

SCHEDULE PP (NC)
PURCHASED POWERAVAILABILITY (North Carolina only)

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than one (1) megawatt.¹

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

All Eligible Qualifying Facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated for the delivered energy at hourly rates reflecting the marginal cost of producing energy ("Marginal Cost Rates"). The Fixed Long Term Rates on this schedule are available only to Sellers with Eligible Qualifying Facilities that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, as further addressed in the RATE UPDATES section of this Schedule, provided the eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub 175, but may be extended beyond 30 months if construction is nearly complete and the Seller demonstrates that it is making a good faith effort to complete its project in a timely manner. Notwithstanding the foregoing, eligible Sellers establishing a Legally Enforceable Obligation on or before November 15, 2016, and seeking payment under rates approved in Docket No. E-100, Sub 140, shall continue to be eligible for such rates, even if they failed to commence delivering power to the utility on or before September 10, 2018, pursuant to Section 1.(c) of Session Law 2017-192, unless the Seller's nameplate capacity along with the combined nameplate capacity of generation facilities connected or with priority rights under the North Carolina Interconnection Procedures to be connected ahead of Seller to the same general distribution substation transformer exceeds the nameplate capacity of the transformer. If extended, as provided for in Session Law 2017-192, the contract term available to eligible E-100, Sub 140 Sellers shall commence on September 10, 2018 and expire no later than 15 years from that date.

An Eligible Qualifying Facility shall also have the option to sell power to the Company at Variable Rates over the terms of their Purchase Power Agreement with the Company. Eligible Qualifying Facilities committing to sell and deliver power at Variable Rates under a Purchase Power Agreement executed on or after November 1, 2021, are required to commit to at least a two year term, and such Variable Rates would be subject to change as of the date of the initial filing in the next avoided cost proceeding and each avoided cost proceeding thereafter.

Eligible Qualifying Facilities not qualifying for the Fixed Long-Term Rates remain eligible for the Fixed Long Term Rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

¹ Once Purchase Power Agreements are executed with Sellers having a Legally Enforceable Obligation after November 16, 2016 for an aggregate generation capacity of 100 megawatts (MWs), Monthly Rates will only be available thereafter to Sellers establishing a Legally Enforceable Obligation after November 16, 2016 with a Contract Capacity of 100 kW or less.

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QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of one (1) megawatt or less, based on the nameplate rating of the generator(s), which are interconnected directly with the Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41. Pursuant to N.C.G.S. § 62-156(b)(3), certain Sellers eligible for this tariff may be eligible for a different avoided capacity credit and rate: (i) certain hydroelectric small power producers with a Contract Capacity of up to one (1) MW and a purchase power agreement in effect as of July 27, 2017, which commit to sell and deliver energy and capacity for a fixed contract term prior to terminating the existing purchase power agreement, as set forth in N.C.G.S. § 62-156(b)(3); or (ii) swine waste and poultry waste fueled small power producers if Seller sells the output of its facility, including renewable energy credits, to Company for Company to comply with its Renewable Energy and Energy Efficiency Portfolio Standard ("REPS") requirements set forth in N.C.G.S. § 62-133.8(e) and (f).

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term, as set forth in the "Rate" section of this Schedule.

TYPE OF SERVICE

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

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

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

RATE

The Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below, as applicable, or at the Company's as available rates, which are Marginal Cost Rates that vary hourly. Payments shall be reduced by both the Administrative Charge and any applicable Interconnection Facilities Charge.

Energy and Capacity Credits

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

An Eligible Qualifying Facility compensated pursuant to as available rates shall be paid based upon the Eligible Qualifying Facility's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as

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registered or computed from Company's metering facilities. The Energy Credits for such Facilities are based on the Marginal Cost Rates. No Capacity Credit is provided to Eligible Qualifying Facilities on as available rates.

Administrative Charge: \$19.91 per month for Eligible Qualifying Facilities with capacity greater than 15 kilowatts (AC).

\$3.00 per month for Eligible Qualifying Facilities with capacity of 15 kilowatts (AC) or less.

Interconnection Facilities Charge:

The Interconnection Charge for each Seller is set forth in the Agreement as outlined in the Terms and Conditions; however, the \$25.00 minimum will not apply if the charge is for a meter only.

	<u>Interconnected to Distribution</u>		<u>Interconnected to Transmission</u>	
	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>
<u>Energy Credits (¢/kWh)²:</u>				
<u>Credits Applicable to All but Uncontrolled Solar Generation³</u>				
On-peak kWh:				
a. Summer	4.14	3.97	4.01	3.85
b. Winter				
1. Morning Hours	5.47	4.83	5.34	4.71
2. Evening Hours	5.36	4.60	5.23	4.49
c. Premium Peak				
1. Summer	4.33	4.04	4.18	3.90
2. Winter	6.41	5.86	6.22	5.69
d. Shoulder	4.47	3.87	4.39	3.80
Off-peak kWh:				
a. Summer	3.70	3.50	3.64	3.44
b. Winter	4.64	3.91	4.56	3.83
c. Shoulder	3.12	2.81	3.08	2.77
<u>Credits Applicable to Uncontrolled Solar Generation⁴ Only</u>				
On-peak kWh:				
a. Summer	4.04	3.87	3.91	3.75
b. Winter				
1. Morning Hours	5.37	4.73	5.24	4.61
2. Evening Hours	5.26	4.50	5.13	4.39
c. Premium Peak				
1. Summer	4.23	3.94	4.08	3.80
2. Winter	6.31	5.76	6.12	5.59
d. Shoulder	4.37	3.77	4.29	3.70
Off-peak kWh:				
a. Summer	3.60	3.40	3.54	3.34
b. Winter	4.54	3.81	4.46	3.73
c. Shoulder	3.02	2.71	2.98	2.67

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Capacity Credits (¢/kWh)⁵:

**Credits Applicable to All but Swine or Poultry Waste
 Generation for which a Need is Established Pursuant
 to N.C.G.S. § 62-133.8(e) and (f) and
 Hydroelectric Generation without Storage**

On-peak kWh:

a. Summer	0.00	0.36	0.00	0.35
b. Winter	0.00	3.57	0.00	3.49

**Credits Applicable to Swine or Poultry Waste
 Generation for Which a Need is Established Pursuant
 to N.C.G.S. § 62-133.8(e) and (f)**

On-peak kWh:

a. Summer	1.04	1.08	1.01	1.05
b. Winter	10.21	10.60	9.97	10.35

**Credits Applicable to Certain Hydroelectric
 Generation without Storage⁶ Renewing Contract
 under G.S. 62-153(b)(3) Only**

On-peak kWh:

a. Summer	2.00	2.07	1.95	2.02
b. Winter	19.64	20.39	19.17	19.90

**Credits Applicable to All Other Hydroelectric
 Generation without Storage⁷ Only**

On-peak kWh:

a. Summer	0.00	0.70	0.00	0.68
b. Winter	0.00	6.87	0.00	6.71

² For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 12:00 p.m. noon to 4:00 p.m. and 8:00 p.m. to 10:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 6:00 a.m. and 9:00 a.m. to 10:00 a.m., plus evening hours from 5:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 6:00 a.m. to 10:00 a.m. plus evening hours from 4:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

³ Includes “controlled solar generation” defined as solar generation where the Qualifying Facility demonstrates that its facility is capable of operating, and contractually agrees to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Controlled solar generation must be served under a negotiated Purchase Power Agreement that describes provisions for operating the technology used to reduce average daylight volatility.

⁴ “Uncontrolled Solar Generation” is defined as solar generation where the Qualifying Facility does not demonstrate that its facility is capable of operating, or does not contractually agree to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Eligible Qualifying Facilities with controlled solar generation shall be governed

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under a negotiated Purchase Power Agreement between Seller and Company, which shall be based on Company's standard Purchase Power Agreement and Terms and Conditions for the Purchase of Electric Power with additional terms added to address requirements for operating the technology used to reduce average daylight volatility.

⁵ Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 5:00 p.m. to 9:00 p.m. during all Summer days. During Winter months, the on-peak hours shall be all Winter days from 5:00 a.m. to 10:00 a.m. Capacity credits are not applicable in all other months.

⁶ For hydroelectric generation without storage where the Qualifying Facility renews a Purchased Power Agreement that was in effect as of July 27, 2017, under N.C.G.S. § 62-156(b)(3).

⁷ For all other hydroelectric generation without storage.

MARGINAL COST RATES

The Marginal Cost Rates vary by hour, are denominated in cents/kWh, and are calculated by the Company for each hour of a calendar month at the end of such month. The Marginal Cost Rates will reflect the joint dispatch of system resources by the Company and Duke Energy Progress, LLC. Such dispatch is based on the following factors, among others:

- incremental variable production cost, including fuel, variable operating and maintenance expenses, emission allowances, and reagents;
- replacement cost of supply resources, including power plants; and
- start-up costs.

Based on the dispatch outcomes that occurred during a calendar month, the Marginal Cost Rates will be calculated for each hour in that month using the incremental cost of production of the next megawatt-hour. The calculations are processed using the PCI Post-Analysis module, a commercially available production cost model used to analyze and assign generation and purchased power costs to load. The Marginal Cost Rates for Uncontrolled Solar Generation will incorporate the same reduction, in cents/kWh, that applies to Uncontrolled Solar Generation receiving the Fixed Long-Term Rates or the Variable Rates.

Eligible Qualifying Facilities compensated through Marginal Cost Rates may request and obtain hourly marginal prices applicable to the Eligible Qualifying Facility's periods of delivery upon execution of and ongoing compliance with a non-disclosure agreement with the Company.

RENEWABLE ENERGY CREDITS

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

INTERCONNECTION FACILITIES CHARGE

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Seller's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

POWER FACTOR CORRECTION

Unless the Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when the Seller consumes VARs supplied by the Company or the Seller delivers VARs to Company, the Company may reduce the purchased energy measured in kilowatt-hours for that month by multiplying by the Average Consumed Power Factor. The Average Consumed Power Factor shall be calculated on a monthly basis as the average kWh divided the average kVAh, where average kVAh shall be

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the square root of the sum of the average kWh squared plus the average consumed and delivered kVARh squared. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company. If a Seller without an Operating Agreement is requested by the Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as sellers with Operating Agreements.

CONTRACT CAPACITY

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

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The Variable Rates, Fixed Long-Term Rates, Credits and Administrative Charge under this Schedule will be updated by the Company in November, 2023, or as otherwise directed by the North Carolina Utilities Commission, and every two years thereafter. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Rate provisions of this schedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in the Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable, Fixed Long-Term, or Marginal Cost Rates selected by Seller and as set forth in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal Cost Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long Term rates approved in Docket No. E-100, Sub 167 or its predecessors, any change to the schedule shall not apply to the Fixed Long Term Energy and Capacity Rates during the Contract Period.

PAYMENTS

Credit billings to the Seller shall be payable to the Seller within fifteen (15) days of the date of the bill.

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

CONTRACT PERIOD

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

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AVAILABILITY (North Carolina only)

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

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3-phase, 3-wire, 240, 480, 575 or 2300 volts, or

3-phase, 4160Y/2400, 12470Y/7200, or 24940Y/14400 volts, or

3-phase voltages other than those listed above may be available at the Company's option if the size of the Seller's contract warrants a substation solely to serve that Seller, and if the Seller furnishes suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications.

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

RATE

The Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below, as applicable, or at the Company's as available rates, which are Marginal Cost Rates that vary hourly. Payments shall be reduced by both the Administrative Charge and any applicable Interconnection Facilities Charge.

Energy and Capacity Credits

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

An Eligible Qualifying Facility compensated pursuant to as available rates shall be paid based upon the Eligible Qualifying Facility's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as

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registered or computed from Company's metering facilities. The Energy Credits for such Facilities are based on the Marginal Cost Rates. No Capacity Credit is provided to Eligible Qualifying Facilities on as available rates.

Administrative Charge: \$19.91 per month for Eligible Qualifying Facilities with capacity greater than 15 kilowatts (AC).

\$3.00 per month for Eligible Qualifying Facilities with capacity of 15 kilowatts (AC) or less.

Interconnection Facilities Charge:

The Interconnection Charge for each Seller is set forth in the Agreement as outlined in the Terms and Conditions; however, the \$25.00 minimum will not apply if the charge is for a meter only.

	<u>Interconnected to Distribution</u>		<u>Interconnected to Transmission</u>	
	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>
<u>Energy Credits (¢/kWh)²:</u>				
<u>Credits Applicable to All but Uncontrolled Solar Generation³</u>				
On-peak kWh:				
a. Summer	4.14	3.97	4.01	3.85
b. Winter				
1. Morning Hours	5.47	4.83	5.34	4.71
2. Evening Hours	5.36	4.60	5.23	4.49
c. Premium Peak				
1. Summer	4.33	4.04	4.18	3.90
2. Winter	6.41	5.86	6.22	5.69
d. Shoulder	4.47	3.87	4.39	3.80
Off-peak kWh:				
a. Summer	3.70	3.50	3.64	3.44
b. Winter	4.64	3.91	4.56	3.83
c. Shoulder	3.12	2.81	3.08	2.77
<u>Credits Applicable to Uncontrolled Solar Generation⁴ Only</u>				
On-peak kWh:				
a. Summer	4.04	3.87	3.91	3.75
b. Winter				
1. Morning Hours	5.37	4.73	5.24	4.61
2. Evening Hours	5.26	4.50	5.13	4.39
c. Premium Peak				
1. Summer	4.23	3.94	4.08	3.80
2. Winter	6.31	5.76	6.12	5.59
d. Shoulder	4.37	3.77	4.29	3.70
Off-peak kWh:				
a. Summer	3.60	3.40	3.54	3.34
b. Winter	4.54	3.81	4.46	3.73
c. Shoulder	3.02	2.71	2.98	2.67

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Capacity Credits (¢/kWh)⁵:

Credits Applicable to All but: (i) Swine or Poultry Waste Generation for which a Need is Established Pursuant to N.C.G.S. § 62-133.8(e) and (f); and (ii) Certain Hydroelectric Generation without Storage⁶

On-peak kWh:

a. Summer	0.00	0.36	0.00	0.35
b. Winter	0.00	3.57	0.00	3.49

Credits Applicable to Swine or Poultry Waste Generation for Which a Need is Established Pursuant to N.C.G.S. § 62-133.8(e) and (f) and to Certain Hydroelectric Generation⁶

On-peak kWh:

a. Summer	1.04	1.08	1.01	1.05
b. Winter	10.21	10.60	9.97	10.35

Credits Applicable to Certain Hydroelectric Generation without Storage⁶ Renewing Contract under G.S. 62-153(b)(3) Only

On-peak kWh:

a. Summer	<u>2.00</u>	<u>2.07</u>	<u>1.95</u>	<u>2.02</u>
b. Winter	<u>19.64</u>	<u>20.39</u>	<u>19.17</u>	<u>19.90</u>

Credits Applicable to All Other Hydroelectric Generation without Storage⁷ Only

On-peak kWh:

a. Summer	<u>0.00</u>	<u>0.70</u>	<u>0.00</u>	<u>0.68</u>
b. Winter	<u>0.00</u>	<u>6.87</u>	<u>0.00</u>	<u>6.71</u>

² For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 12:00 p.m. noon to 4:00 p.m. and 8:00 p.m. to 10:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 6:00 a.m. and 9:00 a.m. to 10:00 a.m., plus evening hours from 5:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 6:00 a.m. to 10:00 a.m. plus evening hours from 4:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

³ Includes “controlled solar generation” defined as solar generation where the Qualifying Facility demonstrates that its facility is capable of operating, and contractually agrees to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Controlled solar generation must be served under a negotiated Purchase Power Agreement that describes provisions for operating the technology used to reduce average daylight volatility.

SCHEDULE PP (NC)
PURCHASED POWER

⁴ “Uncontrolled Solar Generation” is defined as solar generation where the Qualifying Facility does not demonstrate that its facility is capable of operating, or does not contractually agree to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Eligible Qualifying Facilities with controlled solar generation shall be governed under a negotiated Purchase Power Agreement between Seller and Company, which shall be based on Company’s standard Purchase Power Agreement and Terms and Conditions for the Purchase of Electric Power with additional terms added to address requirements for operating the technology used to reduce average daylight volatility.

⁵ Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 5:00 p.m. to 9:00 p.m. during all Summer days. During Winter months, the on-peak hours shall be all Winter days from 5:00 a.m. to 10:00 a.m. Capacity credits are not applicable in all other months.

⁶ For hydroelectric generation without storage where the Qualifying Facility renews a Purchased Power Agreement that was in effect as of July 27, 2017, under N.C.G.S. § 62-156(b)(3).

⁷ For all other hydroelectric generation without storage.

MARGINAL COST RATES

The Marginal Cost Rates vary by hour, are denominated in cents/kWh, and are calculated by the Company for each hour of a calendar month at the end of such month. The Marginal Cost Rates will reflect the joint dispatch of system resources by the Company and Duke Energy Progress, LLC. Such dispatch is based on the following factors, among others:

- incremental variable production cost, including fuel, variable operating and maintenance expenses, emission allowances, and reagents;
- replacement cost of supply resources, including power plants; and
- start-up costs.

Based on the dispatch outcomes that occurred during a calendar month, the Marginal Cost Rates will be calculated for each hour in that month using the incremental cost of production of the next megawatt-hour. The calculations are processed using the PCI Post-Analysis module, a commercially available production cost model used to analyze and assign generation and purchased power costs to load. The Marginal Cost Rates for Uncontrolled Solar Generation will incorporate the same reduction, in cents/kWh, that applies to Uncontrolled Solar Generation receiving the Fixed Long-Term Rates or the Variable Rates.

Eligible Qualifying Facilities compensated through Marginal Cost Rates may request and obtain hourly marginal prices applicable to the Eligible Qualifying Facility’s periods of delivery upon execution of and ongoing compliance with a non-disclosure agreement with the Company.

RENEWABLE ENERGY CREDITS

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

INTERCONNECTION FACILITIES CHARGE

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Seller’s generation to Company’s system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

POWER FACTOR CORRECTION

SCHEDULE PP (NC)
PURCHASED POWER

Unless the Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when the Seller consumes VARs supplied by the Company or the Seller delivers VARs to Company, the Company may reduce the purchased energy measured in kilowatt-hours for that month by multiplying by the Average Consumed Power Factor. The Average Consumed Power Factor shall be calculated on a monthly basis as the average kWh divided the average kVAh, where average kVAh shall be the square root of the sum of the average kWh squared plus the average consumed and delivered kVARh squared. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company. If a Seller without an Operating Agreement is requested by the Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as sellers with Operating Agreements.

CONTRACT CAPACITY

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

SCHEDULE PP (NC)
PURCHASED POWER

RATE UPDATES

The Variable Rates, Fixed Long-Term Rates, Credits and Administrative Charge under this Schedule will be updated by the Company in November, 2023, or as otherwise directed by the North Carolina Utilities Commission, and every two years thereafter. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Rate provisions of this schedule, such capacity credits shall be updated and changed in accordance with the Commission’s revisions to such credits in the Company’s biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable, Fixed Long-Term, or Marginal Cost Rates selected by Seller and as set forth in Company’s Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal Cost Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long Term rates approved in Docket No. E-100, Sub 167 or its predecessors, any change to the schedule shall not apply to the Fixed Long Term Energy and Capacity Rates during the Contract Period.

PAYMENTS

Credit billings to the Seller shall be payable to the Seller within fifteen (15) days of the date of the bill.

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

CONTRACT PERIOD

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

PURCHASE POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

SELLER NAME

“Facility Name” Project

Initial Delivery Date: *(date interconnection facilities installed)*

**PURCHASE POWER AGREEMENT BY A
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

OFFICIAL COPY

Dec 22 2022

1 THIS PURCHASE POWER AGREEMENT (“Agreement”) is made this _____ day of
2 _____, 20____, by and between

3
4 **DUKE ENERGY CAROLINAS, LLC,**
5 a North Carolina Limited Liability Company (“Company”),

6
7 and

8
9 _____,
10
11 a(n) [*insert place of formation* _____] [*insert entity type* _____] (“Seller”), for the
12
13 “ _____,” Project
14

15 Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity", as defined by the
16 Federal Energy Regulatory Commission (FERC), and that construction of the Facility (was/was not)
17 commenced on or after November 9, 1978, and that the Facility is a qualifying facility as defined by the
18 Federal Energy Regulatory Commission (“FERC”) pursuant to Section 210 of the Public Utility
19 Regulatory Policies Act of 1978 [***and which is a small power producer as defined in G.S. 62-3(27a) - (if***
20 ***applicable)***]. The Facility as defined herein (the “Facility”) shall consist of that certain [*insert description*
21 *of the Facility including fuel type and Nameplate Capacity rating in AC and DC*] [*where applicable,*
22 *identify any Storage Resource connected to or incorporated into the Facility along with the Storage*
23 *Resource’s capacity (MW and MWh)*] which is located at [*insert facility address*].
24

25 (Hereinafter, the parties are also referred to individually as a “Party” and collectively as the “Parties”).
26

27 In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their
28 successors and assigns, do hereby agree to the following:
29

30 **1. Service Requirements**

31 1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the
32 Facility, net of the Facility’s own auxiliary electrical requirements, and Company shall purchase,
33 receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the
34 completion of the installation, by Company, of its system upgrades and interconnection facilities at
35 the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the
36 payment to Company of any and all charges that may apply, whether or not Seller actually delivers
37 any electricity to Company. If Seller requests retail electric service for the Facility’s auxiliary
38 electrical requirements from Company when Seller’s generation is reduced, such power shall be
39 provided to Supplier pursuant to a separate electric service agreement under Company’s rate tariffs
40 appropriate for such service.
41

42 1.2 Electricity supplied by Seller shall be [*single (1)/three (3)*] phase, alternating at a frequency of
43 approximately sixty (60) cycles, and at a delivery voltage of approximately _____ volts,
44 _____wires at a sufficient power factor to maintain system operating parameters as specified by
45 Company.
46

47 1.3 Delivery of said Seller’s power shall be at a point of delivery described as follows:
48 _____ .
49

- 50 1.4 The Contract Capacity of the Facility, as defined in the Terms and Conditions for the Purchase of
51 Electric Power is _____ AC kW/MW. The estimated annual energy production of the Facility
52 is _____ kWh.
53

54 **2. Rate Schedule**

55 The sale, delivery, and use of electric power hereunder, and all services of whatever type to be
56 rendered or performed in connection therewith, shall in all respects be subject to and in accordance
57 with Company's Rate Schedule PP, Electricity No. 4, North Carolina _____ Revised Leaf No.
58 90, [*Variable Rate*], [*10-year Fixed Long-Term Rate*] for *Distribution Interconnection* ("Rate
59 Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now
60 on file with the North Carolina Utilities Commission ("Commission"), and are hereby incorporated
61 by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms
62 and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or
63 substitution, either in whole or in part, upon order of said Commission or any other regulatory
64 authority having jurisdiction, and any such change, revision, alteration or substitution shall
65 immediately be made a part hereof as though fully written herein, and shall nullify any prior
66 provision in conflict therewith.
67

68 The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term
69 Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and
70 Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal
71 Cost Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.
72

73 **3. Initial Delivery Date**

74 The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments
75 and shall begin upon the first date when energy is generated by the Facility and delivered to the
76 Company and continuing for the term specified in the Rate Schedule paragraph above and shall
77 automatically extend thereafter unless terminated by either party by giving not less than thirty (30)
78 days prior written notice. Any automatic extension of this Agreement will be at the as available rates
79 in effect at the time of extension. The term shall begin no earlier than the date the Company's
80 Interconnection Facilities are installed and are ready to accept electricity from the Seller which is
81 requested to be _____. The Company at its sole discretion may terminate this Agreement
82 on _____, 20__ (30 months following the date of the order initially approving the rates
83 selection shown above which may be extended beyond 30 months if construction is nearly complete
84 and the Seller demonstrates that it is making a good faith effort to complete its project in a timely
85 manner¹) if the Seller is unable to provide generation capacity and energy production consistent with
86 the energy production levels specified in Provision No. 1.4 above. This date may be extended by
87 upon mutual agreement by both parties.
88

89 **4. Interconnection Facilities**

90 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North
91 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional Generator
92 Interconnections (Interconnection Standard) shall be executed by Seller, including payments of all
93 charges and fees associated with the interconnection, before Company will accept this Agreement.

¹ Eligible Sellers establishing a Legally Enforceable Obligation on or before November 15, 2016, and seeking payment under rates approved in Docket No. E-100, Sub 140, shall continue to be eligible for such rates, even if they fail to commence delivering power to the utility on or before September 10, 2018, pursuant to Section 1.(c) of Session Law 2017-192, unless the Seller's nameplate capacity along with the combined nameplate capacity of generation facilities connected or with priority rights under the North Carolina Interconnection Procedures to be connected ahead of Seller to the same general distribution substation transformer exceeds the nameplate capacity of the transformer, as determined by Company. The term for these extended Agreements available to eligible E-100 Sub 140 Sellers shall commence on September 10, 2018 and expire no later than 15 years from that date.

94 (Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a) The
95 Interconnection Facilities Charge shall be specified in the Interconnection Agreement, or (b) The
96 Interconnection Facilities Charge shall be 1.0 % of the installed cost of metering and other
97 equipment and is \$_____ per month.
98

99 **5. Energy Storage**

100 If the Facility is to be equipped with battery storage or other energy storage device (the “Storage
101 Resource”), the Storage Resource shall be identified in this Agreement. In all cases the Storage
102 Resource must be charged solely by the Facility and the use of any Storage Resource shall be
103 operated and equipped in accordance with the system operator’s Energy Storage Protocol, a copy of
104 which is attached hereto as Exhibit A, as may be modified from time to time by the system operator
105 (the “Energy Storage Protocol”).
106
107
108
109

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

Witness as to Seller:

_____, Seller
Printed: _____
By _____
Printed: _____
Title _____
This ____ day of _____, 20____

ACCEPTED: DUKE ENERGY CAROLINAS LLC

Mail Payment/Bill to:

By _____
Title _____
This ____ day of _____, 20__

EXHIBIT A
ENERGY STORAGE PROTOCOL

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., system operator instruction) from the system operator if such discharge would cause the total output of the Facility to exceed the level permitted by the system operator instruction.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, up or down, at any time that the facility is not generating, unless the system operator has waived this ramping limitation.
6. Scheduling for capturing peak pricing periods and other storage limitations:
 - a. For all months/days with discrete capacity rate hour window periods ("Capacity Hour Window"), the Seller shall distribute any intended energy storage discharge of the storage device in a manner that levelizes (holds constant), on an expected basis, the total output of the Facility at the highest practical level over the duration of each specific Capacity Hour Window selected by the Seller for energy storage discharge of such calendar day, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement. For clarity, total output of the Facility is not required to be held at the same level across separate Capacity Hour Windows occurring on a single calendar day, if any. Where a calendar day has more than one set of Capacity Hour Windows, the Seller may, at its discretion, elect to discharge storage across either or both of the Capacity Hour Windows, provided that the intended energy storage discharge for each Capacity Hour Window is distributed in a way that holds total Facility output constant across the respective Capacity Hour Window.
 - b. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.
 - c. For the months without Capacity Hour windows, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.

7. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
8. If identification of Capacity Hours changes over the course of the term of the Agreement, Seller will make commercially reasonable efforts to work with Company to adjust the hours of charging/discharging to coincide with these updated hours. However, Seller shall not be obligated to do so in a way that compromises their original economic value contemplated for storage resource.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

Notes:

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

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

1. PURCHASE POWER AGREEMENT

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

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Power Agreement between the Company and the Seller may be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, subject to the written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to the Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. The Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at the Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to the Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising the Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

- (g) Suspension of Sales Under Agreement at the Seller's Request - If the Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, the Company will, upon written request of the Seller, and for a period the Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.
- (h) Termination of Agreement at the Seller's Request - If the Seller desires to terminate the Agreement, the Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. The Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.
- (i) Company's Right to Terminate or Suspend Agreement – The Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from the Seller based on any of the following: (1) default or breach of the Agreement by the Seller, (2) any fraudulent or unauthorized use of the Company's meter, (3) failure to pay any applicable bills when due and payable, (4) any Material Alteration to the Facility without the Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on the Seller's side of the point of delivery actually known by the Company to be, or which the Company reasonably anticipates may be, dangerous to life or property, or (6) Seller fails to deliver energy to Company for six (6) consecutive months. Termination of the Agreement shall be at the Company's sole option and is only appropriate when the Seller either cannot or will not cure its default.

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

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

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

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

2. CONDITIONS OF SERVICE

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

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

- (b) The Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by the Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.
- (c) The Seller shall submit an Interconnection Request as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. The Company shall not be required to install facilities to support interconnection of the Seller's generation or execute the Purchase Power Agreement until the Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by the Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, the Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) the Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless the Company is reimbursed for such expense by the Sellers or customers connected thereto, or (2) the right of the Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

3. DEFINITIONS

- (a) Auxiliary Load: The term “Auxiliary Load” shall mean power used to operate auxiliary equipment in the Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).
- (b) “Company's conductors” shall mean the Company's wires extending from the point of connection with the Company’s existing electric system to the point of delivery.
- (c) “Energy Storage Protocol” shall have the meaning specified in Purchase Power Agreement.
- (d) “Facility” shall have the meaning specified in the Purchase Power Agreement.
- (e) “interconnection” shall mean the connection of the Company’s conductors to the Seller's conductors.
- (f) “Material Alteration” as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the “Existing Capacity”), or (iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity, or decrease the Existing Capacity by more than five percent (5%), shall not be considered a Material Alteration.
- (g) Nameplate Capacity: The term “Nameplate Capacity” shall mean the manufacturer’s kW_{AC} nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the “Nameplate Capacity” of the Facility shall be the sum of the individual manufacturer’s kW_{AC} nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the “Nameplate Capacity” shall be the manufacturer’s rated kW_{AC} output on the inverters.
- (h) “Prudent Utility Practice” means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgment and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods, or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.
- (i) "purchase" or "purchase of electricity" shall be construed to refer to the electricity supplied to the Company by the Seller from the Facility.

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- (j) "Seller's conductors" shall mean the Seller's wires extending from the point of delivery to the switch box or other point where the Seller's circuits connect for the purpose of supplying the electricity produced by the Seller.
- (k) "Storage Resource" means battery storage or other energy storage device installed at or connected behind the meter of the Facility.
- (l) "System Operator Instruction" means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage, and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be specified in the Purchase Power Agreement and shall not exceed the capacity specified in the Seller's Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW_{AC} delivered to the Company during any billing period. The Seller shall not exceed the existing Contract Capacity unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller's facilities have been upgraded to accept the actual or requested increase as may be required by Company in its commercially reasonable discretion.
- (b) The Seller shall not change the Contract Capacity, or contracted estimated annual energy production without adequate notice to the Company, and without receiving the Company's prior written consent, and if such unauthorized increase causes loss of or damage to the Company's facilities, the cost of making good such loss or repairing such damage shall be paid by the Seller.
- (c) The Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of the Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) The Seller may apply to the Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, and an amendment to implement the change has been executed by the Company and the Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to the Seller shall be determined in accordance with the Interconnection Agreement.
- (e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity, a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability shall require the prior written consent of the Company, which may be withheld in the Company's sole discretion, and shall not be effective until memorialized in an amendment executed by the Company and the Seller.

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5. ESTIMATED ANNUAL ENERGY PRODUCTION

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

6. EARLY CONTRACT TERMINATION

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

The Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under: (i) for the period on or prior to October 31, 2021, the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest; and (ii) for the period on or after November 1, 2021, the Marginal Cost Rate for energy as calculated by the Company at the end of each calendar month, plus interest. In no circumstance will the early contract termination calculation result in a payment to the Seller. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

7. CONTRACT RENEWAL

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

8. QUALITY OF ENERGY RECEIVED

- (a) The Seller has full responsibility for the routine maintenance of its generating and protective equipment to ensure that reliable, utility grade electric energy is being delivered to the Company.
- (b) The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by the Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.
- (c) The Seller may operate direct current generators in parallel with the Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect the Company's supply of electric service to, or the use of electric service by the Company's other customers, and any correction thereof is the full responsibility of the Seller.
- (d) In the event the Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing Company to be unable to provide proper voltage levels to its customers, the Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by the Company.
- (e) All Material Alterations to the Facility shall require the prior written consent from the Company, and the Seller shall provide the Company written notification of any requested changes to the Facility, support equipment such as inverters, or interconnection facilities as soon as reasonably

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

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

9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, the Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company. Bills rendered for periods of less than 26 or more than 34 days as a result of rerouting of the Seller's account, and all initial and final bills rendered on a Seller's account will be prorated on the basis of a normal 30-day billing period.
- (d) Payments for capacity and/or energy will be made to the Seller based on the rate schedule stated in the Purchase Power Agreement.
- (e) The Company reserves the right to set off against any amounts due from the Company to the Seller, any amounts which are due from the Seller to the Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

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

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

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, the Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state

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regulatory body having jurisdiction, pay to the Seller, or the Seller shall refund to the Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by the Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

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

13. INTERCONNECTION FACILITIES

If the Seller is not subject to the terms and conditions of to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100 Sub 101 the following conditions shall apply to Interconnection Facilities necessary to deliver the Seller's electricity to the Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100 Sub 101 govern.

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

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

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) The Seller will pay to Company a Monthly Interconnection Facilities Charge based on 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than \$25 per month. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.
- (3) If the Company increases its investment in interconnection facilities or other special facilities required by the Seller (including conversion of the Company's primary voltage to

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a higher voltage), the Monthly Interconnection Facilities Charge for providing the additional facilities will be adjusted at that time. If the Monthly Interconnection Facilities Charge increases, the Seller may terminate the Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue Interconnection Facilities under the changed conditions.

- (4) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
 - (5) The Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of the Company's standard metering equipment or other equipment deemed necessary by the Company for the metering of Seller's electrical output. The Company shall, at its expense, be permitted to install, in the Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
 - (6) The Company shall furnish and install the Interconnection Facilities no later than the date requested by the Seller for such installation. The Seller's obligation to pay the Interconnection Facilities charges shall begin upon the earlier of (1) completion of the installation but no earlier than the requested in-service date specified in the Interconnection Agreement or (2) the first date when energy is generated and delivered to the Company, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not the Seller is actually supplying electric power to the Company.
- (b) By Seller: The Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of the Company's meter and meter transformers, on the Seller's side of the point of delivery. The Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on the Seller's side of the point of delivery. The Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. The Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. The Company's meter may be located on the Seller's side of the point of delivery, and when it is to be so located, the Seller must make suitable provisions in the Seller's wiring, at a place suitable to the Company, for the convenient installation of the type of meter the Company will use. All of the Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

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

- (c) Access to Premises: The duly authorized agents of the Company shall have the right of ingress and egress to the premises of the Seller at all reasonable hours for the purpose of reading meters, inspecting the Company's wiring and apparatus, changing, exchanging, or repairing the

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Company's property on the premises of the Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

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

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

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

- (a) An emergency condition or action due to an adverse condition, event, and/or disturbance on the Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas, or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by the Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to the Company's system, disruption of generation by the Seller, disruption of reliability or service on the Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on the Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from the Seller's premises would endanger persons or property.

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

The Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to the Company's satisfaction, the necessary automatic equipment to prevent the

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back feed of power into, or damage to the Company's de-energized system, and shall be subject to immediate disconnection of its equipment from the Company's system if the Company determines that such equipment is unsafe or adversely affects the Company's transmission/distribution system or service to its other customers.

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

15. FORCE MAJEURE

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

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

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

The Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owner's insurance policy with liability coverage of at least \$100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects the Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. The Seller shall provide certificates evidencing this coverage as required by the Company. The Company

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reserves the right to refuse to establish, or continue the interconnection of the Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

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

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

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