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**PUGET SOUND ENERGY**

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**Attachment "A" Agreement: Schedule 91 Purchase from Qualifying Facility of Five  
Megawatts or Less – Existing QF**

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Schedule 91

Power Purchase Agreement

Between

Puget Sound Energy

and

[Name of Seller]

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**PUGET SOUND ENERGY**

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**CONTENTS**

<b>SECTION 1.</b>	<b>DEFINITIONS.....</b>	<b>6</b>
<b>SECTION 2.</b>	<b>TERM .....</b>	<b>9</b>
<b>SECTION 3.</b>	<b>PURCHASE AND SALE OF NET OUTPUT, ENVIRONMENTAL ATTRIBUTES.....</b>	<b>10</b>
	3.1. General. ....	10
	3.2. Title and Risk of Loss.....	10
	3.3. Purchase Price for Monthly Net Energy.....	10
	3.4. Payment for Net Output. ....	10
	3.5. Purchase of Environmental Attributes. ....	10
<b>SECTION 4.</b>	<b>OPERATION OF THE FACILITY .....</b>	<b>11</b>
	4.1. Permits and Other Rights. ....	11
	4.2. Performance.....	11
	4.3. Responsibility.....	11
	4.4. Coordination of Facility Operation. ....	12
	4.5. Protection of Persons and Property. ....	12
<b>SECTION 5.</b>	<b>INTERCONNECTION AND METERING FOR A CUSTOMER-GENERATOR SELLER.....</b>	<b>13</b>
	5.1. Interconnection.....	13
	5.2. Metering. ....	14
<b>SECTION 6.</b>	<b>DELIVERY OF NET OUTPUT; CURTAILMENT.....</b>	<b>15</b>
	6.1. Delivery of Net Output.....	15
	6.2. Curtailment. ....	15
<b>SECTION 7.</b>	<b>ACCESS AND INFORMATION.....</b>	<b>16</b>
	7.1. Access.....	16
	7.2. Inspections.....	16
	7.3. Information. ....	17
<b>SECTION 8.</b>	<b>EXCUSABLE DELAY.....</b>	<b>17</b>

---

---

**PUGET SOUND ENERGY**

---

8.1.	Excusable Delay.....	17
8.2.	Excusable Delay Exclusions.....	18
8.3.	Effect of Excusable Delay.....	18
<b>SECTION 9.</b>	<b>REPRESENTATIONS AND WARRANTIES .....</b>	<b>19</b>
<b>SECTION 10.</b>	<b>QUALIFYING FACILITY STATUS.....</b>	<b>20</b>
<b>SECTION 11.</b>	<b>ADEQUATE ASSURANCE OF PERFORMANCE.....</b>	<b>20</b>
<b>SECTION 12.</b>	<b>ASSIGNMENT, SALE OR TRANSFER.....</b>	<b>20</b>
<b>SECTION 13.</b>	<b>INDEMNIFICATION; INSURANCE; LIMITATION OF LIABILITY .....</b>	<b>21</b>
13.1.	Indemnification by Seller.....	21
13.2.	Indemnification by PSE.....	21
13.3.	Indemnification Procedures.....	21
13.4.	Insurance.....	22
13.5.	Damage to Property.....	23
13.6.	Limitation on Damages.....	24
<b>SECTION 14.</b>	<b>DEFAULT, REMEDIES AND TERMINATION .....</b>	<b>24</b>
14.1.	Default and Termination.....	24
14.2.	Rights and Remedies Cumulative.....	25
<b>SECTION 15.</b>	<b>MISCELLANEOUS.....</b>	<b>26</b>
15.1.	Notices.....	26
15.2.	Governmental Authority.....	26
15.3.	No Partnership.....	27
15.4.	Non-waiver.....	27
15.5.	Survival.....	27
15.6.	Entire Agreement.....	27
15.7.	Successors and Assigns.....	28
15.8.	No Unspecified Third-Party Beneficiaries.....	28
15.9.	Amendment.....	28
15.10.	Implementation.....	28

---

---

**PUGET SOUND ENERGY**

---

15.11. Invalid Provision; Continuing Validity.....28  
15.12. Applicable Law. ....28

**EXHIBITS**

- EXHIBIT A – Diagram – Point of Delivery
  - EXHIBIT B – The Facility – Description and Electrical Diagram
  - EXHIBIT C – Operational Permits
  - EXHIBIT D – Expected Annual Net Output
  - EXHIBIT E – Schedule 91 and Monthly Energy Calculation
  - EXHIBIT F – Renewable Energy Credit Agreement
  - EXHIBIT G – Optional Qualified Reporting Entity Service Agreement
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**PUGET SOUND ENERGY**

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**POWER PURCHASE AGREEMENT**

This Power Purchase Agreement (this "**Agreement**"), dated as of [REDACTED] (the "**Effective Date**"), is made by and between Puget Sound Energy, a Washington corporation ("**PSE**"), and [Name of Seller] ("**Seller**"). Each of PSE and Seller is sometimes referred to herein in the singular as a "**Party**" and in the plural as the "**Parties**."

**RECITALS**

A. PSE is an investor-owned electric utility company subject to the jurisdiction of the Federal Energy Regulatory Commission ("**FERC**") and the Washington Utilities and Transportation Commission ("**WUTC**"), and is subject to the Public Utilities Regulatory Policies Act of 1978 as amended by the Energy Policy Act of 2005 ("**PURPA**") and is interested in purchasing a supply of electric power at a reasonable cost.

B. Seller owns (or leases) and operates an existing electric generating facility in [REDACTED] County, [INSERT STATE], with the following specifications:

- Resource Name: [REDACTED];
- Resource Technology: [description of the resource technology];
- Facility Capacity: [REDACTED] kilowatts ("kW") alternating current; and
- Maximum Output: [REDACTED] kW alternating current.

(the "Facility"), which Facility is a qualifying co-generator or small power production facility under PURPA.

C. Seller has (i) requested to interconnect or has interconnected the Facility to the PSE Distribution System (as defined below) pursuant to PSE's Schedule 152; (ii) requested to interconnect or has interconnected the Facility to the PSE Transmission System (as defined below); or (iii) has arranged for the transmission of Net Output to PSE at the expense of Seller.

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**PUGET SOUND ENERGY**

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D. Seller wishes to sell, and PSE wishes to buy, Net Output from the Facility.

**AGREEMENT**

The Parties therefore agree as follows:

**Section 1. Definitions**

Whenever used in this Agreement, the following capitalized terms shall have the following respective meanings, unless the particular context clearly requires a different meaning:

**1.1. "Agreement," "Effective Date," "Facility," "FERC," "kW," "Party," "Parties," "PSE," "PURPA," "Seller," and "WUTC"** have the respective meanings set forth in the preamble and recitals above.

**1.2. "Applicable Program"** means any state, federal, international or foreign renewable portfolio standard, renewable energy certification program or organization, emissions reduction program or organization, or other similar program or organization with respect to which exists a market, registry or reporting for particular Environmental Attributes. Applicable Program does not include legislation providing for production or investment tax credits or other direct third party subsidies for generation by the applicable generating facility.

**1.3. "Business Day"** means a day of the week other than Saturday, Sunday or a state legal holiday identified in RCW 1.16.050(1).

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

**1.5. "Commencement Date"** means [REDACTED].

**1.6. "Defaulting Party"** has the meaning set forth in Section 14.1(a).

**1.7. "Environmental Attributes"** means any and all fuel-related, emissions-related, air quality-related or other environmental-related aspects, claims, characteristics, certificates, credits, benefits, reductions, offsets, savings, allowances,

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**PUGET SOUND ENERGY**

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efficiencies, tags, attributes, or similar products or rights, howsoever entitled and whether known or unknown, whether existing now or in the future, that arise from the generation of electricity. Environmental Attributes include without limitation green tags, green certificates, renewable energy certificate and renewable energy credits (RECs), CO<sub>2</sub> credits, emissions rate credits and nonpower attributes, as that term is defined in RCW 19.285.030, but specifically exclude any federal and state production and investment tax credits.

**1.8. "Environmental Attribute Option"** has the meaning set forth in Section 3.5.

**1.9. "Excusable Delay"** has the meaning set forth in Section 8.1.

**1.10. "Expiration Date"** means the tenth (10th) anniversary of the Commencement Date.

**1.11. "Facility"** has the meaning set forth in the Recitals, together with all the equipment, facilities, structures, improvements, alterations, modifications, additions, betterments, property and property rights (e.g., for access to the Facility) thereof or related thereto as further described in Exhibit B attached hereto.

**1.12. "Facility Capacity"** means the total nameplate capacity of the Facility, in kW alternating current, identified in the recitals to this Agreement.

**1.13. "Fixed Price"** has the meaning set forth in Schedule 91 of PSE's Electric Tariff G, as specified in Exhibit E attached hereto.

**1.14. "Indemnified Person"** means a PSE Indemnified Person or a Seller Indemnified Person.

**1.15. "Indemnifying Party"** means (a) with respect to the indemnification obligations owed to a PSE Indemnified Person, Seller, and (b) with respect to the indemnification obligations owed to a Seller Indemnified Person, PSE.

**1.16. "Indemnified Loss"** means any and all claims, demands, suits, obligations, payments, liabilities, costs, fines, penalties, sanctions, taxes, judgments, damages, losses or expenses imposed by a third party upon an Indemnified Person or incurred in connection with a Claim by a third party against an Indemnified Person.

**1.17. "Interconnection Agreement"** means the agreement(s) by and between Seller and PSE, if any, for the electrical interconnection of the Facility to the PSE Electrical System.

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**PUGET SOUND ENERGY**

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**1.18. "Interconnection Facilities"** means the equipment and facilities, if any, including any modifications, additions and upgrades made to such facilities, which are necessary to connect the Facility to the PSE Electrical System as described in the Interconnection Agreement.

**1.19. "Monthly Net Output"** means Net Output actually delivered from the Facility to the Point of Delivery, adjusted for losses pursuant to Section 3.3, during any month during the Operating Period.

**1.20. "Net Output"** means all of the electrical capacity and energy expressed in kWhs produced by the Facility that Seller is committed to sell to PSE, reduced by (i) any amounts of electrical capacity and energy, if any, used in connection with the operation of the Facility (e.g. station and other onsite use), and (ii) any transformation and transmission losses incurred between the Facility and the Point of Delivery.

**1.21. "Operating Period"** means the period commencing on the Commercial Operation Date, and, unless sooner terminated pursuant to Section 14.1, ending on the Expiration Date.

**1.22. "Operational Permits"** means all permits and approvals, regulatory or otherwise, required from any Governmental Authority to own, operate, use and maintain the Facility and to sell and deliver the Net Output of the Facility and identified in Exhibit C attached hereto.

**1.23. "Point of Delivery"** means the point on the PSE Electrical System where Net Output from the Facility is to be delivered to PSE, as shown on the diagram attached hereto as Exhibit A attached hereto.

**1.24. "Prudent Electrical Practice"** means those practices, methods, standards and acts engaged in or approved by a significant portion of the electric power industry in the Western Electricity Coordinating Council that at the relevant time period, in the exercise of reasonable judgment in light of the facts known or should reasonably have been known at the time a decision was made, would be expected to achieve the desired result consistent with good business practices, applicable law, safety, reliability, efficiency and expedition, and which practices, methods, standards and acts reflect due regard for the operation and maintenance standards recommended by applicable equipment suppliers and manufacturers, operational limits, and all applicable laws and regulations. Prudent Electrical Practice is not intended to be limited to the optimum practice, method, standard or act to the exclusion of all others, but rather to the spectrum of possible practices, methods, standards or acts generally acceptable to or approved by a significant portion of the

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**PUGET SOUND ENERGY**

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electric power generation industry in the relevant region, during the relevant period, as described in the immediately preceding sentence.

**1.25. "PSE Distribution System"** means the facilities owned, controlled or operated by PSE that are used for the collection and distribution of electric energy at and after the Point of Delivery owned or operated by PSE, except the Interconnection Facilities.

**1.26. "PSE Electrical System"** means, collectively, the PSE Distribution System and the PSE Transmission System.

**1.27. "PSE Indemnified Person"** has the meaning set forth in Section 13.1.

**1.28. "PSE Transmission System"** means the facilities owned, controlled or operated by the PSE that are used for the transmission of electric energy at and after the Point of Delivery, except the Interconnection Facilities.

**1.29. "QF"** means "Qualifying Facility" as that term is defined in FERC regulations (codified at 18 CFR Part 292) and Washington Administrative Code Chapter 480-106.

**1.30. "Renewable Energy Credit" or "REC"** means a tradable certificate of proof of one megawatt-hour of an eligible renewable resource as defined in RCW 19.285.030, which certificate (a) includes all of the nonpower attributes associated with such megawatt-hour of electricity and (b) is verified by the Applicable Program.

**1.31. "Schedule 91"** has the meaning set forth in Section 3.3.

**1.32. "Seller Indemnified Person"** has the meaning set forth in Section 13.2.

**1.33. "Term"** has the meaning set forth in Section 2.

**1.34. "Terminating Party"** has the meaning set forth in Section 14.1(a).

## **Section 2. Term**

This Agreement will become effective as of the Effective Date and terminate on the Expiration Date, unless earlier terminated pursuant to Section 14 (the "**Term**").

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**PUGET SOUND ENERGY**

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**Section 3. Purchase and Sale of Net Output, Environmental Attributes****3.1. General.**

Subject to the provisions of this Agreement and PSE's Electric Tariff G, Seller shall sell to PSE, and PSE shall purchase and receive from Seller, all of the Net Output of the Facility delivered by Seller to the Point of Delivery during the Operating Period.

**3.2. Title and Risk of Loss.**

Seller shall convey good title to the Net Output to PSE at the Point of Delivery free and clear of any liens or other encumbrances or title defects, including any which would affect PSE's ownership of any portion of such Net Output or prevent the subsequent transfer of such Net Output by PSE to a third party. Title to and risk of loss with respect to Net Output delivered to PSE by Seller in accordance with this Agreement shall pass from Seller to PSE when such Net Output is delivered at the Point of Delivery. Until title passes, Seller shall be deemed in exclusive control of the Net Output and shall be responsible for any damage or injury caused thereby. After title to the Net Output passes to PSE, PSE shall be deemed in exclusive control of such Net Output and shall be responsible for any damage or injury caused thereby.

**3.3. Purchase Price for Monthly Net Energy.**

For Monthly Net Output, PSE shall pay to Seller an amount equal to the rate set forth in Schedule 91 of PSE's Electric Tariff G ("Schedule 91"), as specified in Exhibit E attached hereto. A sample calculation of the amount payable for Monthly Net Output is attached as Exhibit E to this Agreement.

**3.4. Payment for Net Output.**

PSE shall pay Seller any amount payable in accordance with Section 3.3 for Monthly Net Output on or before the last day of the next following calendar month.

**3.5. Purchase of Environmental Attributes.**

Seller may offer to PSE the right to purchase all Environmental Attributes (including, but not limited to, RECs) associated with the energy generated by the Facility. PSE shall have an option (the "**Environmental Attribute Option**") during the Operating Period and for a period of one (1) year after the end of the Operating Period to purchase, at the vintage year prices offered by Seller and pursuant to terms and conditions set forth in the attached Exhibit F, all of the Environmental Attributes

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**PUGET SOUND ENERGY**

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associated with the energy generated by the Facility during the Operating Period; provided, that Seller shall not offer to PSE any price for Environmental Attributes that exceeds the then-current market price for such Environmental Attributes. The Environmental Attribute Option shall be exercisable at any time by PSE. PSE shall have the right to exercise the Environmental Attribute option by giving Seller written notice of such exercise. Seller may appoint PSE as its REC reporting entity upon execution of the Optional Qualified Reporting Entity Service Agreement as set forth in the attached Exhibit G.

**Section 4. Operation of the Facility****4.1. Permits and Other Rights.**

Seller shall obtain, maintain and comply with all Operational Permits. Seller shall furnish to PSE on request copies of all documents granting, evidencing or otherwise related to the Operational Permits.

**4.2. Performance.**

Seller shall own, operate, use and maintain the Facility:

- (a) at its own risk and expense;
- (b) in a safe, prudent, dependable, efficient, orderly, skillful and workmanlike manner;
- (c) in compliance with the Operational Permits;
- (d) in compliance with all applicable laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of any governmental authority; and
- (e) in accordance with Prudent Electrical Practice.

**4.3. Responsibility.**

Seller shall have full responsibility for the ownership, operation, use and maintenance of the Facility and for delivery of Net Output from the Facility to the Point of Delivery (whether by Seller, any of Seller's assignees, contractors or suppliers of any tier, or any other person or entity), notwithstanding any:

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**PUGET SOUND ENERGY**

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- (a) review, approval, consent, advice, recommendation, authorization, notice, inspection, test or other act by PSE;
- (b) failure or delay by PSE to review, approve, consent, advise, recommend, authorize, notify, inspect, test, disconnect (as contemplated under Section 7) or perform any act; or
- (c) knowledge or information of PSE.

No review, approval, consent, advice, recommendation, authorization, notice, inspection, test or other act by PSE regarding the ownership, operation, use or maintenance of the Facility or the delivery of Net Output from the Facility to the Point of Delivery shall constitute or be interpreted or construed as, or be relied upon or held out by Seller or any other person or entity as, any warranty, representation or endorsement by PSE. PSE shall have no obligation to purchase Net Output from the Facility not delivered to PSE.

**4.4. Coordination of Facility Operation.**

Seller shall operate the Facility on a reliable basis until the end of the Operating Period, subject to forced outages and outages for scheduled maintenance, repairs, replacements, improvements, alterations and modifications of, and additions to, the Facility. On or before October 31 of each calendar year, Seller shall give PSE written notice of all outages scheduled for the following calendar year. Seller shall give PSE at least sixty (60) days' advance written notice of any scheduled maintenance that would require shut down of the Facility for any period of time. If the Facility ceases operation for unscheduled maintenance, Seller shall immediately notify PSE of the necessity of such unscheduled maintenance, the time which such maintenance occurred or will occur, and the anticipated duration of such maintenance. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during off-peak hours.

**4.5. Protection of Persons and Property.**

Seller shall use reasonable efforts to take all precautions that are necessary to prevent bodily harm to persons and damage to any property (including, but not limited to, the Facility, the PSE Electrical System and any electric system with which the PSE Electrical System is interconnected) in connection with the interconnection, if any, of the Facility with the PSE Electrical System. Seller shall use reasonable efforts to inspect all materials, tools, supplies, equipment, goods and other items used,

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**PUGET SOUND ENERGY**

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consumed or incorporated in or during the interconnection of the Facility to discover any conditions that involve a risk of bodily harm to persons or a risk of damage to any property and shall be fully responsible for the discovery and correction of, and protection against, such conditions.

**Section 5. Interconnection and Metering for a Customer-Generator Seller****5.1. Interconnection.**

(a) This Section 5.1 applies to any Facility that interconnects with the PSE Electrical System and does not apply to any Facility that interconnects with the electrical system of a third party.

(b) Interconnection shall comply with PSE's standards for interconnection. To the extent that interconnection of the Facility is provided for in Schedule 80 and Schedule 152 of PSE's Electric Tariff G, the terms and provisions of such Schedule 80 and Schedule 152 shall govern and control. Seller shall enter into an interconnection agreement with PSE, such agreement to be in the forms of interconnection agreements in PSE's Schedule 152 (for interconnection to the PSE Distribution System) or in such other form as may be agreed to by the Parties.

(c) Seller shall not alter or modify interconnection of the Facility with the PSE Electrical System without prior written authorization from PSE, which authorization shall not be unreasonably withheld or delayed. Seller shall make any such interconnection, alteration or modification only in accordance with detailed plans, drawings and specifications consented to by PSE. Such plans, drawings and specifications shall be in conformance with Prudent Electrical Practice and with PSE's then-current standards and practices relating to the design and construction of electrical facilities.

(d) Seller shall pay to PSE the amount of all costs and expenses reasonably incurred or to be incurred by PSE to furnish any equipment and perform any work or otherwise in connection with the interconnection of the Facility with the PSE Electrical System in accordance with the terms and conditions of the Interconnection Agreement. PSE shall retain ownership of all equipment and other items furnished by PSE and such equipment and items shall constitute part of the PSE Electrical System for purposes of this Agreement. Seller shall (i) furnish PSE, or reimburse to PSE its costs to acquire, such additional rights (e.g., fee title or perpetual easements to the land on which such equipment and items are located or access to such items is

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**PUGET SOUND ENERGY**

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provided) as PSE may reasonably require to own, operate, maintain, repair, replace, modify, improve and otherwise deal with such equipment and items as part of the PSE Electrical System during the Operating Period, and (ii) provide PSE with such indemnifications, and make such representations and warranties for the benefit of PSE, with respect to such additional rights and the environmental condition of such land, and land surrounding such land, as PSE shall request.

(e) If PSE makes any alteration, modification or other change to the PSE Electrical System that requires any alteration, modification or other change to the Facility or interconnection (including, but not limited to, an upgrading of, or any voltage change with respect to, any of PSE's facilities), then the costs of such changes to the Facility or interconnection shall be borne by Seller. PSE shall use its reasonable best efforts to provide Seller reasonable advance notice of any such required changes to the Facility or interconnection. Upon expiration or termination of the Operating Period, PSE shall have the right to disconnect the Facility and remove all equipment and other items, ownership of which is retained by PSE pursuant to Section 5.1(d).

**5.2. Metering.**

(a) All Net Output delivered under this Agreement shall be measured by meters to be owned, installed, operated and maintained by PSE. Such meters shall be set to compensate for any real energy losses and reactive energy losses incurred between the meters and the point where the average circuit load is half the generator peak output. Seller shall reimburse PSE for all costs reasonably incurred by PSE in connection with such metering (including, but not limited to, all costs of metering, telemetering, communication lines for remote billing data retrieval and other equipment to be installed by PSE for the Facility). Such reimbursement shall be made by Seller within thirty (30) days after Seller's receipt of PSE's invoice therefore. All metering, telemetering and other equipment installed by PSE shall be and remain PSE's property, notwithstanding such reimbursement.

(b) If, upon test, such meters are found to be inaccurate by more than two percent (2%) or if such meters are for any reason out of service or fail to register, then the Parties shall use their best efforts to estimate the correct amounts of Net Output delivered during the periods affected by such inaccuracy, service outage or failure to register by the best available means. In the event that, as a result of such estimate: (1) the amount of electrical energy credited to PSE is decreased, Seller shall reimburse PSE for any overpayment

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**PUGET SOUND ENERGY**

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made by PSE, such reimbursement to be in the form of (i) a deduction from the next succeeding payment or payments by PSE for Monthly Net Output due Seller pursuant to Section 3.3 or (ii) cash, if no such succeeding payments in an amount exceeding the amount of such overpayment are or shall be due; or (2) the amount of electrical energy credited to PSE is increased, PSE shall pay Seller for such increased credit for electrical energy, if any, at the purchase price set forth in Section 3.3. Notwithstanding the foregoing, if, upon test, PSE's meters for determining amounts of Net Output delivered under this Agreement are found to be inaccurate by not more than two percent (2%), then any previous recordings of such meters shall be deemed accurate. PSE shall promptly cause meters found to be inaccurate to be adjusted to correct such inaccuracy to the extent practicable. Metering shall be at [secondary][primary] voltage located at the Facility, and shall be adjusted for any applicable line and transformation losses.

**Section 6. Delivery of Net Output; Curtailment****6.1. Delivery of Net Output.**

Seller shall deliver the output of the Facility to PSE on a reliable basis at the Point of Delivery and in the form specified in the Interconnection Agreement. These requirements shall be met at the Point of Delivery, during all hours of operation and in all operating conditions. Seller shall have full responsibility for such delivery of Net Output from the Facility directly to the Point of Delivery.

**6.2. Curtailment.**

PSE shall have the right at any time during the Operating Period, without incurring any liability therefor to Seller, to interrupt, suspend or curtail delivery, receipt or acceptance of delivery of Net Output from the Facility (and, in the case of such interruption or suspension, delivery of Net Output to the Facility under PSE's Electric Tariff G), if PSE determines (through manual operation, automatic operation or otherwise) in the exercise of its sole discretion that the failure to do so:

- (a) may endanger any person or property, or the PSE Electrical System, or any electric system with which the PSE Electrical System is interconnected;
  - (b) may cause or contribute to an imminent significant disruption of electric service to PSE's customers; or
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**PUGET SOUND ENERGY**

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(c) may interfere with the performance, integrity, reliability or stability of the PSE Electrical System or any system with which the PSE Electrical System is interconnected.

PSE shall promptly notify Seller of the reasons for any such interruption, suspension or curtailment. PSE shall use reasonable efforts to mitigate and limit the duration of any such interruption, suspension or curtailment.

**Section 7. Access and Information****7.1. Access.**

Seller shall provide PSE, and PSE shall have the right of, such access as PSE may reasonably require, by personnel and for equipment, to and from the Facility for the following purposes:

- (a) installation, inspection, testing, repair, replacement, improvement, alteration, modification, operation, use, maintenance, reading and removal of the meters, equipment and other property described in Section 5.2(b) or otherwise owned by PSE;
- (b) any disconnection, interruption, suspension or curtailment described in Section 6.2; and
- (c) inspection and testing described in Section 7.2.

Seller may make such access subject to limitations required by Prudent Electrical Practice. Seller shall and hereby does grant to PSE all necessary licenses, permits, easements and rights-of-way for the access and purposes described in this Section 7.1 and shall execute, acknowledge and deliver to PSE such additional documents as PSE may reasonably request to effectuate, evidence, vest, record or give notice of such licenses, rights-of-way and easements. In the event that Seller is not owner of the property on which Facility is located or of property necessary for access to and from the Facility, Seller shall cause all such licenses, permits, easements and rights-of-way to be granted to PSE by the owner thereof.

**7.2. Inspections.**

Seller shall permit PSE to inspect (and to be present at all Start-Up Tests and other tests of) the Facility and the operation, use or maintenance of the Facility. Seller shall provide PSE with reasonable advance notice of any such test or inspection by or at the direction of Seller.

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**PUGET SOUND ENERGY**

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**7.3. Information.**

Seller shall promptly furnish PSE with copies of such plans, specifications, records and other information relating to the Facility, the arrangements between Seller and any other person or entity for transmission or delivery of Net Output from the Facility to the Point of Delivery, or the ownership, operation, use or maintenance of the Facility, as may be reasonably requested by PSE from time to time. All such information, together with all other documents and information furnished to PSE under this Agreement, shall be given to PSE on a non-confidential basis. Without limiting the generality of the foregoing, Seller shall provide to PSE such financial and other information that may reasonably request for PSE to satisfy any obligations PSE may have under FIN 46 with respect to its purchase of power under this Agreement and Environmental Attributes pursuant to the Environmental Attribute Option.

**Section 8. Excusable Delay****8.1. Excusable Delay.**

Subject to the exclusions in Section 8.2, neither Party shall be liable under this Agreement for, or be considered to be in breach of or default under this Agreement on account of, any delay in or failure of performance, or any delay or failure to deliver, receive or accept delivery of Net Output, due to any of the following events:

(a) any cause or condition beyond such Party's reasonable control which such Party is unable to overcome, or to have avoided or overcome, by the exercise of reasonable diligence. Such causes or conditions may include but are not limited to: fire, flood, earthquake, volcanic activity, wind, drought and other acts of the elements; court order and act of civil, military or governmental authority; strike, lockout and other labor dispute; riot, insurrection, sabotage and war; breakdown of or damage to facilities or equipment; electrical disturbance originating in or transmitted through such Party's electric distribution system or any electric system with which such Party's system is interconnected; and, act or omission of any person or entity other than such Party and such Party's contractors or suppliers of any tier or anyone acting on behalf of such Party.); or

(b) any action taken by such Party which is, in the sole judgment of such Party, necessary or prudent to protect the operation, performance, integrity, reliability or stability of such Party's electric system or any electric system with which such Party's electric system is interconnected, whether such action occurs automatically or manually.

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**PUGET SOUND ENERGY**

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Subject to Section 8.2, any such delay or failure described in this Section 8.1(a) is referred to in this Agreement as an "**Excusable Delay**".

**8.2. Excusable Delay Exclusions.**

Notwithstanding Section 8.1, "Excusable Delay" shall specifically exclude any such delay or failure resulting from any of the following conditions, causes or events:

- (a) any change in the ownership, occupancy or operation of the Facility for any reason, including, without limitation, any downturn in the economy, recession, bankruptcy, foreclosure, change in tax law, change in production levels, and intercorporate transfer or consolidation;
- (b) any full or partial curtailment of the electrical output of the Facility arising from any mechanical or equipment breakdown, except to the extent that such breakdown is directly caused by an Excusable Delay; and
- (c) any change in market conditions or any governmental action that affects the cost or availability of Seller's supply of fuel or stock (whether primary or alternative) required for the operation of the Facility;
- (d) any denial of or delay in granting any Permit or any licenses, permits, easements and rights-of-way to be granted pursuant to Section 7.1.

**8.3. Effect of Excusable Delay.**

In the event of any Excusable Delay, the time for performance of the activity or obligation affected by the Excusable delay shall, subject to the terms of Section 14.1(b), be extended by a period of time reasonably necessary to compensate for such delay. Nothing contained in this Section 8.1 shall require any Party to settle any strike, lockout or other labor dispute. Each Party shall give the other Party prompt written notice of any delay which the Party giving notice considers to be an Excusable Delay of its performance. Such notice shall include a particular description of the event, cause or condition giving rise to the purported Excusable Delay, the projected duration of the Excusable Delay and a mitigation plan to remedy or overcome such event, cause or condition. The suspension of performance shall be of no greater scope and of no longer duration than is required by such event, cause or condition. The non-performing Party shall use best efforts to remedy or overcome such event, cause or condition. Notwithstanding any of the foregoing, neither Party shall, on account of any event, cause or condition that otherwise gives rise to a delay or failure of performance by such Party that constitutes an Excusable Delay, be excused for any

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amount of time from any of its payment obligations under this Agreement, including, without limitation, the obligations of Seller under Section 5.1.

**Section 9. Representations and Warranties**

Each Party represents and warrants to the other Party as of the Execution Date as follows:

- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
  - (b) it has or will have all regulatory authorizations necessary for it to legally perform its obligations under this Agreement (other than Operational Permits or other regulatory authorizations to be obtained by Seller for the ownership, operation, use or maintenance of the Facility or the delivery of Net Output from the Facility to the Point of Delivery, which Seller reasonably anticipates it will be able to obtain in due course);
  - (c) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it, including any law, rule, regulation, order or the like governing the production and/or sale of electricity;
  - (d) the Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms except as the enforcement thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of rights generally;
  - (e) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement; and
  - (f) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.
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**Section 10. Qualifying Facility Status.**

Seller covenants that, during the Operating Period and before delivering Net Output to PSE under this Agreement, Seller shall cause the Facility to be a QF. Seller shall provide PSE with copies of the appropriate certification (which may include a FERC self-certification) within five (5) Business Days of filing or receiving the certification. During the Operating Period, Seller shall, to the extent required to prevent Seller from being regulated as a "Public Utility" pursuant to the Public Utility Holding Company Act of 2005 and FERC's implementing rules and regulations promulgated thereunder, maintain its QF status, and shall not seek to change the Contract Price as a result of its status as a QF. At any time during the term of this Agreement, PSE may require Seller, at Seller's sole cost, to provide PSE with evidence satisfactory to PSE in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PSE is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing before a state bar in the United States, and (b) has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PSE may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.

**Section 11. Adequate Assurance of Performance**

If PSE has reasonable grounds for insecurity regarding the performance of any obligation under this Agreement (whether or not then due) by Seller, PSE may demand, and shall have the right to receive, from Seller adequate assurance of performance.

**Section 12. Assignment, Sale or Transfer**

Seller shall not assign, transfer, sell or convey any or all of its rights, title, interests or obligations in the Facility or under this Agreement to any person or entity without the prior written consent of PSE, which such consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

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**Section 13. Indemnification; Insurance; Limitation of Liability****13.1. Indemnification by Seller**

Seller shall defend, indemnify and hold harmless PSE, its Affiliates, successors, and assigns, and the respective directors, officers, shareholders, employees, agents and representatives of PSE and its Affiliates, successors, and assigns (each, a "**PSE Indemnified Person**") against and from any and all Indemnified Losses resulting from, or arising out of or in any way connected with Seller's delivery of electric power to PSE or with the facilities at or prior to the Point of Delivery, or otherwise arising out of this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PSE, Seller or others, excepting to the extent such loss, claim, action or suit may be caused by the negligence of any PSE Indemnified Person.

**13.2. Indemnification by PSE**

PSE shall defend, indemnify and hold harmless Seller, its Affiliates, successors, and assigns, and the respective directors, officers, shareholders, employees, agents and representatives of Seller and its Affiliates, successors, and assigns (each, a "**Seller Indemnified Person**") against and from any and all Indemnified Losses resulting from, or arising out of or in any way connected with PSE's receipt of electric power from Seller or with the facilities at or after the Point of Delivery, or otherwise arising out of this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PSE, Seller or others, excepting to the extent such loss, claim, action or suit may be caused by the negligence of any Seller Indemnified Person.

**13.3. Indemnification Procedures.**

Any Indemnified Person seeking indemnification under this Agreement for any Indemnified Loss shall give the Indemnifying Party notice of such Indemnified Loss promptly but in any event on or before thirty (30) days after the Indemnified Person's actual knowledge of such claim or action. Such notice shall describe the Indemnified Loss in reasonable detail, and shall indicate the amount (estimated if necessary) of the Indemnified Loss that has been, or may be sustained by, the Indemnified Person. To the extent that the Indemnifying Party will have been actually and materially prejudiced as a result of the failure to provide such notice within the thirty (30) day period, the Indemnified Person shall bear all responsibility for any additional costs or

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expenses incurred by the Indemnifying Party as a result of such failure to provide notice. In any action or proceeding brought against an Indemnified Person by reason of any claim indemnifiable under this Agreement, the Indemnifying Party shall assume the defense at the Indemnifying Party's expense, and shall have the right to control the defense thereof and to determine the settlement or compromise of any such action or proceeding. Notwithstanding the foregoing, an Indemnified Person shall in all cases be entitled to control its own defense in any action if it (i) may result in injunctions or other equitable remedies with respect to the Indemnified Person which would affect its business or operations in any materially adverse manner, (ii) may result in material liabilities which may not be fully indemnified under this Agreement or (iii) may have a material adverse effect on the business or the financial condition of the Indemnified Person (including a material adverse effect on the tax liabilities, earnings, ongoing business relationships or regulation of the Indemnified Person) even if the Indemnifying Party pays all indemnification amounts in full. Subject to the immediately preceding sentence, neither Party may settle or compromise any claim for which indemnification is sought under this Agreement without the prior written consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

**13.4. Insurance.**

(a) Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry throughout the Operating Period with an insurance company or companies rated not lower than "A-" by the A.M. Best Company the following insurance coverages:

(i) Commercial General Liability insurance written on an occurrence basis with a minimum limit of \$1,000,000 per occurrence, providing coverage for bodily injury (including death), personal and advertising injury, and property damage arising out of or in connection with the interconnection with the PSE Electrical System, or the ownership, operation, use or maintenance of the Facility under this Agreement. Such limit may be required to be increased or decreased by PSE as PSE determines in its reasonable judgment economic conditions or claims experience may warrant.

(ii) Workers' Compensation and Employer's Liability coverage if any time the Seller has one or more employees, in accordance with the applicable laws pertaining to the Facility.

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(b) Prior to the connection of the Facility to the PSE Electrical System, if applicable, and at all other times such insurance policies are renewed or changed, Seller shall furnish PSE with certificates of insurance or such other evidence of the insurance required by this Section 13.4, in form and substance reasonably satisfactory to PSE. If Seller fails to provide PSE with certificates of insurance, PSE at its sole discretion and without limitation of other remedies, may upon ten (10) days' advance written notice by certified or registered mail to Seller withhold payments due Seller until PSE has received such documents.

(c) Without limiting any of the foregoing, any policy of insurance carried in accordance with this Section 13.4 and any insurance policy procured or maintained in substitution or replacement therefore shall include each of the following provisions:

(i) a provision naming the PSE Indemnified Persons as additional insureds;

(ii) a provision that such policy be primary to and without any right of contribution from any other insurance or self-insurance which may be available to, or maintained by, any PSE Indemnified Person;

(iii) a cross liability or severability of insurance interest clause; and

(iv) a provision that such policy shall not be lapsed or cancelled or their liability limit reduced below the limits required herein without thirty (30) days prior written notice to PSE.

Any policy of insurance carried by Seller in addition to the policies of insurance required under this Section 13.4 shall provide that the insurer of such policy shall waive any right of subrogation against any PSE Indemnified Person.

**13.5. Damage to Property.**

Except where caused by the other Party's negligence or willful misconduct, each Party shall be responsible for all physical damage to or destruction of the property, equipment and/or facilities owned by it, and each Party hereby releases the other Party from any reimbursement for such damage or destruction. The provisions

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of this Section 13.5 shall survive any termination, cancellation, expiration or suspension of this Agreement.

**13.6. Limitation on Damages.**

NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS OR REVENUES, BUSINESS INTERRUPTION DAMAGES AND LOST BUSINESS OPPORTUNITIES), WHETHER ARISING FROM CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE, RELATED TO, ARISING OUT OF, OR RESULTING FROM PERFORMANCE OR NONPERFORMANCE OF THIS AGREEMENT.

**Section 14. Default, Remedies and Termination****14.1. Default and Termination.**

(a) If either Party is at any time in material breach of or default under this Agreement (the "Defaulting Party"), the other Party (the "Terminating Party") shall have the right to terminate this Agreement by giving the Defaulting Party written notice of such termination. Such termination of this Agreement shall be effective upon the Defaulting Party's receipt of such notice of such termination pursuant to this Section 14.1(a). For purposes of this Section 14.1(a), a Party shall be deemed to be in material breach of or default under this Agreement if such Party:

(i) fails to cure any material breach of or default under this Agreement by such Party prior to the later of (a) the expiration of sixty (60) days after the Terminating Party gives the Defaulting Party written notice of the breach or default, or (b) the date upon which the Terminating Party gives the Defaulting Party written notice of termination; provided that, without limiting the generality of Section 14.2, either Party's right to terminate this Agreement pursuant to this Section 14.1(a)(i) is in addition to, and shall not preclude the exercise of, any other rights and remedies provided under this Agreement or at law or in equity;

(ii) is unable to meet its obligations as they become due or such Party's liabilities exceed its assets;

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(iii) makes a general assignment of all or substantially all of its assets for the benefit of its creditors, files a petition for bankruptcy or reorganization or seeks other relief under any applicable insolvency laws; or

(iv) has filed against it a petition for bankruptcy, reorganization or other relief under any applicable insolvency laws and such petition is not dismissed within sixty (60) days after it is filed.

(b) PSE shall have the right to terminate this Agreement by giving Seller written notice of such termination (and such termination shall be effective upon Seller's receipt of such notice of such termination) following the occurrence of any of the following events:

(i) The Facility fails to achieve commercial operation within three (3) years of the Effective Date.

(ii) The Facility fails to maintain its QF status.

(iii) Seller fails to overcome or remedy within one (1) year following the commencement of any Excusable Delay occurring on or after the commencement date the event, cause or condition that gave rise to such Excusable Delay; or

(iv) Seller's business is suspended, dissolved or wound up.

In no event shall PSE incur any liability (whether for lost revenues or lost profits or otherwise) as a result of any termination of this Agreement pursuant to this Section 14.1.

**14.2. Rights and Remedies Cumulative.**

All rights and remedies of either Party under this Agreement and at law and in equity shall be cumulative and not mutually exclusive and the exercise of one right or remedy shall not be deemed a waiver of any other right or remedy. Nothing contained in any provision of this Agreement shall be construed to limit or exclude any right or remedy of either Party (arising on account of the breach or default by the other Party or otherwise) now or hereafter existing under any other provision of this Agreement, at law or in equity.

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**Section 15. Miscellaneous****15.1. Notices.**

Except as may be expressly provided otherwise in this Agreement, any notice, request, authorization, direction, or other communication under this Agreement shall be given in writing and shall be delivered in person or by first-class U.S. mail (stamped with the required postage), properly addressed to the intended recipient as follows:

If to PSE:

In-Person Delivery:  
Puget Sound Energy  
Attn: Senior Vice President  
of Policy and Energy Supply  
10885 N.E. Fourth Street  
Bellevue, WA 98004

Mail Delivery:  
Puget Sound Energy  
Attn: Senior Vice President  
of Policy and Energy Supply  
P.O. Box 97034  
Bellevue, WA 98009-9734

If to Seller:

[Name of Seller]  
[Address]

Either Party may change its address specified above by giving the other Party notice of such change in accordance with this Section 15.1.

**15.2. Governmental Authority.**

This Agreement is subject to the rules, regulations, orders and other requirements, now or hereafter in effect, of all governmental authorities (including, without limitation, the WUTC) having jurisdiction over the Facility, this Agreement, the Parties or either of them. All laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of governmental authorities that are required to be incorporated in agreements of this character are by this reference incorporated in this Agreement. This Agreement is subject to the General Rules and Provisions set forth in Schedule 80 of PSE's Electric Tariff G, as revised from time to time and approved by the WUTC. This Agreement is also subject to Schedule 91 of PSE's Electric Tariff G, as revised from time to time and as approved by the WUTC, except that the price set forth in Section 3.3 shall control for the Operating Period.

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Any conflict between this Agreement and applicable provisions of PSE's Electric Tariff G shall be resolved in favor of such tariff provisions, except for the price set forth in Section 3.3 of this Agreement.

**15.3. No Partnership.**

This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties or to impose any partnership obligations or liability upon either Party. Further, neither Party shall have any right, power or authority to enter into any agreement or undertaking for or on behalf of, to act as or be an agent or representative of, or to otherwise bind the other Party.

**15.4. Non-waiver.**

No failure or delay of either Party to insist upon or enforce strict performance by the other Party of any provision of this Agreement or to exercise any other right under this Agreement, and no course of dealing or performance with respect thereto, shall be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect. The express waiver by either Party of any right or remedy under this Agreement in a particular instance or circumstance must be in writing and shall not constitute a waiver thereof in any other instance or circumstance.

**15.5. Survival.**

Sections 4.3, 7.1, 13.1, and Section 8, and all other provisions of this Agreement which may reasonably be interpreted or construed as surviving the completion, termination or cancellation of this Agreement, shall survive the completion, termination or cancellation of this Agreement.

**15.6. Entire Agreement.**

This Agreement sets forth the entire agreement, and supersedes any and all prior agreements of the Parties, whether written or oral, with respect to the subject matters hereof. By executing this Agreement, Seller releases PSE from any third party claims related to the Facility, known or unknown, which may have arisen prior to the Effective Date.

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**15.7. Successors and Assigns.**

Subject to the foregoing restrictions, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors, assigns and legal representatives.

**15.8. No Unspecified Third-Party Beneficiaries.**

Except as specifically provided in this Agreement (e.g., in Sections 13.1 and 13.2), there are no third-party beneficiaries of this Agreement. Nothing contained in this Agreement is intended to confer any right or interest on anyone other than the Parties, their respective successors, assigns and legal representatives permitted under Section 15.7, and the third-party beneficiaries specifically identified in this Agreement.

**15.9. Amendment.**

No change, amendment or modification of any provision of this Agreement or of any exhibit to this Agreement shall be valid unless set forth hereafter in a written amendment to this Agreement or such exhibit signed by both Parties.

**15.10. Implementation.**

Each Party shall take such action (including, but not limited to, the execution, acknowledgment and delivery of documents) as may reasonably be requested by the other Party for the implementation or continuing performance of this Agreement.

**15.11. Invalid Provision; Continuing Validity.**

The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Neither the validity of this Agreement nor the respective rights and obligations of the Parties under this Agreement shall be affected to any extent if Seller ceases to be a customer of PSE during the Operating Period.

**15.12. Applicable Law.**

This Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of Washington (without reference to rules governing conflicts of law), except to the extent such laws may be preempted by the laws of the United States of America.

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**IN WITNESS WHEREOF** each of the Parties has caused this Agreement to be duly executed by its authorized representative as of the date first set forth above.

**Puget Sound Energy**

By \_\_\_\_\_  
David E. Mills  
Senior Vice President, Policy and Energy Supply

**[Name of Seller]**

By \_\_\_\_\_

Its \_\_\_\_\_

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Exhibit A

Diagram – Point of Delivery

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Exhibit B

Electrical Diagram of the Facility

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Exhibit C

Operational Permits

Exhibit C shall be completed by Seller prior to the Commencement Date. Signatures of both Parties shall be required when complete; provided, however, that PSE shall not unreasonably refuse to consent to the figures provided by Seller.

Signatures required when complete.

**Seller:**

**PSE:**

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

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Exhibit D

Expected Annual Net Output

Exhibit D shall be completed by Seller prior to the Commencement Date. Signatures of both Parties shall be required when complete; provided, however, that PSE shall not unreasonably refuse to consent to the figures provided by Seller.

<b>Year of Operating Period</b>	<b>Expected Annual Net Output</b>
Year 1:	_____ MWh
Year 2:	_____ MWh
Year 3:	_____ MWh
Year 4:	_____ MWh
Year 5:	_____ MWh
Year 6:	_____ MWh
Year 7:	_____ MWh
Year 8:	_____ MWh
Year 9:	_____ MWh
Year 10:	_____ MWh
Year 11(if applicable):	_____ MWh

Signatures required when complete.

**Seller:**

**PSE:**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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Exhibit E

Schedule 91 and Monthly Net Output Calculation

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## Exhibit F

**RENEWABLE ENERGY CREDIT AGREEMENT**

NO. \_\_\_\_\_

This Renewable Energy Credit Agreement dated as of \_\_\_\_\_ (this "REC Agreement"), is entered into by and between Puget Sound Energy ("PSE") and \_\_\_\_\_ ("Seller"). Capitalized terms used in this Agreement and not specifically defined herein will have the meanings set forth in the Schedule 91 Power Purchase Agreement between PSE and Seller pursuant to which this Agreement is entered into.

PSE and Seller agree as follows:

**Section 1. Term**

1.1 The term of this REC Agreement will become effective upon the execution by both Parties (the "Effective Date") and will terminate on [insert end date certain], unless earlier terminated by the Parties (the "Term").

**Section 2. Sale of RECs**

2.1 Seller shall provide PSE with all of the RECs associated with each megawatt-hour of electricity generated at its facility in [County], [State] using [resource technology] production (the "Facility"). Seller shall comply with all Applicable Program requirements and audits and deliver RECs from the Facility to PSE on a [monthly] [quarterly] basis [up to] [at least] the Annual REC Quantity provided for in Appendix 1 to this REC Agreement. [Insert the following if the Annual REC Quantity is a minimum required amount. If the Facility does not generate enough electricity during any year during the Term to satisfy the Annual REC Quantity, then Seller will not be excused from the REC delivery requirement and shall deliver to PSE replacement RECs of a similar vintage and quantity sourced from an alternate eligible renewable resources to satisfy the Annual REC Quantity.]

2.2 PSE shall have the right to terminate this REC Agreement, by providing written notice of such termination to Seller and without incurring any liability on account of such termination, if Seller ceases to do business, merges or dissolves its corporate or business status or materially breaches any of the provisions of this REC Agreement.

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- 2.3 **[Insert the following only if the facility is an anaerobic digester (a facility that processes manure from livestock into biogas and dried manure using microorganisms in a decomposition process within a closed, oxygen-free container), otherwise remove]** In the event an Applicable Program does not recognize, or allow the assignment of credit for, both (i) the sale of greenhouse gas offsets from Seller's anaerobic digester or from the Project and (ii) the sale of RECs to PSE pursuant to this Agreement, Seller shall have the right to elect to proceed with the sale of greenhouse gas offsets to a third party rather than continuing to sell RECs to PSE pursuant to this Agreement. Seller will exercise such election (if at all) by providing written notice thereof to PSE ("Notice"); provided, that unless and until a Notice is provided by Seller, Seller shall remain obligated to sell RECs to PSE pursuant to this Agreement. If Seller elects to sell greenhouse gas offsets to a third party pursuant to this Section 1.3, this Agreement shall automatically terminate as of the effective date of the Notice as set forth therein, and neither Party will have any liability to the other Party on account of such termination.

**Section 3. Compensation**

- 3.1 PSE shall compensate Seller for RECs provided hereunder in accordance with Seller's Quotation attached hereto as Appendix 1 (up to \_\_\_\_\_ RECs @ \$\_\_\_\_\_/REC). In no event shall total Compensation payable under this REC Agreement exceed \_\_\_\_\_ Dollars (\$\_\_\_\_\_) without the prior written consent of an authorized representative of PSE.
- 3.2 Within ten (10) days after the end of each [month][calendar quarter] during the Term, Seller shall submit to PSE Seller's invoice for the compensation and reimbursement payable pursuant to Section 3.1 for such calendar quarter. Each such invoice shall be supported by such documents, attestations and other information as PSE may request.
- 3.3 Seller shall place the number of this REC Agreement on all of its invoices and submit such invoices by mailing to the following address:

Puget Sound Energy  
The PSE Building  
P.O. Box 97034, PSE-\_\_\_\_\_  
Bellevue, WA 98009-9734  
Attention: \_\_\_\_\_

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3.4 PSE shall pay all undisputed amounts set forth in each of Seller's invoices within thirty (30) days of receipt and verification thereof.

**Section 4. Performance by Seller**

- 4.1 Seller shall at all times be an independent contractor, not an employee or agent, of PSE with regard to its performance under this REC Agreement. Seller shall not represent that Seller is, or hold Seller out as, an employee or agent of PSE. Seller shall not be entitled to workers' compensation, retirement, insurance, or other benefits afforded to employees of PSE.
- 4.2 Without limiting the generality of Section 4.1, Seller shall not be treated as an employee of PSE for federal tax, worker's compensation, or any other purpose. Seller shall not be entitled to any pension, deferred compensation, welfare, insurance, or other benefits afforded employees.
- 4.3 Seller shall comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, now or hereafter in effect, of any governmental authority (including, but not limited to, such requirements as may be imposed upon PSE and applicable to Seller's performance under this REC Agreement). Seller shall furnish such documents as may be required to effect or evidence such compliance. All laws, ordinances, rules, regulations and orders required to be incorporated in agreements of this character are incorporated herein by this reference.
- 4.4 If the Facility is larger than 2,000 kW, Seller shall register the Facility with the Western Renewable Energy Generation Information System or any successor renewable energy tracking program or system ("WREGIS"), and Seller shall take all other actions to ensure that the RECs associated with all of the electricity generated by the Facility are issued and tracked for purposes of satisfying the requirements of RCW 19.29A.090 and RCW 19.285, and transferred to PSE. If WREGIS is not in operation as of the Commercial Operation Date, Seller shall perform its obligations pursuant to this Section 4.4 as soon as WREGIS is in operation. Customer-Generator may appoint PSE as its WREGIS Qualified Reporting Entity upon execution of the Optional Qualified Reporting Entity Service Agreement as set forth in the attached Exhibit G of the Schedule 91 Power Purchase Agreement.
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**Section 5. Materials, Information, Property and Other Items**

- 5.1 Seller shall not disclose to third parties, without the prior written consent of PSE, any information obtained or developed in connection with its performance under this REC Agreement unless:
- a. the information is known to Seller prior to performance of the Services,
  - b. the information is generally available to the public at the time of disclosure by Seller,
  - c. the information is obtained by Seller from a third party who did not receive the same directly or indirectly from PSE or in connection with Seller's performance under this REC Agreement, or
  - d. the information is legally required to be disclosed, provided that PSE is given reasonable prior notice to enable it to seek a protective order and Seller discloses only that information which, in the reasonable judgment of its counsel, is required to be disclosed.
- 5.2 Seller shall not use any PSE name, trademark or service mark in any promotional materials of Seller without PSE's prior written consent, which consent may be withheld in the sole discretion of PSE. In the event that PSE consents to the use of its name, trademark, or service mark in any announcement, news release, or promotional materials of Seller, all of the contents shall be submitted to PSE's Corporate Communications Department for review prior to any publication by Seller.

**Section 6. Release**

Seller releases PSE, its successors and assigns, and the respective directors, officers, employees, agents and representatives of PSE and its successors and assigns (collectively, the "PSE Group") from all claims, losses, harm, liabilities, damages, costs, and expenses related to any property damage or personal injury (including death) that may result or occur in connection with Seller's performance or failure to perform under this REC Agreement. To the fullest extent permitted by applicable law, the foregoing release shall apply regardless of any act, omission, negligence or strict liability of any of the PSE Group or any one or more of them.

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**Section 7. Miscellaneous**

7.1 Any notice, request, direction, consent, designation, or other communication under this REC Agreement shall be in writing and shall be delivered in person or mailed, properly addressed and stamped with the required postage, to the intended recipient as follows:

If to PSE: Puget Sound Energy Contract Services  
PO Box 90868 (PSE-10N)  
Bellevue, WA 98009-0868  
Attn: \_\_\_\_\_

If to Seller: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Either party may change its address specified in this Section by giving the other party notice of such change in accordance with this Section.

7.2 This REC Agreement, together with the Power Purchase Agreement entered into by Seller and PSE pursuant to Schedule 91 of PSE’s Electric Tariff G (or its successor rate schedule) sets forth the entire agreement of the parties, and supersedes any and all prior agreements, with respect to the subject matter hereof. No change, amendment, or modification of any provision of this REC Agreement shall be valid unless set forth in a written amendment to this REC Agreement signed by both of the parties.

7.3 Seller shall not (by contract, operation of law or otherwise) assign this REC Agreement or any right or interest in this REC Agreement without the prior written consent of PSE. Subject to the foregoing restriction on assignment by Seller, this REC Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the successors, assigns and legal representatives of the respective parties to this REC Agreement.

7.4 Notwithstanding any provision to the contrary contained elsewhere in this REC Agreement, either party may assign all or part of this REC Agreement and any of its rights or obligations hereunder without the other Party’s consent if such assignment is part of a financing transaction with a lender or part of the transfer or merger of a substantial portion or the entire business and assets of the transferor.

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- 7.5 The failure of PSE to insist upon or enforce strict performance by Seller of any of the provisions of this REC Agreement or to exercise any rights under this REC Agreement shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon any such provisions in that or any other instance; rather, the same shall be and remain in full force and effect.
- 7.6 The invalidity or unenforceability of any provision of this REC Agreement shall not affect the other provisions hereof, and this REC Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Neither the validity of this REC Agreement nor the respective rights and obligations of the parties under this REC Agreement shall be affected to any extent if Seller ceases to be a customer of PSE during the Operating Period.
- 7.7 The rights and remedies of PSE set forth in any provision of this REC Agreement are in addition to and do not in any way limit any other rights or remedies afforded to PSE by any other provisions of this REC Agreement or by law.
- 7.8 This REC Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. Once signed, any legible reproduction of this document made by reliable means (for example, photocopy or facsimile) shall be deemed to be an original.
- 7.9 This REC Agreement shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Washington, without reference to such state's choice of law principles to the contrary.

**Section 8. Definitions**

- 8.1 "**Annual REC Quantity**" means the [minimum] quantity of RECs Seller is required to deliver to PSE annually over the course of each year during the Term as provided in Appendix 1 and attached hereto.
- 8.2 "**Applicable Program**" means any state, federal, international or foreign renewable portfolio standard, renewable energy certification program or organization, emissions reduction program or organization, or other similar program or organization with respect to which exists a market, registry or reporting for particular Environmental Attributes. Applicable Program does not include legislation providing for production or investment tax credits or
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- other direct third party subsidies for generation by the applicable generating facility.
- 8.3 “**Effective Date**” means the day this REC Agreement has been signed by both parties.
- 8.4 “**Facility**” has the meaning set forth in Section 2.1, together with all the equipment, facilities, structures, improvements, alterations, modifications, additions, betterments, property and property rights (e.g., for access to the Facility).
- 8.5 “**Renewable Energy Credit**” or “**REC**” means a [Green-e certified] tradable certificate of proof of one megawatt-hour of an eligible renewable resource as defined in RCW 19.285.030, which certificate (a) includes all of the nonpower attributes associated with such megawatt-hour of electricity and (b) is verified by the Applicable Program.
- 8.6 “**WREGIS**” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program or system applicable to sales of RECs in the State of Washington.

**IN WITNESS WHEREOF**, the parties hereto have caused this REC Agreement to be executed by their duly authorized representatives as of the date first written above.

[Seller]

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Federal Tax ID: \_\_\_\_\_

Puget Sound Energy

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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Appendix 1 to

**RENEWABLE ENERGY CREDIT AGREEMENT**

**NO.** \_\_\_\_\_

ANNUAL REC QUANTITY

Seller has elected to deliver RECs to PSE on a [monthly] [quarterly] basis [up to][at least] the total Annual REC Quantity provided in the table below.

Year	Annual REC Quantity	REC Price
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## Exhibit G

**OPTIONAL QUALIFIED REPORTING ENTITY SERVICE  
AGREEMENT**

This QUALIFIED REPORTING ENTITY SERVICE AGREEMENT (“QRE Agreement”) is entered into by and between PUGET SOUND ENERGY, a Washington Corporation (“PSE”), and [REDACTED] (“Customer-Generator”). PSE and Customer-Generator are sometimes referred to in this Agreement individually as “Party” and collectively as “Parties.”

**RECITALS**

A. The Western Renewable Electricity Generation Information System (“WREGIS”) is an independent, renewable energy tracking system for the Western Electricity Coordinating Council (“WECC”) region. WREGIS tracks renewable energy generation from units that register in the system using verifiable data and creates renewable energy certificates (“RECs”) for this generation. Participation in WREGIS is voluntary.

B. PSE has voluntarily registered with WREGIS to serve as a Qualified Reporting Entity (“QRE”) and has been approved as a QRE by the WREGIS Administrator.

C. Customer-Generator has voluntarily registered as an “Account Holder” in WREGIS and has registered one or more generating units with WREGIS (“Generating Units”).

D. Customer-Generator desires that PSE act as its QRE for the Generating Units. Customer-Generator understands and acknowledges that there are other entities that are able to provide QRE service within PSE’s balancing authority area and that Customer-Generator is not required to use PSE as its QRE.

NOW THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**Section 1. Term and Termination**

This QRE Agreement will be effective upon the date both of the Parties have executed it and will terminate on the termination date specified in any written notice

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thereof by either Party to the other Party; provided, that PSE will provided not less than sixty (60) days' notice of termination. Notwithstanding the foregoing, upon the occurrence of any material breach of this QRE Agreement by Customer-Generator that has not been cured by Customer-Generator within five (5) days after receipt of PSE's written notice thereof, PSE may terminate this Agreement, without incurring any liability therefor, by providing written notice of such termination to Customer-Generator.

**Section 2. WREGIS Documents**

There are three documents that govern the relationship between Customer-Generator and WREGIS, as well as the relationship between PSE and WREGIS:

- (a) WREGIS Operating Rules;
- (b) WREGIS Interface Control Document; and
- (c) WREGIS Terms of Use Agreement, also known as Account Holder Registration Agreement ("WREGIS TOU"), which incorporates by reference the WREGIS Operating Rules and WREGIS Interface Control Document.

Any sections of provisions of the WREGIS TOU, WREGIS Operating Rules, and WREGIS Interface Control Document (as such documents may be revised from time to time and posted on the WREGIS web site at [www.wregis.org](http://www.wregis.org)) referred to in this QRE Agreement are by this reference incorporated herein.

PSE and Customer-Generator each represent to the other Party that it has signed a WREGIS TOU and that such Party will continue to be a party to a WREGIS TOU during the term of this QRE Agreement.

**Section 3. Definitions**

Capitalized terms used in this QRE Agreement and not otherwise defined herein have the meanings set forth in the WREGIS TOU, the WREGIS Operating Rules, the WREGIS Interface Control Document and their respective attachments. For purposes of this QRE Agreement:

"Business Day" means a day of the week other than Saturday, Sunday or a federal holiday.

"Metering External Webpage" means a website owned and operated by PSE which displays all Data that will be included in the Monthly Generation Extract File.

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“Monthly Generation Extract File” means a Data file that contains generation Data from Customer-Generator’s Points of Metering and conforms to the characteristics and requirements set forth in the WREGIS Interface Control Document.

“Points of Metering” means the points at which electric generation is measured.

**Section 4. Exhibit**

The attached Exhibit 1, Meter Points, is by this reference incorporated into this QRE Agreement. The specific Points of Metering that PSE will use as a QRE for Customer-Generator are set forth in Exhibit 1. Customer-Generator represents to PSE that all Points of Metering listed in Exhibit 1 measure Data only from Generating Units that meet the definition of a “renewable resource,” as defined in RCW 19.285.030.

Customer-Generator may provide to PSE not less than thirty (30) Business Days prior written notice of any request to change the Points of Metering set forth in Exhibit 1. Such notice must be provided pursuant to Section 13. Any change to the Points of Metering mutually agreed to by the Parties will be set forth in an amendment to Exhibit 1 attached hereto.

**Section 5. Qualified Reporting Entity**

PSE will serve as a QRE to report Customer-Generator’s renewable generation Data to WREGIS (“QRE Service”). Customer-Generator hereby authorizes PSE to collect such Data, at the Points of Metering set forth in Exhibit 1, and in the manner set forth in Section 8 of this Agreement.

**Section 6. Scope**

The Parties acknowledge that PSE will serve as a QRE only for Generating Units that (a) are interconnected with PSE’s electric system (including net metered facilities) and are the subject of a written interconnection agreement between PSE and Customer-Generator, if required in PSE’s sole determination; (b) meet the definition of a renewable resource; (c) meet the definition of a “Qualifying Facility” as defined in the Public Utility Regulatory Policies Act of 1978 (Pub. L. 95-617, 92 Stat. 3117, enacted November 9, 1978); (d) are within the metered boundaries of PSE’s Balancing Authority; and (e) are equipped with PSE-owned and PSE-operated meters that meet WREGIS requirements.

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Customer-Generator will be obligated to pay directly to WREGIS any and all fees and expenses required by WREGIS to be paid to register the Generating Units, and, to the extent the Customer-Generator is a WREGIS Customer-Generator, Customer-Generator will be obligated to pay directly to WREGIS all other WREGIS fees incident to the reporting of Generator Data and Output to WREGIS. Customer-Generator acknowledges and agrees that PSE will have no obligation to advance or make payment of WREGIS fees or costs on Customer-Generator's behalf. Upon request by PSE, Customer-Generator will provide PSE with evidence of payment of WREGIS fees and costs. Any failure by Customer-Generator to provide such information to PSE upon request will constitute a material breach under this Agreement.

Customer-Generator will be solely responsible for making arrangements and registrations and for entering into any agreements that are necessary for the transfer of RECs directly to proper Accounts or Subaccounts of Customer-Generator. Customer-Generator agrees that PSE, when acting as QRE, will not be responsible to act as custodian of any RECs, to hold any RECs in any Account or Subaccount of PSE, or to bear any risk with respect to RECs related to the Generating Units. Customer-Generator acknowledges that, pursuant to Section 11 of the WREGIS TOU, any generation Data that PSE, acting as a QRE, provides to WREGIS will reside in WREGIS, and Customer-Generator will have no control over such data's use other than that provided for under the WREGIS TOU.

**Section 7. Reporting**

- 7.1 **Monthly Generation Extract File.** Once a month, PSE will submit a Monthly Generation Extract File to WREGIS on Customer-Generator's behalf, such file to conform to the characteristics and Data requirements set forth in the WREGIS Interface Control Document.
  - 7.2 **Reporting Cycle.** PSE will submit the Monthly Generation Extract File to WREGIS no later than the end of the calendar month following the end date for Data in the Monthly Generation Extract File being reported.
  - 7.3 **Verification.** PSE will allow Customer-Generator to access any Metering External Webpage operated and made available by PSE (but PSE will not be obligated to operate and make available a Metering External Webpage), and Customer-Generator will verify such information as prescribed by PSE from time to time. Customer-Generator will notify PSE in writing of any errors Customer-Generator detects in Data reflected on PSE's Metering External Webpage.
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7.4 **Adjustments.** The Parties agree that after the Monthly Generation Extract File is submitted to WREGIS, any information contained in the Monthly Generation Extract File will be deemed to be final for purposes of WREGIS reporting, subject only to the adjustment procedures set forth in Section 9.4 of the WREGIS Operating Rules.

**Section 8. Measurement**

8.1 **Equipment.** Customer-Generator will be obligated to pay or reimburse to PSE the cost of any PSE-owned metering equipment. The Revenue Quality Meter Output will be read by PSE electronically over wired or wireless communicating devices. If there are any costs associated with wired or wireless communication devices, Customer-Generator will be obligated to pay to PSE the amount of such costs.

**8.2 Meter Data.**

a. **Availability.** Customer-Generator hereby authorizes PSE to provide Customer-Generator's meter Data directly to WREGIS in the form of the Monthly Generation Extract File.

(a)

b. **Wholesale Generation Also Serving On-Site Loads.** If Customer-Generator has any wholesale generation also serving on-site loads, the on-site load generation of Customer-Generator's Generating Units will not be reported by PSE to WREGIS. If metering modifications are needed to accomplish such reporting the Customer-Generator will be responsible for any costs associated with making adjustments to the metering setup and data.

8.3 **Estimates.** When meter readings are not available or are inaccurate due to meter hardware failure, meter malfunction or calibration/configuration error, PSE will, if practicable, rely on readings from redundant meters, whether or not such meters are owned by PSE.

**Section 9. Payment and Pricing**

9.1 **Reporting Fee.** The Annual Reporting Fee will apply to all Customer-Generators who request that PSE act as QRE for a Generating Unit except PSE may waive the Annual Reporting Fee to Customer-Generators who sell all RECs generated by the Generating Unit to PSE pursuant to Exhibit I of

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Schedule 91 Power Purchase Agreement wherein the cost of QRE reporting is considered in the purchase price of the RECs.

- 9.2 **Annual Reporting Fee.** Customer-Generator will pay an Annual Reporting Fee equal to \$358 per Meter Point listed in Exhibit 1 for which PSE reports output to WREGIS. Customer-Generator will pay the Annual Reporting Fee within thirty (30) days following issuance of a bill by PSE to Customer-Generator therefor, and such payment will be in the form PSE specifies for such purpose. Such billing will be by and for each calendar year except the initial billing to a Customer-Generator will be prorated for the remainder of the calendar year. Payments of the Annual Reporting Fee are not refundable except if PSE is unable or unwilling to act as QRE for the Customer-Generator.
- 9.3 **Annual Adjustment.** PSE will review costs associated with QRE Service on an annual basis, and may make necessary adjustments to Annual Reporting Fee charges. Any change in the Annual Reporting Fee will become effective upon not less than thirty (30) days' prior written notice to Customer-Generator.
- 9.4 **Other Cost Adjustments.** If WREGIS, WECC or any other entity having authority to modify the QRE reporting process requires a change that increases the costs to PSE of providing QRE Service, PSE may charge such increased costs to Customer-Generator by increasing the Annual Reporting Fee, or if more appropriate, by issuing an additional billing during the year. PSE will use reasonable efforts to provide Customer-Generator with prior notice before billing Customer-Generator for such increased costs.

**Section 10. Indemnity, Hold Harmless and Waiver**

- 10.1 **Responsibility for Data.** Customer-Generator is solely responsible for the content and accuracy of Data created and submitted to PSE, which PSE, acting as a QRE, forwards to WREGIS. Any Data gathered by PSE from the Points of Metering pursuant to this Agreement will be deemed to be Data that Customer-Generator has created and submitted to PSE.
- 10.2 **Indemnity.** Customer-Generator will indemnify and hold harmless PSE, its officers, employees, agents, or representatives, from and against any and all liability that is in any way associated with PSE's performance hereunder, except to the extent such liability arises solely from the willful misconduct or recklessness of PSE.
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10.3 **Waiver.** Customer-Generator agrees to waive any and all causes of action under or with respect to this Agreement, whether arising in contract, tort or under any other legal or equitable theory (including strict liability) against PSE, its board of directors, employees, agents, or representatives. In no event will PSE be liable to Customer-Generator or any other party for any damages, demands, direct costs, lost or prospective profits or any other losses, liabilities or expenses, whether special, punitive, exemplary, consequential, incidental, direct or indirect in nature, that in any way relate to PSE's performance of this Agreement, including, but not limited to, damages based on Data contained in the Monthly Generation Extract File, or any other damages arising from financial injury or damage to persons or property.

**Section 11. Confidentiality**

Customer-Generator acknowledges and agrees that, pursuant to Section 11 of the WREGIS TOU, any generation Data that PSE, acting as QRE, provides to WREGIS will reside in WREGIS and Customer-Generator will have no control over such Data's use other than as provided for under the WREGIS TOU.

Customer-Generator further acknowledges that confidentiality of information will be governed by Section 13 of the WREGIS TOU; provided, however, that PSE may release information provided by Customer-Generator if required by law, court order, or the Utility and Transportation Commission of Washington and its rules. Customer-Generator waives all provisions of applicable tariffs that may require PSE to keep confidential information with respect to Customer-Generator or the Generating Units, to the extent necessary for PSE to report, as a QRE, generation Data and Output regarding the Generation Units and to perform PSE's obligations under this QRE Agreement.

**Section 12. Miscellaneous**

12.1 **Amendments.** Except as otherwise specifically provided in this QRE Agreement, no amendment or exhibit revision to this QRE Agreement will have any force or effect unless set forth in a written instrument hereafter signed by the authorized representatives of each Party.

12.2 **Entire Agreement and Order of Precedence.** This QRE Agreement, together with all documents incorporated by reference into this QRE Agreement, constitutes the entire agreement between the Parties with respect to its subject matter, and supersedes all previous or contemporaneous understandings,

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communications, representations and agreements, either written or oral, that purport to treat with or embody the subject matter of this QRE Agreement.

- 12.3 **Information.** Each of the Parties will provide to the other Party any information that is reasonably required for the performance of this QRE Agreement.
- 12.4 **Assignment.** Neither Party may transfer or assign this QRE Agreement, in whole or in part, without the other Party's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed. Subject to the foregoing restrictions, this QRE Agreement is binding on any successors and assigns of the Parties.
- 12.5 **No Third-Party Beneficiaries.** This QRE Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity will be a direct or indirect beneficiary of this QRE Agreement; provided, that this Section 12(e) will not affect any of the provisions of Section 10(b).
- 12.6 **Waivers.** No waiver of any provision of or right under this QRE Agreement will be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver will not be deemed to be a waiver of such provision or right in any other instance.
- 12.7 **Advice.** Each Party acknowledges that it has had an opportunity to seek the advice of independent counsel in connection with the negotiation and execution of this QRE Agreement.
- 12.8 **Governing Law.** This QRE Agreement will be governed by, and interpreted and construed in accordance with, the laws of the state of Washington, without regard to such state's choice of law principles.
- 12.9 **Force Majeure.** Neither Party will be deemed to have breached any provision of this QRE Agreement as a result of any delay, failure in performance or interruption of service resulting directly or indirectly from acts of God, network or system failures, acts of civil or military authorities, civil disturbances, wars, terrorism, energy crises, fires, floods, strikes or other labor disturbances, riots, embargoes, transportation contingencies, fuel shortages, interruptions in third-party telecommunications or Internet equipment or service, other catastrophes, or any other circumstances or events that are beyond the control of the Party affected thereby and which, by the exercise of
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due diligence, the affected Party is unable to overcome, avoid or cause to be avoided through the exercise of reasonable diligence.

12.10 **Survival.** Sections 10, 11 and 12 will survive any termination or expiration of this QRE Agreement.

**Section 13. Notices and Contact Information**

Any notice or other communication required under this QRE Agreement will be in writing and will be deemed to be effective upon receipt if delivered by a nationally recognized delivery service or by United States certified mail, return receipt requested, to the address specified below. Either Party may change its name or address for receipt of notice by providing notice of such change to the other Party pursuant to this Section 13.

If to Customer-Generator:

If to PSE:

[Redacted]  
[Redacted]  
[Redacted]  
Attention: [Redacted]  
Phone: [Redacted]  
[Redacted]

Puget Sound Energy  
Attn: [Redacted]  
[Redacted]  
Bellevue, WA [Redacted]  
Phone: [Redacted]  
Fax: [Redacted]

**IN WITNESS WHEREOF**, each of the Parties has caused this QRE Agreement to be executed by its duly authorized representative as of the date appearing below the signature of such Party.

**[CUSTOMER-GENERATOR]**

**PUGET SOUND ENERGY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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Exhibit 1 to

**OPTIONAL QUALIFIED REPORTING ENTITY SERVICE  
AGREEMENT**

Generation Unit Data and Meter Point

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