

**NON-BINDING TERM SHEET
THE PHILADELPHIA ENERGY AUTHORITY
[DATE]**

Agreement	This Term Sheet is intended to identify certain, but not all, of the principal terms and conditions to be included in a Power Purchase Agreement (the “ <u>Agreement</u> ”), which will set forth the commitments, conditions and obligations of the Philadelphia Energy Authority (“Buyer”) and (“Seller”)
Project	Philadelphia Northeast Airport Solar
Delivery Point	The Ashton Road PECO Energy Substation
Seller	
Buyer	The Philadelphia Energy Authority
Planned Available Capacity	___ MW(ac)
Term	___ years
Products	<ol style="list-style-type: none"> 1) Unit-contingent Electrical Energy 2) Renewable Energy Credits (“RECs”) associated with the Project, transferred to Buyer’s account in PJM’s Generator Attribute Tracking System (“PJM-GATS”)
Fixed Discount Factor (if applicable)	
Year 1 Price (if applicable)	\$ ___/MWh for each hour of the Term
Annual Escalator (if applicable)	___%
Settlement Quantity of Electrical Energy	The actual production (in MWh) from the Project for each hour (“Electrical Energy”) of a calendar month during the Term.
Invoicing and Payment Terms	Monthly in arrears
Non-Economic Curtailment	No settlement shall occur with respect to periods during which the Project is removed from service for emergency reasons, outages or curtailment directed by PECO Energy, and events of Force Majeure.
Target Commercial Operation Date	
No Earlier Than Date	_____. Unless otherwise agreed to by Buyer, Buyer shall have no obligation to accept delivery of Electrical Energy and RECs if actual Commercial Operation Date (“COD”) is three months or more before Target COD

Outside Commercial Operation Date	Target COD plus six months. Buyer shall have the right to terminate the agreement, with damages being limited to any remaining portions of Seller’s Development Security, if Seller fails to reach COD by the Outside COD, provided that Buyer must waive or exercise such termination right within six months following the Outside Commercial Operation Date
Delay Damages	Except if caused by Force Majeure, if COD is not achieved on or before the Target COD, for each day beginning after Target COD until the earlier of actual COD and the Outside Commercial Operation Date, Seller will pay to Buyer daily liquidated damages equal to Planned Available Capacity times \$100
Force Majeure	As defined by the Edison Electric Institute <i>Master Power Purchase & Sale Agreement</i> , version 2.1 and its successors, Section 3.3
Seller’s Obligations Prior to Commercial Operation	<p>Seller will diligently pursue all required permits, consents, licenses, approvals or authorizations from the Federal Aviation Administration or any other Governmental Authority, PECO Energy or PJM, and will diligently pursue any required agreements, including but not limited to the Interconnection Service Agreement and any other similar or related agreement required by PECO Energy to enable Seller to commence and complete construction of the Project and to operate the Project.</p> <p>Seller will provide to Buyer monthly reports that describe, in a standardized format, the status of Seller’s efforts to obtain all such permits, consents, approvals or authorizations. Seller may issue the reports quarterly, monthly or weekly, on an as-needed basis.</p> <p>At the commencement of construction of the Project, Seller will provide to Buyer monthly status reports on progress toward meeting construction milestones as designated by Seller.</p>
Commercial Operation Date (“COD”)	<p>The date as on which Seller has completed both of the following actions:</p> <ul style="list-style-type: none"> (i) Notifies Buyer that commercial operation with respect to all of the Planned Available Capacity has commenced (ii) Provides certification of a licensed professional engineer, demonstrating that commercial operation with respect to all of the Planned Available Capacity has been achieved
Production Guarantee	Seller guarantees that Project will produce Electrical Generation amounts in each contract year that are equal to or greater than 85% of the first contract year amounts of Annual Expected Quantity and 90% of such amounts for the second contract year and each contract year thereafter for the remainder of the term. Seller shall pay Buyer liquidated damages equal to one minus the Fixed

	<p>Discount Factor multiplied by the Rate PD Cost for each MWh below amounts identified in _____. Buyer will purchase all Electrical Energy for and RECs for \$___/MWh from the Project above the Production Guarantee thresholds.</p> <p>Seller’s compliance with the Production Guarantee will be measured using a denominator that excludes the product of: (i) all hours comprising events of Force Majeure, Planned Maintenance, Economic Curtailment and Non-Economic Curtailment, and (ii) the Planned Available Capacity</p>
Rate PD Cost	The average cost in \$/MWh that Philadelphia Northeast Airport paid for Electrical Energy for each MWh below amounts identified in _____.
Registration of Project	Seller shall be responsible for registering the Project with the Pennsylvania Alternative Energy Credit Program and any other state Renewable Portfolio Standard Program as reasonably directed by Buyer, and for registering the Project with PJM-GATS
Tax Credits, Incentives and Local Offsets	<p>Seller shall retain title to, and receive the value of:</p> <p>(i) 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>
Seller Credit Support	<p>Seller shall provide the following as performance assurance:</p> <p>A Letter of Credit (“LOC”) or , performance bond in a form reasonably satisfactory to Seller, or cash, shall be provided within 10 calendar days of the execution of a power purchase agreement in an amount of \$75,000 per MW(ac) of Planned Available Capacity before Seller’s issuance of full notice to proceed with commencement of construction of the Project (“FNTP”), with such amount to be increased to \$100,000 per MW(ac) following COD.</p> <p>Seller credit support in the form of an LOC shall be supplied from entities rated A–/A3 or better by S&P, Moody’s or AM Best, as applicable. Seller credit support in the form of a guarantee shall be supplied from entities rated BBB-/Baa3 or better by S&P, Moody’s or AM Best, as applicable.</p>
Buyer Credit Support	Buyer will not be required to provide credit support if its long-term credit rating is equivalent or greater than investment grade (BBB-/Baa3).
Seller Assignment	Seller shall not assign its interest in the Agreement without consent of Buyer, not to be unreasonably withheld. A change in

	<p>control such as a merger or similar acquisition or transaction shall be deemed an assignment. Notwithstanding the foregoing, Buyer’s consent shall not be required with respect to an assignment or change of control whereby the assignee or controlling entity is a Qualified Operator or retains, prior to the date of such transfer, a Qualified Operator to operate the Project and shall have replaced the Seller Credit Support in the amount and form and with the terms and conditions required by Seller under the terms of the Agreement. For purposes of the Agreement, “<u>Qualified Operator</u>” means an operator of solar generation facilities with a minimum of two years’ experience in the solar energy generation and operation business that has developed and constructed or operated transmission-interconnected solar facilities.</p> <p>The Agreement will contain mutually agreed step-in and cure rights for project financier in the event of a Seller default affecting operation of the facility, and provide for project financier’s right to assign the Agreement after such step-in subject to the requirements for such assignment in a power purchase agreement.</p> <p>A tax equity partner’s investment in the Project will 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>
Buyer Assignment	<p>The Agreement will be assignable by the Buyer to an affiliate of Buyer if such affiliate’s long-term credit rating is equivalent or greater than investment grade (BBB-/Baa3).</p>
Change in Law and Regulation	<p>The Agreement is subject to PJM rules and practices, and to state laws governing the definition of Alternative Energy Portfolio credits (“Renewable Credits”). If, during the Term of the Agreement, any PJM rule or practice, or any state law governing the definition of Renewable Credits, is terminated, modified or amended or is otherwise no longer applicable, resulting in a material alteration of a material right or obligation under this Agreement of a Party, the Parties agree to negotiate in good faith in an attempt to amend or clarify this Agreement to embody the Parties’ original intent regarding their respective rights and obligations under this Agreement, provided that neither Party shall have any obligation to agree to any particular amendment or clarification of this Agreement.</p>
Events of Default	<p>As defined by the Edison Electric Institute <i>Master Power Purchase & Sale Agreement</i>, version 2.1 and its successors, Section 5.1, together with any mutually agreed revisions, subtractions or additions.</p>

Taxes	With respect to the Project, Seller will be responsible for any Sales, Gross Receipts, Excise, Mercantile or other Tax imposed by any governmental authority.
Confidentiality	The contents of this Term Sheet may not be shared beyond the Buyer, Seller, and their advisers except as required by law
Publicity	Buyer and Seller to develop guidelines for publicity associated with Project and with a power purchase agreement.
Governing Law	Commonwealth of Pennsylvania
Authorizations	Each party shall furnish, at or immediately before 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.