

ATTACHMENT A

TERMS AND CONDITIONS OF

POWER PURCHASE AGREEMENT

FOR

CITY OF PHILADELPHIA VIA THE PHILADELPHIA ENERGY AUTHORITY

Agreement	<p>This Term Sheet is intended to identify certain, but not all, of the principal terms and conditions to be reflected in either a Power Purchase Agreement (the “<u>Agreement</u>”), which will set forth the commitments, conditions and obligations of the respective parties relating to a transaction involving the purchase of electricity and associated environmental attributes as described</p> <p>Capitalized terms not otherwise defined herein shall have the meaning given in the RFP.</p>
Proposer	[Project Owner]
Project	[Project Name with proposed or existing governance structure (LLC, Inc, etc) and state of incorporation]
Planned Nameplate Capacity	[nameplate capacity rating (AC) of facility]
COP Share	COP shall be allocated [__]% of the Planned Nameplate Capacity
Term	[15 or 20 years as specified by the Proposer]
Product	<p>Electricity Supply from a renewable energy source deliverable to the PJM PECO Zone by a Licensed Service Provider delivered to the City’s Electricity Supplier and Pennsylvania based Alternative Energy Portfolio Standard Credits delivered to the COP.</p> <p>The transaction will be provided under typical PJM settlement guidelines for such physical transactions and industry standard settlement guidelines for financial transactions.</p>
Monthly Fixed Price	Price for Electricity and AEPS credits at COD shall be [\$___] /MWh Electricity and [\$___] / MWh Alternative Energy Portfolio Standard Credits from Project. Complete Exhibit 1 below.
Annual Escalator	Provide fixed escalator consistent with Exhibit 1.
Financial Settlement Point	<p>PECO Zone in PJM, Project Bus Bar, PJM West or other location as specified. The COP has a preference for settlement in the PECO Zone to reduce basis and congestion risk exposure. Proposer must specify settlement point.</p> <p>Settlement at [__] [hub or bus bar] in PJM</p>
Generated	The product of COP’s Share multiplied by the actual production

Quantity:	from the Project for each hour of the contract month. Proposer must provide expected hourly, monthly and annual production projections to aid in the financial evaluation of the Proposal.
Invoicing and Payment Terms:	Proposer shall invoice and receive payment from the City's Electricity Supplier through monthly settlement and billing based on agreed upon and invoiced price indicated below. Invoicing and payment will be subject to reconciliation due to PJM restatement, if any.
Economic Curtailment:	In order to mitigate the impact of negative Floating Prices on the COP, the Generated Quantity shall be deemed to be zero in any settlement interval when the Floating Price is below the Floor Price, and (a) COP shall pay Proposer a make-whole payment equal to the difference between the Floor Price and the Fixed Price, multiplied by COP's Share of the deemed Project production during such interval, and (b) at the end of the Term, Proposer shall provide COP with supplemental RECs in an amount sufficient to make up for all economic curtailment hours during the Term. "Floor Price" shall mean \$[0] for solar projects, and \$[0 minus the grossed-up PTC value] for wind projects [during years one through ten of the Project's operation, and \$[0] during any subsequent years].
Floating Price	Floating Price shall be based on a mutually agreed upon formula from readily available market LMP data.
Non-Economic Curtailment:	No swap or settlement shall occur with respect to periods during which the Project is removed from service for emergency reasons, outages or curtailment directed by the transmission owner, and events of force majeure.
Scheduling and Third-Party Charges:	Proposer will act as market participant and will be responsible for all costs for maintaining its account with the ISO/RTO.
Target Commercial Operation Date:	[_____] , 20[___]. Proposer shall pay COP Delay Damages as provided below if Proposer fails to reach COD by the Target COD.
No Earlier Than Date:	[_____] , COP shall have no obligation to accept delivery of electricity and project attributes if project actual COD is [3] months ahead of Target COD.
Outside Commercial Operation Date:	Target COD plus [6] months. COP shall have the right to terminate the agreement, with damages being limited to any remaining portions of a Proposer Development Security, if Proposer fails to reach COD by the Outside COD, provided that COP must waive or exercise such termination right within [6] months following the Outside Commercial Operation Date.
Delay Damages:	If COD is not achieved on or before the Target COD, for each day after the Target COD until the COD, Proposer will pay to COP daily liquidated damages equal to COP's Share of Output [in MW]

	times [\$50].
Commercial Operation:	Proposer may declare the Commercial Operation Date (COD) when the Project has reached [90]% of the Planned Nameplate Capacity. Proposer may for [three] months after COD continue working to attain the full Planned Nameplate Capacity. The Project's nameplate capacity as of [three] months after COD shall be the Final Nameplate Capacity. At such [three] month date, Proposer shall pay COP liquidated damages equal to COP's Share times \$[] per MW times each MW by which the Final Nameplate Capacity is below the Planned Nameplate Capacity. If Project Final Nameplate Capacity is less than anticipated by this Term Sheet, Proposer and COP may agree to adjust COP's Share of the Project such that the capacity of the project allocated to COP is the same as it would have been, so long as COP's Share does not, in any event, exceed 90%.
Guaranteed Availability:	Proposer guarantees that the Project will have a mechanical availability of not less than [choose one of the following]: <ul style="list-style-type: none"> • [85]% in the first twelve months following COD and [90]% in each subsequent Contract Year. • [90]% during any two consecutive Contract Years.
Mechanical Availability:	For each Contract Year, (i) the sum of all hours the Project is available to produce energy, plus customary "deemed available" hours based on Non-Economic Curtailment and limited amounts of planned maintenance, divided by (ii) the total number of hours in such year.
Availability Shortfall Damages:	In the event the Mechanical Availability in any Contract Year is less than the Guaranteed Availability, Proposer shall pay COP liquidated damages equal to the sum of the [Average Energy Value and] the [Average REC Value] for such year, times the COP's Share of output for such year, times a percentage equal to the Guaranteed Availability minus the Mechanical Availability.
Environmental Attributes:	On a monthly basis, Proposer shall transfer to COP Green-e certifiable RECs and all other Environmental Attributes associated with COP's Share of the Project Output. With respect to Environmental Attributes other than RECs, Proposer's efforts to certify and perfect such attributes for COP's use shall be subject to a cap of \$[]/MW of Final Nameplate Capacity per Contract Year and \$[]/MW in the aggregate throughout the Term. From time to time and at any time requested by COP, Proposer will furnish to COP, or other Persons designated by any COP, all certificates and other documentation reasonably requested by COP to demonstrate that the Environmental Attributes qualify under applicable programs and protocols used to measure and verify the renewable energy and carbon reduction nature of the Project's output. COP shall have discretion to sell, hold, or retire, the

	<p>Environmental Attributes and bears the risk and benefit of future changes in price and law.</p> <p>COP has a preference for Environmental Attributes that can be used to meet Pennsylvania Alternative Energy Portfolio Standard requirements.</p>
Capacity, Non-Energy Attributes, Incentives and Local Offsets:	<p>Proposer shall retain title to, and receive the value of, (i) any capacity and ancillary service products associated with the Project during the Term; and (ii) production or investment tax credits associated with the construction or operation of the Project or other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal tax obligation.</p>
Proposer Credit Support:	<p>Proposer shall provide the following performance assurances: A letter of credit (“LOC”), corporate or bank guarantee, performance bond, or cash, shall be provided within [thirty (30)] days of the execution of the power purchase agreement in an amount of \$[75,000] per MWac prior to COD, and \$[100,000] per MWac following COD. Credit shall be supplied from entities rated [A-/A3] or better by S&P, Moody’s or AM Best, as applicable.</p>
COP Credit Support:	<p>COP’s credit support and information is available at: http://www.phila.gov/investor/index.html</p>
Assignment:	<p>Proposer shall not assign its interest in the Agreement without consent of COP. A change in control shall be deemed an assignment.</p> <p>The Agreement shall contain appropriate step-in rights for project financier in the event of a project default and provide for project financier’s right to assign the Agreement after such step-in.</p> <p>A tax equity partner’s investment in the Project shall not be deemed an assignment, nor shall any tax equity partner’s sale of its position to one or more other tax equity investors.</p>
Assignability of Contract:	<p>The Contract may need to be assignable by the COP to another party should the City’s Electricity Supplier change during the term of the agreement.</p>
Market Disruption:	<p>In the event that the Floating Price becomes unavailable or the calculation of the Floating Price materially changes, the Parties agree to good faith negotiation on a replacement formula and an additional alternative process that reflects the benefits and burdens of this Agreement as closely as commercially practicable.</p>
Change in Law:	<p>The Parties agree that neither the Monthly Fixed Price nor the</p>

	calculation of the Settlement Amount will be affected by any Change in Law that alters either COP's or Proposer's costs in connection with the Agreement, operation of the Facility or value of the Energy, or Environmental Attributes delivered or transferred under this Agreement, or affects in any other material way the purpose or economics of this Agreement.
Events of Default:	Usual and customary COP and Proposer events of default. [Events of default will include, in the case of Proposer, the Mechanical Availability is less than [50%] in any two consecutive years.]
Reporting:	Any reporting necessary under Dodd-Frank will be the responsibility of Proposer and Proposer's cost.
Confidentiality:	The contents of this Term Sheet may not be shared beyond the COP, the Proposer, and their advisors except as required by law.
Publicity:	COP's name and contract relationship shall not be publicized other than by or with consent of COP. No financing party's name and contract relationship shall be publicized other than by or with consent of such party.
Governing Law	Commonwealth of Pennsylvania
Authorizations	Each party shall furnish, at or immediately prior to execution of the Agreement, or at such other date as may be applicable under the circumstances, reasonably satisfactory evidence of all required authorizations and approvals.
Exclusivity:	For [60 days] from the date of this Term Sheet, neither the COP or Proposer will, nor will they permit their affiliates to entertain or enter into discussions or negotiations with respect to any transaction that would be inconsistent with the consummation of the transaction contemplated by this Term Sheet.

SCHEDULE 1

Fixed Settlement Price and Estimated Quantity for Each Contract Year

CONTRACT YEAR	FIXED SETTLEMENT PRICE (\$/MWH)	ALTERNATIVE ENERGY PORTFOLIO CREDITS (\$/MWH)	ANNUAL QUANTITY (MWh)
Year 1			
Year 2			
Year 3			
Year 4			
Year 5			
Year 6			
Year 7			
Year 8			
Year 9			
Year 10			
Year 11			
Year 12			
Year 13			
Year 14			
Year 15			
Year 16			
Year 17			
Year 18			
Year 19			
Year 20			