusting for any compensation factors into the CAISO-Approved Meter) and the Check Meter data for any comparison is greater than 0.3%, Buyer shall provide Notice to Seller of such deviation and the Parties shall mutually arrange for a meter check or recertification of the Check Meter or CAISO-Approved Meter, as applicable. Each Party shall bear its own costs for any meter check or recertification. Testing procedures and standards for the Check Meter will be the same as for a comparable Buyer-owned meter. Seller shall have the right to have representatives present during all such tests. For the avoidance of doubt, the Check Meter is intended to be used for back-up purposes in the event of a failure or other malfunction of the CAISO-Approved Meter, and Check Meter data shall only be used to validate the CAISO-Approved Meter data and, in the event of a failure or other malfunction of the CAISO-Approved Meter, in place of the CAISO-Approved Meter until such time that the CAISO-Approved Meter is checked or recertified.

3.09 Provision of Information. Seller shall promptly provide to Buyer all documents reasonably requested by Buyer relating to the Generating Facility (including site plan drawings and single-line diagrams), the administration of this Agreement, or in order for Buyer to comply with any discovery or data request for information from the CPUC, CEC, FERC, any court, administrative agency, legislative body or other tribunal.

3.10 Operation. Seller shall:

- (a) Operate the Generating Facility in accordance with Prudent Electrical Practices and the conditions of the Interconnection Agreement;
- (b) Comply with the requirements set forth in Exhibit C and Exhibit D;
- (c) Use its commercially reasonable efforts to Operate the Generating Facility so that the Power Product conforms with the Forecast provided in accordance with Exhibit C;
- (d) Use reasonable efforts to respond to any instruction by Buyer in response to an Emergency;
- (e) On an annual basis from the Effective Date, provide electronically or in hard copy to Buyer, within 20 days of a request by Notice from Buyer, the following annualized operating records: total annual electricity generation (MWh/year), total annual useful thermal output

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(MMBtu/year), total annual fuel use (MMBtu-HHV), and fuel conversion factor (pounds of CO₂ per million BTU). Seller shall also maintain and provide electronically or in hard copy to Buyer, within 20 days of a request by Notice from Buyer but not more than once per month, a copy of daily operating records limited to real power production, changes in operating status, and unusual conditions found during inspections.

- (f) Keep all operating records to the extent required of an Eligible CHP Facility by any applicable CPUC or CEC order;
- (g) Comply with all NERC reliability standards and requirements applicable to the generator owner and generator operator of the Generating Facility, if any.

3.11 Fuel Supply. Seller shall supply all fuel required for the Power Product and any testing of the Generating Facility.

3.12 Power Product Curtailments at Request of Buyer. Seller shall promptly curtail the production of the Power Product upon receipt of a notice or instruction from Buyer, where Buyer reasonably believes that curtailment of the Power Product is required to comply with (a) its maintenance requirements and operating orders, or an Emergency. Whenever practicable, Buyer will use commercially reasonable efforts to provide Seller reasonable advance notice of the possibility that a reduction or interruption of deliveries may be required.

3.13 Eligible CHP Facility Status.

- (a) To the extent required by Applicable Law, administration of this Agreement or program eligibility guidelines established by the CEC, within thirty (30) Business Days following the Term Start Date or Notice from Buyer, Seller shall provide to Buyer certification from the CEC that the Generating Facility meets the applicable operating and efficiency standards for Eligible CHP Facilities for the applicable year.
- (b) Seller shall take all necessary steps, including making or supporting timely filings with the appropriate Governmental Authority, in order to maintain certification of the Eligible CHP Facility status of the Generating Facility throughout the Term.
- (c) Seller shall provide to Buyer all documentation, including calculations and verifiable supporting data provided to the appropriate Governmental Authority, which demonstrates the compliance of the Generating Facility with the Eligible CHP Facility operating and efficiency standards for the applicable year.

3.14 Notice of Cessation or Termination of Service Agreements. Seller shall provide Notice to Buyer within one Business Day if there is a termination of, or cessation of service under, any agreement required in order for the Generating Facility to (a) interconnect with the Transmission Provider's electric system, (b) transmit and deliver electric energy to the Delivery Point, or (c) own and operate any CAISO-Approved Meter.

3.15 Buyer's Access Rights. Buyer has the right to examine the Site, the Generating Facility and the Operating records for any purpose connected with this Agreement upon providing Seller with reasonable advance Notice under the circumstances.

3.16 Planned Outages. Seller shall schedule and utilize all planned outages in accordance with the procedures and subject to the limitations set forth in Exhibit D.

3.17 Seller Ownership and Control of Generating Facility. Seller agrees that, in accordance with FERC Order No. 697, upon request of Buyer, Seller shall submit a letter of concurrence in support of an

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affirmative statement by Buyer that the contractual arrangement set forth in this Agreement does not transfer “ownership or control of generation capacity” from Seller to Buyer as the term “ownership or control of generation capacity” is used in 18 CFR Section 35.42. Seller also agrees that it will not, in filings, if any, made subject to Order Nos. 652 and 697, claim that the contractual arrangement set forth in this Agreement conveys ownership or control of generation capacity from Seller to Buyer.

ARTICLE FOUR. BUYER’S OBLIGATIONS TO PAY

4.01 Obligation to Pay.

- (a) For Seller’s full compensation under this Agreement, during the Term, Buyer shall make a monthly payment (a “Monthly Contract Payment”) calculated in accordance with Exhibit B; provided, however, Buyer is not obligated to issue a payment to Seller until the amount due to Seller pursuant to this Agreement exceeds \$50.00, making adjustment for the fees set forth in this Agreement and any applicable tariff charges.
- (b) Subject to Section 4.01(a), Buyer shall provide a payment statement within 30 days after the last Business Day of each calendar month, which statement shall include Buyer’s payment to Seller and a calculation thereof.
- (c) If Buyer determines that a calculation of Metered Energy is incorrect as a result of an inaccurate meter reading or the correction of data. Buyer shall recompute the Metered Energy quantity for the period of the inaccuracy based on an adjustment of such inaccurate meter reading. Buyer shall then recompute any payment or payment adjustment affected by such inaccuracy. Any amount due from Buyer to Seller or Seller to Buyer, as the case may be, shall be made as an adjustment to a subsequent monthly statement that is calculated after Buyer’s recomputation using corrected measurements. If the recomputation results in a net amount owed to Buyer after offsetting any amounts owing to Seller as shown on a subsequent monthly statement, any such additional amount still owing to Buyer shall be shown as an adjustment on Seller’s statement until such amount is fully collected by Buyer.
- (d) Buyer may deduct amounts that would otherwise be due to Seller under this Agreement from any amounts owing and unpaid by Seller to Buyer arising out of or related to any other agreement, tariff, obligation or liability pertaining to the Generating Facility.
- (e) Except as otherwise provided for in this Agreement, if, within 90 days of receipt of Buyer’s payment statement, Seller does not give Notice to Buyer of an error, then Seller shall be deemed to have waived any error in Buyer’s statement, computation and payment and the statement shall be conclusively deemed correct and complete. If Seller timely identifies an error in Seller’s favor and Buyer agrees that the identified error occurred, Buyer shall reimburse Seller for the amount of the underpayment caused by the error and add the underpayment to a subsequent monthly statement that is calculated. If Seller identifies an error in Buyer’s favor and Buyer agrees that the identified error occurred, Seller shall reimburse Buyer for the amount of overpayment caused by the error and Buyer shall apply the overpayment to a subsequent statement that is calculated. If the recomputation results in a net amount still owing to Buyer after applying the overpayment, a subsequent statement shall show a net amount owing to Buyer.
- (f) Notwithstanding anything to the contrary in this Agreement, if any payment statement shows amounts owed by Seller to Buyer, Buyer may, at its option, apply this net amount owing to Buyer in any subsequent monthly statements to Seller or invoice Seller for such amount, in which case Seller must pay the amount owing to Buyer within 20 days of receipt of such invoice.

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ARTICLE FIVE. FORCE MAJEURE

- 5.01 No Default for Force Majeure. Neither Party will be in default in the performance of any of its obligations set forth in this Agreement, except for obligations to pay money, when and to the extent failure of performance is caused by Force Majeure.
- 5.02 Requirements Applicable to the Claiming Party. If a Party, because of Force Majeure, is rendered wholly or partly unable to perform its obligations when due under this Agreement, such Party (the “Claiming Party”) shall be excused from whatever performance is affected by the Force Majeure to the extent so affected. In order to be excused from its performance obligations under this Agreement by reason of Force Majeure:
- (a) The Claiming Party, within 14 days after the initial occurrence of the claimed Force Majeure, must give the other Party Notice describing the particulars of the occurrence; and
 - (b) The Claiming Party must provide timely evidence reasonably sufficient to establish that the occurrence constitutes Force Majeure as defined in this Agreement.

The suspension of the Claiming Party’s performance due to Force Majeure may not be greater in scope or longer in duration than is required by such Force Majeure. In addition, the Claiming Party shall use diligent efforts to remedy its inability to perform. When the Claiming Party is able to resume performance of its obligations under this Agreement, the Claiming Party shall give the other Party prompt Notice to that effect.

- 5.03 Termination. The non-Claiming Party may terminate this Agreement on at least five (5) Business Days’ prior Notice, in the event of Force Majeure which materially interferes with such Party’s ability to perform its obligations under this Agreement and which extends for more than 365 consecutive days, or for more than a total of 365 days in any consecutive 540-day period.

ARTICLE SIX. EVENTS OF DEFAULT; REMEDIES

- 6.01 Events of Default. An “Event of Default” means the occurrence of any of the following:
- (a) With respect to either Party (a “Defaulting Party”):
 - (i) Any representation or warranty made by such Party in this Agreement is false or misleading in any material respect when made or when deemed made or repeated if the representation or warranty is continuing in nature, if such misrepresentation or breach of warranty is not remedied within 10 Business Days after Notice from the Non-Defaulting Party to the Defaulting Party;
 - (ii) Except for an obligation to make payment when due, the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default or to the extent excused by a Force Majeure) if such failure is not remedied within 30 days after Notice of such failure is provided by the Non-Defaulting Party to the Defaulting Party, which Notice sets forth in reasonable detail the nature of the Event of Default;
 - (iii) A Party fails to make when due any payment (other than amounts disputed in accordance with the terms of this Agreement) due and owing under this Agreement and such failure

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is not cured within five Business Days after Notice is provided by the Non-Defaulting Party to the Defaulting Party of such failure;

- (iv) A Party becomes Bankrupt; or
 - (v) A Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another Person and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person fails to assume all the obligations of such Party under this Agreement either by operation of law or pursuant to an agreement reasonably satisfactory to the other Party.
- (b) With respect to Seller:
- (i) The total quantity of Metered Energy in any Term Year is less than 10% of the Expected Term Year Energy Production;
 - (ii) Seller delivers, Schedules, or attempts to deliver or Schedule at the Delivery Point for sale under this Agreement, electric energy that was not generated by the Generating Facility;
 - (iii) The Term Start Date does not occur within 18 months of the Effective Date, if Seller is a New Eligible CHP Facility, or within 6 months of the Effective Date, if Seller is an Existing Eligible CHP Facility; *provided, however*, that this 18-month or 6-month period shall be extended on a day-for-day basis for any delay caused solely by Buyer's failure to perform its obligation(s) under this Agreement or excused solely as a result of Force Majeure as to which Seller is the Claiming Party (subject to Section 5.03), as to which, in either case, Seller has notified Buyer of the new expected Term Start Date;
 - (iv) Termination of, or cessation of service under, any agreement necessary for the interconnection of the Generating Facility to the Transmission Provider's electric system or for metering the Metered Energy, and such service is not reinstated, or alternative arrangements implemented, within 120 days after such termination or cessation;
 - (v) Seller materially fails to comply with any provision of Exhibit C and such failure is not cured within 30 days after Notice is provided by Buyer to Seller;
 - (vi) Subject to Section 3.15, Seller fails to maintain its status as an Eligible CHP Facility during the Term; or
 - (vii) Seller fails to maintain Full Capacity Deliverability Status during the Term.

6.02 Site Host Changes. Notwithstanding Section 6.01 above, with respect to Seller, an Event of Default shall not include (a) cessation of operation by the Site Host, or (b) the inability of Site Host to use the waste heat from the Generating Facility in a manner that is consistent with the requirements of the Act. If the Site Host ceases operation or is unable to use the waste heat from the Generating Facility in a manner that is consistent with the Act for a period of 365 days or more, either Party may terminate this Agreement. If Seller terminates this Agreement pursuant to this Section 6.02, then Seller (or any entity over which Seller or any owner or manager of Seller exercises Control) agrees to waive any right it may have under the Act to enter into any new agreement to sell energy, capacity, or attributes from the Generating Facility to Buyer or any other California investor-owned utility for a period of one year

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following the effective date of such termination.

- 6.03 Early Termination. If an Event of Default has occurred, there will be no opportunity for cure except as specified in Section 6.01. The Party not in default (the “Non-Defaulting Party”) will have the right to (a) designate by no more than twenty (20) days’ Notice to the Defaulting Party a date for the early termination of this Agreement (an “Early Termination Date”), (b) immediately suspend performance under this Agreement, and (c) pursue all remedies available at law or in equity against the Defaulting Party (including monetary damages), subject to the terms of this Agreement.

ARTICLE SEVEN. MISCELLANEOUS

- 7.01 Representations, Warranties and Covenants. On the Effective Date, each Party represents, warrants, and covenants to the other Party that:

- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) It has or will timely acquire all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Applicable Laws;
- (d) This Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms;
- (e) There is not pending, or to its knowledge, threatened against it or, in the case of Seller, any of its Affiliates, any legal proceeding that could materially adversely affect its ability to perform under this Agreement;
- (f) It is acting for its own account, and its decision to enter into this Agreement is based on its own judgment, not in reliance upon the advice or recommendations of the other Party and it is capable of assessing the merits of and understanding, and understands and accepts the terms, conditions and risks of this Agreement; and
- (g) It has not relied on any promises, representations, statements or information of any kind that are not contained in this Agreement in deciding to enter into this Agreement.

- 7.02 Additional Representations, Warranties, and Covenants by Seller. Seller represents, warrants and covenants to Buyer that:

- (a) It does not, and will not (i) convey, transfer, allocate, designate, award, report or otherwise provide any or all of the Product, or any portion thereof, or any benefits derived therefrom, to any party other than Buyer, or (ii) start-up or Operate the Generating Facility per instruction of or for the benefit of any third party, except in order to satisfy the Site Host Load, or as required by other Applicable Laws.
- (b) Throughout the Term: (i) it or its subcontractors will own or lease and Operate the Generating Facility; (ii) it will deliver the Product to Buyer free and clear of all liens, security interests,

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Claims and encumbrances or any interest therein or thereto by any Person; (iii) it will hold the rights to all of the Product; (iv) the Generating Facility will maintain its qualification as an Eligible CHP Facility; and (v) the Generating Facility will meet all applicable greenhouse gas emissions standards, as such standards may change from time to time.

7.03 Indemnity.

- (a) Each Party as indemnitor shall defend, save harmless and indemnify the other Party and the directors, officers, employees, and agents of such other Party against and from any and all loss, liability, damage, Claim, cost, charge, demand, or expense (including any direct, indirect, or consequential loss, liability, damage, Claim, cost, charge, demand, or expense, including reasonable attorneys' fees) for injury or death to Persons, including employees of either Party, and physical damage to property including property of either Party arising out of or in connection with the negligence or willful misconduct of the indemnitor relating to its obligations under this Agreement. This indemnity applies notwithstanding the active or passive negligence of the indemnitee. However, neither Party is indemnified under this Agreement for its loss, liability, damage, Claim, cost, charge, demand or expense to the extent resulting from its own gross negligence or willful misconduct.
- (b) Each Party releases and shall defend, save harmless and indemnify the other Party from any and all loss, liability, damage, Claim, cost, charge, demand or expense arising out of or in connection with any breach made by the indemnifying Party of its representations, warranties and covenants in Section 7.01 and Section 7.02. Notwithstanding anything to the contrary in this Agreement, if Seller fails to comply with the provisions of Section 7.10, Seller shall, at its own cost, defend, save harmless and indemnify Buyer, its directors, officers, employees, and agents, assigns, and successors in interest, from and against any and all loss, liability, damage, Claim, cost, charge, demand, or expense of any kind or nature (including any direct, indirect, or consequential loss, damage, Claim, cost, charge, demand, or expense, including reasonable attorneys' fees and other costs of litigation), resulting from injury or death to any Person or damage to any property, including the personnel or property of Buyer, to the extent that Buyer would have been protected had Seller complied with all of the provisions of Section 7.10. The inclusion of this Section 7.03(b) is not intended to create any express or implied right in Seller to elect not to provide the insurance required under Section 7.10.
- (c) Each Party shall defend, save harmless and indemnify the other Party against any taxes imposed by any Governmental Authority on or with respect to the Generating Facility, Monthly Contract Payments made by Buyer to Seller, or the Power Product before the Delivery Point, including ad valorem taxes and other taxes attributable to the Generating Facility, the Site or land rights or interests in the Site or the Generating Facility for which such indemnifying Party is responsible.
- (d) All indemnity rights survive the termination of this Agreement for 12 months.

7.04 Assignment. Seller may not assign this Agreement or its rights under this Agreement without the prior written consent of Buyer, which consent may not be unreasonably withheld; provided, however, that Seller may, without the consent of Buyer (and without relieving Seller from liability hereunder), transfer, sell, pledge, encumber or assign the Agreement or the accounts, revenues or proceeds hereof to its Lender(s) in connection with any financing if (a) such Lender(s) assumes the payment and performance obligations provided under this Agreement with respect to Seller, (b) such Lender(s) agree in writing to be bound by the terms and conditions of the Agreement, and (c) Seller delivers such tax and enforceability assurance as Buyer may reasonably request.

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- 7.05 Governing Law and Jury Trial Waiver. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER ARE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.
- 7.06 Arbitration. Except for matters relating to specific performance, injunctive relief or other equitable remedies, the Parties agree to submit to arbitration any and all matters in dispute or controversy among them concerning the terms of this Agreement. Unless the Parties agree to alternative arrangements, the selection of arbitrators and the procedure shall be in accordance with the commercial arbitration rules then in effect of the Judicial Arbitration and Mediation Services, Inc. Any award rendered shall be final and conclusive upon the Parties and a judgment thereon may be entered in the highest court of the forum, state or federal, having jurisdiction. The expenses of the arbitration shall be borne equally by the Parties; *provided, however*, that each Party shall pay for and bear the costs of its own experts, evidence and counsel's fees. Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration will be in South Lake Tahoe, California.
- 7.07 Notices. All Notices shall be made in accordance with this Section 7.07 and Exhibit E. Notices (other than Forecasts and Scheduling requests) shall, unless otherwise specified in this Agreement, be in writing and may be delivered by hand delivery, first class United States mail, overnight courier service, electronic transmission or facsimile. Notices provided in accordance with this Section 7.07 are deemed given as follows: (a) Notice by facsimile, electronic transmission or hand delivery is deemed given at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise are deemed given at the close of business on the next Business Day; (b) Notice by overnight first class United States mail or overnight courier service is deemed given on the next Business Day after such Notice is sent out; and (c) Notice by first class United States mail is deemed given two Business Days after the postmarked date. Notices are effective on the date deemed given, unless a different date for the Notice to go into effect is stated in another section of this Agreement.
- 7.08 General.
- (a) Except as may otherwise be provided in this Agreement, there is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed. Liability shall be limited to direct actual damages only, such direct actual damages shall be the sole and exclusive remedy and all other remedies or damages at law or in equity are waived unless expressly herein provided. Unless expressly provided for in this Agreement, neither Party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages. This Agreement will not be construed against any Party as a result of the preparation, substitution, or other event of negotiation, drafting or execution thereof. Except to the extent provided for in this Agreement, no amendment or modification to this Agreement is enforceable unless reduced to a writing signed by all Parties.
 - (b) This Agreement supersedes all prior agreements, whether written or oral, between the Parties with respect to its subject matter and constitutes the entire agreement between the Parties relating to its subject matter.
 - (c) If any provision of this Agreement is held invalid or unenforceable by any court of competent

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jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

- (d) Waiver by a Party of any default by the other Party will not be construed as a waiver of any other default.
- (e) The term “including” when used in this Agreement is by way of example only and will not be considered in any way to be in limitation.
- (f) The word “or” when used in this Agreement includes the meaning “and/or” unless the context unambiguously dictates otherwise.
- (g) Where days are not specifically designated as Business Days, they are calendar days. Where years are not specifically designated as Term Years, they are calendar years.
- (h) This Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the Parties.
- (i) Whenever this Agreement refers to any law, tariff, government department or agency, regional reliability council, Transmission Provider, or credit rating agency, the Parties agree that the reference also refers to any successor to such law, tariff or organization.
- (j) This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission, an Adobe Acrobat file or by other electronic means constitutes effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.
- (k) The headings used in this Agreement are for convenience and reference purposes only and will not affect its construction or interpretation. All references to “Sections” and “Exhibits” refer to the corresponding Sections and Exhibits of this Agreement. Unless otherwise specified, all references to “Sections” in Exhibits A through G refer to the corresponding Sections in the main body of this Agreement. Words having well-known technical or industry meanings have such meanings unless otherwise specifically defined in this Agreement.
- (l) Each Party reserves all rights, claims and defenses with respect to this Agreement, CPUC Decision 09-12-042 (as modified by CPUC Decisions 10-04-055, 10-12-055 and 11-04-033), and any application for rehearing, petition for modification, petition for declaratory order, petition for enforcement, or appeal filed with respect to CPUC Decision 09-12-042 (as modified by CPUC Decisions 10-04-055, 10-12-055 and 11-04-033). Nothing in this Agreement affects the remedies either Party may seek in the event any price in the Agreement is found to be in violation of any Applicable Law.

7.09 Confidentiality. Neither Party may disclose any Confidential Information to a third party, other than: (a) to such Party’s employees, Lenders, investors, attorneys, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential; (b) to potential Lenders with the consent of Buyer, which consent will not be unreasonably withheld; (c) to Buyer’s Procurement Review Group, as defined in D.02-08-071, subject to any applicable limitations and subject to a protective order applicable to Buyer’s Procurement Review Group; (d) with respect to Confidential Information, the CPUC, the CEC or the FERC, under seal for any regulatory purpose, including policymaking, but only provided that the confidentiality protections from the CPUC under Section 583

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of the California Public Utilities Code or other statute, order or rule offering comparable confidentiality protection are in place before the communication of such Confidential Information; (e) in order to comply with any Applicable Law, or order issued by a court or entity with competent jurisdiction over the disclosing party; and (f) in order to comply with any Applicable Law, including applicable regulation, rule, subpoena, or order of the CPUC, CEC, FERC, any court, administrative agency, legislative body or other tribunal, or any discovery or data request of the CPUC. In connection with requirements, requests or orders to produce documents or information in the circumstances provided in Section 7.09(f), each Party shall use reasonable efforts to (i) notify the other Party before disclosing the Confidential Information, and (ii) prevent or limit such disclosure.

7.10 Insurance.

(a) General Liability Coverage.

- (i) Seller shall maintain during the performance hereof, General Liability Insurance of not less than \$1,000,000 if the Facility's Nameplate is over 100 kW, \$500,000 if the Facility's Nameplate is over 20 kW to 100kW or \$100,000 if the Facility's Nameplate is 20 kW or below of combined single limit or equivalent for bodily injury, personal injury, and property damage as the result of any one occurrence.
- (ii) General Liability Insurance shall include coverage for Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations.
- (iii) Such insurance shall provide for thirty (30) days written notice to Buyer prior to cancellation, termination, alteration, or material change of such insurance.

(b) Additional Insurance Provisions.

- (i) Evidence of coverage described above in Paragraph (a) shall state that coverage provided is primary and is not excess to or contributing with any insurance or self-insurance maintained by Buyer.
- (ii) Buyer shall have the right to inspect or obtain a copy of the original policy(ies) of insurance.
- (iii) Seller shall furnish the required certificates and endorsements to Buyer prior to commencing operation.
- (iv) All insurance certificates, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to the following:

Liberty Utilities (CalPeco Electric) LLC
Attention: Sr. Manager; Finance, Accounting and Regulatory
933 Eloise Ave.
South Lake Tahoe, CA 96150

7.11 Simple Interest Payments. Except as specifically provided in this Agreement, any outstanding and past due amounts owing and unpaid by either Party under the terms of this Agreement shall be eligible to receive a Simple Interest Payment calculated using the Interest Rate for the number of days between the date due and the date paid.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives as of the Effective Date.

[SELLER'S NAME],

[BUYER'S NAME],

a [Seller's business registration]

Liberty Utilities (CalPEco Electric) LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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EXHIBIT A

Definitions

For purposes of this Agreement, the following terms and variations thereof have the meanings specified or referred to in this Exhibit A:

“Act” has the meaning set forth in the Recitals.

“Affiliate” means, with respect to a Party, any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with such Party. For purposes of this definition, “control” means the direct or indirect ownership of 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

“Agreement” has the meaning set forth in the Preamble.

“Applicable Law” means all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority or arbitrator that apply to any Party, the Generating Facility or the terms of this Agreement.

“As-Available Contract Capacity” means the electric energy generating capacity that Seller provides on an as-available basis for the Power Product, as set forth in Section 1.03, as may be adjusted from time to time.

“Availability Standards” means the standards set forth in the CAISO Tariff setting forth criteria for determining if a Resource Adequacy Resource is subject to Non-Availability Charges or Availability Incentive Payments under the CAISO Tariff.

“Average Higher Heating Value MPR Heat Rate” means the heat rate equal to 6,924 Btu/kWh, or 6.924 MMBtu/MWh, per CPUC Resolution E-4298, which heat rate will be modified in this Agreement if there is any modification thereto by the CPUC or other authorized Governmental Authority.

“Bankrupt” means with respect to any Person, such Person:

- (a) Files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it (which petition is not dismissed within 90 days);
- (b) Makes an assignment or any general arrangement for the benefit of creditors;
- (c) Otherwise becomes bankrupt or insolvent (however evidenced);
- (d) Has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or
- (e) Is generally unable to pay its debts as they fall due.

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“Business Day” means any day except a Saturday, Sunday, the Friday after the United States Thanksgiving holiday, or a Federal Reserve Bank holiday that begins at 8:00 a.m. and ends at 5:00 p.m. local time for the Party sending a Notice or payment or performing a specified action.

“Buyer” has the meaning set forth in the Preamble.

“CAISO” means the California Independent System Operator Corporation.

“CAISO-Approved Meter” means any revenue quality, electric energy measurement meter system(s), including all associated metering transformers and related appurtenances, as required by the CAISO (or, to the extent that the CAISO’s metering requirement does not apply, Prudent Electrical Practices) and furnished by Seller, and which (a) is designed, manufactured and installed in accordance with the CAISO’s metering requirements, or, to the extent that the CAISO’s metering requirements do not apply, Prudent Electrical Practices, and (b) is a time-of-use meter capable of measuring the net electric energy output from the Generating Facility.

“CEC” means the California Energy Commission.

“Check Meter” means the Buyer revenue-quality meter section or meter(s), which Buyer may furnish at its discretion, as set forth in Section 3.10(b), and will include those devices normally supplied by Buyer or Seller under the applicable utility electric service requirements.

“Claiming Party” has the meaning set forth in Section 5.02.

“Claims” means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys’ fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed before or after the termination of this Agreement.

“Confidential Information” means all oral or written communications exchanged between the Parties on or after the Effective Date relating to the implementation of this Agreement, including information related to Seller’s compliance with operating and efficiency standards applicable to an Eligible CHP Facility. Confidential Information does not include (i) information which is in the public domain as of the Effective Date or which comes into the public domain after the Effective Date from a source other than from the other Party, (ii) information which either Party can demonstrate in writing was already known to such Party on a non-confidential basis before the Effective Date, (iii) information which comes to a Party from a bona fide third-party source not under an obligation of confidentiality, or (iv) information which is independently developed by a Party without use of or reference to Confidential Information or information containing Confidential Information.

“Control” means the direct or indirect ownership of 20% or more of the outstanding capital stock or other equity interests having ordinary voting power

“CPUC” means the California Public Utilities Commission.

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“Defaulting Party” has the meaning set forth in Section 6.01(a).

“Delivery Point” has the meaning set forth in Section 1.06.

“Direct GHG Compliance Costs” mean any taxes, charges or fees imposed by an authorized Governmental Authority with jurisdiction over the Seller or the Generating Facility, and levied directly on the Generating Facility for GHG emissions attributable to its Operations.

“Early Termination Date” has the meaning set forth in Section 6.03(a).

“Effective Date” has the meaning set forth in the Preamble.

“Eligible CHP Facility” means a facility, as defined by Public Utilities Code Section 2840.2, subdivisions (a) and (b) that, (1) meets the guidelines established by the California Energy Commission pursuant to Public Utilities Code § 2843, and (2) meets the requirements of 18 Code of Federal Regulations § 292.201, et seq., unless Seller is a public agency exempt from FERC jurisdiction under 16 United States Code (“USC”) § 824(f).

“Emergency” means an actual or imminent condition or situation which (a) is defined and declared by the Buyer, (b) jeopardizes the integrity or reliability of the Buyer’s electric system, (c) requires automatic or immediate manual action to prevent or limit loss of load or generation supply, or (d) poses a threat to public safety.

“Event of Default” has the meaning set forth in Section 6.01.

“Existing Eligible CHP Facility” means an Eligible CHP Facility that first commenced Operation on or after January 1, 2008 but before the Effective Date.

“Expected Term Year Energy Production” means the Metered Energy quantity expected to be produced by the Generating Facility during each Term Year, as set forth in Section 1.05.

“FERC” means the Federal Energy Regulatory Commission.

“Forced Outage” has the meaning set forth in the CAISO Tariff.

“Force Majeure” means any event or circumstance (that is not anticipated as of the Effective Date) to the extent beyond the control of, and not the result of the negligence of, or caused by, the Party seeking to have its performance obligation excused thereby, which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it has been unable to overcome. Force Majeure does not include: (a) a failure of performance of any other Person, including any Person providing electric transmission service or fuel transportation to the Generating Facility, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure; (b) failure to timely apply for or obtain Permits or other credits required to Operate the Generating Facility (provided, however, that failure or delay in the granting of permits, to the extent such failure or delay is not caused by action or inaction of Seller, qualifies as a Force Majeure for purposes of this Agreement); (c) breakage or malfunction of equipment (except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure); or (d) a

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lack of fuel of an inherently intermittent nature such as wind, water, solar radiation or waste gas or waste derived fuel.

“Forecast” means the hourly forecast of the total electric energy production of the Generating Facility (in MWh) when the Generating Facility is not PIRP-eligible, net of the Site Host Load and Station Use, or (b) the available total generation capacity of the Generating Facility (in MW) when the Generating Facility is PIRP-eligible, net of the Site Host Load and Station Use.

“Free Allowance” means any GHG Emissions Allowance freely allocated to Seller or the Generating Facility by CARB or an authorized Governmental Authority (or any entity authorized by such Governmental Authority).

“Generating Facility” means the Generating Unit(s) comprising Seller’s power plant (as more particularly described in Section 1.02 and Exhibit F), including all other materials, equipment, systems, structures, features and improvements necessary to produce electric energy and thermal energy, excluding the Site, land rights and interests in land.

“Generating Unit” means one or more generating equipment combinations typically consisting of prime mover(s), electric generator(s), electric transformer(s), steam generator(s) and air emission control devices.

“Generation Operations Center” means the location of Buyer’s real-time operations personnel.

“GHG” is an abbreviation for “greenhouse gas”, which means emissions released into the atmosphere of carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄), which are produced as the result of combustion or transport of fossil fuels. Other greenhouse gases may include hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆), which are generated in a variety of industrial processes. Greenhouse gases may be defined or expressed in terms of a metric ton of CO₂-equivalent, in order to allow comparison between the different effects of gases on the environment; provided, however, that the definition of the term “Greenhouse Gas”, as set forth in the immediately preceding sentence, shall be deemed revised to include any update or other change to such term by the CARB or any other Governmental Authority.

“GHG Emissions Allowance” means a limited tradable authorization (whether in the form of a credit, allowance, or other similar right), allocated to, issued to or purchased by, Seller, the Site Host or an Affiliate of Seller, which respect to the Generating Facility, to emit one metric ton of GHG, in accordance with a cap-and-trade program in California for the regulation of GHG, as established by CARB (or by a different Governmental Authority pursuant to federal or state legislation), and as applied to the GHG emitted by the Generating Facility.

“GHG Emissions Cap” means the product of (a) the rate for tonnes of CO₂ per MMBtu of natural gas, 0.0531 tonnes/MMBtu, times (b) the Average Higher Heating Value MPR Heat Rate in MMBtu/MWh.

“Governmental Authority” means (a) any federal, state, local, municipal or other government, (b) any governmental, regulatory or administrative agency, commission, or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or (c) any court or governmental tribunal.

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“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

- (1) Any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;
- (2) Any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere;
- (3) The reporting rights to these avoided emissions, such as Green Tag Reporting Rights.

Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy.

Green Attributes do not include:

- (i) Any energy, capacity, reliability or other power attributes from the Project,
- (ii) Production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) Fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) Emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

“High-Value Area” has the meaning set forth in Section 6 of Exhibit B.

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“Host Site” means the site at which the Site Host Load is consumed, including real property, facilities and equipment owned or operated by the Site Host or its Affiliates located at such site.

“Interconnection Agreement” means the agreement specifying the technical and operational issues of connecting the generator to the Buyer’s electrical distribution system and the template for such agreement is per Rule 21, tariff sheet starting at 269.

“Interest Rate” means an annual rate equal to the rate published in The Wall Street Journal as the “Prime Rate” (or, if more than one rate is published, the arithmetic mean of such rates) as of the date payment is due plus two percentage points; *provided, however*, that in no event shall the Interest Rate exceed the maximum interest rate permitted by Applicable Laws.

“Lender” means any financial institutions or successors in interest or assignees that provides development, bridge, construction, permanent debt or tax equity financing or refinancing for the Generating Facility to Seller.

“Metered Energy” means the total electric energy, expressed in kWh, in excess of Station Use and Site Host Load and measured by the CAISO-Approved Meter(s) (after adjusting for any compensation factors into the CAISO-Approved Meter(s)) or Check Meter(s), as applicable, at the Generating Facility for the specified Metering Interval.

“Metering Interval” means the smallest measurement time period over which data are recorded by the CAISO-Approved Meters or Check Meters, as applicable.

“Monthly Contract Payment” has the meaning set forth in Section 4.01(a).

“NERC” means the North American Electric Reliability Corporation.

“New Eligible CHP Facility” means an Eligible CHP Facility that commences Operation after the Effective Date.

“Non-Defaulting Party” has the meaning set forth in Section 6.03.

“Notice” means notices, requests, statements or payments provided in accordance with Section 7.07 and Exhibit E.

“NV-Energy” means the power transmission and energy supply company that the Buyer is connected to.

“Operate” means to provide all the operation, engineering, purchasing, repair, supervision, training, inspection, testing, protection, use management, improvement, replacement, refurbishment, retirement, and maintenance activities associated with operating the Generating Facility in order to produce the Power Product in accordance with Prudent Electrical Practices.

“Outage Schedule” has the meaning set forth in Section 2(a) of Exhibit D.

“Outage Schedule Submittal Requirements” describes the obligations of Seller to submit maintenance and planned outage schedules (as defined in the CAISO Tariff under WECC rules) to Buyer in accordance with Exhibit D.

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“PPA Agreement” means Service Agreement between Sierra Pacific Power Company and Liberty Utilities (CalPeco Electric) LLC dated April 22, 2009 and its renewal

“Parallel Operation” means the Generating Facility’s electrical apparatus is connected to the Transmission Provider’s system and the circuit breaker at the point of common coupling is closed. The Generating Facility may be producing electric energy or consuming electric energy at such time.

“Party” has the meaning set forth in the Preamble.

“Peak Months” means [____].

“Permits” means all applications, approvals, authorizations, consents, filings, licenses, orders, permits or similar requirements imposed by any Governmental Authority, , in order to develop, construct, Operate, maintain, improve, refurbish or retire the Generating Facility or to Forecast or deliver the electric energy produced by the Generating Facility to Buyer.

“Person” means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Authority.

“Power Product” means (a) the As-Available Contract Capacity and (b) all electric energy produced by the Generating Facility, net of all Station Use and any and all of the Site Host Load.

“Power Rating” means the electrical power output value indicated on the generating equipment nameplate.

“Product” means the Power Product and Green Attributes,

“Project” means the Generating Facility.

“Prudent Electrical Practices” means those practices, methods and acts that would be implemented and followed by prudent operators of electric generating facilities in the Western United States, similar to the Generating Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time a decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety. Prudent Electrical Practices includes, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with the manufacturer’s warranties, restrictions in this Agreement, and the requirement of Governmental Authorities, WECC standards, the CAISO and Applicable Laws. Prudent Electrical Practices shall include taking reasonable steps to ensure that: (a) equipment, materials, resources and supplies, including spare parts inventories, are available to meet the Generating Facility’s needs; (b) sufficient operating personnel are available at all times and are adequately experienced, trained and licensed as necessary to Operate the Generating Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Generating Facility and Emergencies whether caused by events on or off the Site; (c) preventative, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long term and safe operation of the Generating Facility, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment and tools; (d) appropriate monitoring and testing are performed to ensure equipment is functioning as designed; (e) equipment is not operated in a reckless manner, in violation of manufacturer’s guidelines or in a

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manner unsafe to workers, the general public or the Transmission Provider's electric system, or contrary to environmental laws, permits or regulations or without regard to defined limitations, such as flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and (f) equipment and components designed and manufactured to meet or exceed the standard of durability that is generally used for electric energy generation operations in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.

“PPT” means Pacific Daylight time when California observes Daylight Savings Time and Pacific Standard Time otherwise.

“Renewable Energy Credit” has the meaning set forth in Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Applicable Law.

“Schedule” means the action of the Buyer, or its designated representatives, of preparing a schedule based on Seller's forecast and notifying, requesting the electric energy delivered from the Generating Facility.

“SC Set-Up Fee” has the meaning set forth in Section 1.08.

“Seller” has the meaning set forth in the Preamble.

“Simple Interest Payment” means a dollar amount calculated by multiplying the: (a) dollar amount on which the Simple Interest Payment is based; by (b) the Interest Rate; by (c) the result of dividing the number of days in the calculation period by 360.

“Site” means the real property on which the Generating Facility is located, as further described in Section 1.02 and Exhibit F.

“Site Control” means that Seller (a) owns the Site, (b) is the lessee of the Site under a lease, the term of which begins on or before the Term Start Date and extends at least through the Term End Date, (c) is the holder of a right-of-way grant or similar instrument with respect to the Site, or (d) is managing partner or other Person authorized to act in all matters relating to the control and Operation of the Site and Generating Facility.

“Site Host” means any Person purchasing or otherwise using the Site Host Load or thermal energy output from the Generating Facility.

“Site Host Load” means the electric energy and capacity produced by or associated with the Generating Facility that serves electrical loads (that are not Station Use) of Seller or one or more third parties pursuant to California Public Utilities Code Section 218(b).

“Station Use” means the electric energy produced by the Generating Facility that is used within the Generating Facility to power the lights, motors, control systems and other electrical loads that are necessary for Operation, including transformation losses to power such equipment and other necessary loads.

“Telemetry System” means a system of electronic components that interconnects the Buyer and the Generating Facility.

“Term” has the meaning set forth in Section 1.01.

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“Term End Date” has the meaning set forth in Section 1.01.

“Term Start Date” has the meaning set forth in Section 1.01.

“Term Year” means a 12-month period beginning on the first day of the Term and each successive 12-month period thereafter.

“WECC” means the Western Electricity Coordinating Council.

****End of Exhibit A****

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EXHIBIT B

1. Monthly Payment based upon on Avoided Cost

Liberty has procured all of its transmission and electrical commodity, including its renewable power, from NV Energy through a PPA Agreement

The PPA with NV Energy delivers power to Liberty based on 2 prices. These rates are derived (on a monthly basis) as follows:

$$\text{Rate} = 80\% * \left[\frac{\text{Net F \& PP Cost} - \text{Renewable Cost}}{\text{Net System MWh} - \text{Renewable MWh}} \right] + 20\% * \left[\frac{\text{Renewable Cost}}{\text{Renewable MWh}} \right]$$

where:

“Net F&PP Cost” is the total net system fuel and purchased power cost for NV Energy, excluding the cost for any purchased power contracts from coal-fired resources. Net fuel and purchased power costs shall include costs in FERC accounts 501, 547, 555, and 565, less revenues received from non-requirements sales for resale in FERC account 447.

“Renewable Cost” is the total cost for renewable energy purchased by NV Energy.

“Net System MWh” is the total system energy produced and purchased by NV Energy, excluding the energy for any purchased power contracts from coal-fired resources, less energy for non-requirements sales for resale.

“Renewable MWh” is the total renewable energy purchased by NV Energy.

As a result of this calculation, a monthly energy cost number for non-renewable power and a separate monthly energy cost number for renewable power are derived.

Seller will be paid for its Metered Energy based upon the avoided cost of the non-renewable energy rate for the applicable month

Seller will be paid for its Metered Energy based upon the avoided cost of the renewable energy rate for the applicable month for any energy that is considered renewable power

*** End of Exhibit B***

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EXHIBIT C

Seller's Forecasting Submittal and Accuracy Requirements

1. General Requirements. The Parties shall abide by the Forecasting requirements and procedures described below and shall agree upon reasonable changes to these requirements and procedures from time to time as necessary to:
 - (a) Accommodate changes to their respective generation technology and organizational structure; and
 - (b) Address changes in the operating and scheduling procedures of Seller, and Buyer.
2. Forecast of Monthly Energy Deliveries

Month	Average Energy (kWh)
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

Seller to provide an estimate of the average monthly Net Output of the Facility, and explain the basis for the estimate. If Buyer finds that Seller's annual generation forecast differs by twenty percent (20%) from Seller's actual annual metered output, then Buyer may request, on an annual basis, that Seller provide an updated generation forecast schedule.

*** End of Exhibit C ***

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EXHIBIT D

Outage Schedule Submittal Requirements

1. **General Requirements.** The Parties shall abide by the Outage Schedule Submittal Requirements described below and shall agree upon reasonable changes to these requirements and procedures from time to time, as necessary to (a), accommodate changes to their respective generation technology and organizational structure, and (b) address changes in the operating and scheduling procedures of Seller, Buyer including forecast and outage submissions.

2. **Forecast of Monthly Energy Deliveries**

Month	Average Energy (kWh)
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

Seller to provide an estimate of the average monthly Net Output of the Facility, and explain the basis for the estimate. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Power Rating (other than curtailments due to lack of motive force), Seller immediately shall notify Buyer of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur, and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Non-Peak hours.

3. **Restriction on Planned Outages.** During the Peak Months, Seller may schedule and utilize no more than 12 hours of outages per Peak Month, and only during the non-peak hours of the Peak Months.

*** End of Exhibit D ***

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EXHIBIT E

Notice List

[SELLER'S NAME]	Liberty Utilities (CalPeco Electric) LLC
All Notices are deemed provided in accordance with Section 7.07 if made to the address, facsimile numbers or e-mail addresses provided below:	All Notices are deemed provided in accordance with Section 7.07 if made to the address, facsimile numbers or e-mail addresses provided below:
Contract Sponsor: Attn: Street: City: Phone: Facsimile: E-mail:	
Reference Numbers: Duns: Federal Tax ID Number:	
Contract Administration: Attn: Phone: Facsimile: E-mail:	
Forecasting: Attn: Control Room Phone: Facsimile: E-mail:	
Day-Ahead Forecasting: Phone: Facsimile: E-mail:	
Real-Time Forecasting: Phone: Facsimile: E-mail:	

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Payment Statements: Attn: Phone: Facsimile: E-mail:	
Payments: Attn: Phone: Facsimile: E-mail:	
Wire Transfer: BNK: ABA: ACCT:	
Credit and Collections: Attn: Phone: Facsimile: E-mail:	
With additional Notices of an Event of Default or Potential Event of Default to: Attn: Phone: Facsimile: E-mail:	
Lender: Attn: Phone: Facsimile: E-mail:	

*** End of Exhibit E ***

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EXHIBIT F
Generating Facility and Site Description

1. Generating Facility Description.

{Buyer Comment: Provide description of the Generating Facility equipment, systems, control systems and features, including a site plan drawing and a one-line diagram, and the generator nameplate(s).}

2. Site Description.

{Buyer Comment: Provide a legal description of the Site, including the Site map.}

**** End of Exhibit F ****