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**MASTER
RENEWABLE ENERGY CERTIFICATE
PURCHASE AND SALE AGREEMENT**

between

**THE CITY OF SEATTLE,
BY AND THROUGH ITS CITY LIGHT DEPARTMENT**

and

**HOLY CROSS ELECTRIC ASSOCIATION, INC.,
DBA HOLY CROSS ENERGY**

ACKNOWLEDGEMENT

This Seattle City Light Master Renewable Energy Certificate Purchase and Sale Agreement is based on the Master Renewable Energy Certificate Purchase and Sale Agreement prepared by an ad hoc working group comprised of members of the Renewable Energy Resources Committee and the Special Committee on Energy and Environmental Finance of the American Bar Association's Section of Environment, Energy and Resources ("SEER Committees"), the Environmental Markets Association ("EMA"), and the American Council on Renewable Energy ("ACORE") to facilitate orderly trading in and development of renewable energy certificate (also known as green tags) markets. The Master Renewable Energy Certificate Purchase and Sale Agreement has been modified in this Seattle City Light Master Renewable Energy Certificate Purchase and Sale Agreement to better reflect the specific needs and uses of Seattle City Light and its counterparty.

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MASTER RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT

This Master Renewable Energy Certificate Purchase and Sale Agreement ("**Master Agreement**") is made as of this 9 day of February, 2011 (the "**Effective Date**") between Holy Cross Electric Association, Inc. dba Holy Cross Energy, a Colorado electric cooperative ("**Seller**") and the City of Seattle, a municipal corporation organized under the laws of the State of Washington, acting by and through its City Light Department ("**Buyer**") (each a "**Party**" and collectively, the "**Parties**").

RECITALS

WHEREAS, Seller has the marketing rights to the Environmental Attributes to a certain Renewable Energy Facility; and

WHEREAS, Buyer has certain regulatory requirements and policy objectives that can be met with Environmental Attributes; and

WHEREAS, Seller wishes to sell such Environmental Attributes created by the Renewable Energy Facility and Buyer wishes to buy such Environmental Attributes from the Seller;

NOW, THEREFORE, in consideration of the above recitals and the mutual promises of the parties set forth below, the Parties hereto and intending to be legally bound hereby, agree as follows:

ARTICLE 1 DEFINITIONS

1.1. "Administrator" means a state or federal administrator, such as the Clean Air Markets Division of the Environmental Protection Agency, WREGIS, Certification Authority, if applicable, and any Governmental Authority or other body with jurisdiction over Certification under any particular Applicable Program, or with respect to the transfer or transferability of Environmental Attributes.

1.2. "Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person, with "control" meaning the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

1.3. "Applicable Law" means all legally binding constitutions, treaties, statutes, laws, ordinances, rules, regulations, orders, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority or arbitrator that apply to the Applicable Program or any one or both of the Parties or the terms hereof.

1.4. "Applicable Program" means a domestic, international or foreign RPS (including the Washington RPS); a renewable energy, emissions reduction or Product Reporting Rights program, scheme or organization adopted by a Governmental Authority or otherwise mutually agreed upon; or other similar program with respect to which exists a market, registry or reporting for particular Environmental Attributes. An Applicable Program includes any legislation or regulation concerned with renewable energy, oxides of nitrogen, sulfur, or carbon, with particulate matter, soot, or mercury, or implementing the UNFCCC or crediting "early action" with a view thereto, or laws or regulations involving or administered by an Administrator, or under any present or future domestic, international or foreign RECs, Products, Environmental Attributes or emissions trading program. Applicable Programs do not include legislation providing for production tax credits or other direct third party subsidies for generation by a Renewable Energy Source.

1.5. "Attestation" means a certification by Seller, and/or by the generator of the RECs if Seller is not the generator, in the form required by the Certification Authority and otherwise in form and substance as agreed to by the Parties, separate and apart from the Confirmation, as attached as Exhibit B.

1.6. "Bankrupt" means an entity that has:

- (a) filed a petition or otherwise commenced, authorized or acquiesced in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law;

- (b) had any such petition filed or commenced against it and not dismissed within 30 days;
- (c) made an assignment or any general arrangement for the benefit of creditors;
- (d) otherwise become bankrupt or insolvent, however evidenced;
- (e) had a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or
- (f) become generally unable to pay its debts as they fall due.

1.7. "Business Day" means any day except a Saturday, Sunday, or a legal public holiday as designated in Article 6103 of Title 5, U.S. Code or by Executive Order or federal statute or in accordance with WECC practice and variations as identified in the WECC prescheduling calendar. A Business Day opens at 8:00 a.m. and closes at 5:00 p.m. local time for the relevant Party's principal place of business. The relevant Party, in each instance unless otherwise specified, is the Party by whom the notice, payment or delivery is received.

1.8. "Buyer" shall have the meaning given to it in the preamble and shall be for any particular Transaction, the buyer of the Product.

1.9. "Cancellation of Applicable Program" means that the Applicable Program is discontinued, suspended, canceled, repealed, or otherwise no longer scheduled to proceed.

1.10. "Certification" means, if applicable, the recognition by the Certification Authority of the Applicable Program of

- (a) the creation and characteristics of a REC;
- (b) the qualification of a Renewable Energy Facility or a Renewable Energy Source under an Applicable Program;
- (c) Delivery of a REC; or
- (d) other compliance with the requirements of an Applicable Program.

1.11. "Certification Authority" means an entity that recognizes the generation, the characteristics or Delivery of a REC, or the qualification of a Renewable Energy Facility or Renewable Energy Source under an Applicable Program, and may include, as applicable, the Administrator, WREGIS, a Governmental Authority, the Verification Provider, one or both of the Parties, an independent auditor, or other third party, and should include:

- (a) if no Applicable Program is specified, Seller, or the generator of the RECs if Seller is not the generator;
- (b) if the RECs are to be Delivered pursuant to an Applicable Program, the Administrator of the Applicable Program, or such other person or entity specified by the Applicable Program to perform Certification; or
- (c) such other person or entity specified by the Parties.

1.12. "Certified Renewable Energy Facility" means a Renewable Energy Facility that is recognized under an Applicable Program as specified by the Parties.

1.13. "Certified Renewable Energy Source" means any energy source that is recognized under an Applicable Program as specified by the Parties.

1.14. "Claiming Party" is defined in Article 6.

1.15. "Confirmation" means a confirmation for each Transaction to be executed substantially in the form of Exhibit A to this Master Agreement and made effective in accordance with Section 2.1. A Confirmation includes the following:

- (a) the Product including a description of the Environmental Attributes in the Product;
- (b) the quantity to be purchased and sold;
- (c) the Purchase Price;
- (d) the Term; and,
- (e) if required by Buyer or otherwise necessary in accordance with the terms of the Transaction,
 - (i) the Vintages of the Product(s);

- (ii) the Renewable Energy Facility or Facilities from which the Product is to be generated;
- (iii) the Certification Authority; and
- (iv) the Verification Provider.

1.16. "Contract Year" means each period during the term of this Master Agreement beginning on January 1 and ending on December 31. The first Contract Year shall commence on the first January 1 occurring after the Effective Date.

1.17. "Costs" means, with respect to the Non-Defaulting Party, the present value of brokerage fees, commissions, attorneys fees, and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating or replacing any arrangement pursuant to which it has hedged its obligations; and any charges, penalties, fines or fees imposed or assessed against the Non-Defaulting Party by an Administrator or Governmental Authority on account of Delivery not occurring on the Delivery Date, as determined by the Non-Defaulting Party in a commercially reasonable manner.

1.18. "Credit Rating" means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements), or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody's or any other rating agency agreed by the Parties as set forth in the Confirmation.

1.19. "Credit Support" means for Buyer and Seller (or Seller's Affiliate) any of the following: a bond, letter of credit, guarantee or other reasonable and commercially priced security in a form and from a source approved by the Party seeking performance assurance under Section 4.2 of this Master Agreement (which approval shall not be unreasonably withheld, conditioned or delayed).

1.20. "Defaulting Party" is defined in Section 5.1.

1.21. "Delivered," "Delivery" or "Deliver" means the transfer in WREGIS from Seller to Buyer of the specified amount of the Product, as specified pursuant to a Transaction, including, as specified or required by the Applicable Program, recognition by the Administrator and Certification Authority of the transfer to Buyer, or Seller's

delivery to Buyer of a Transfer Certificate. Delivery of Product can be independent of delivery of the electricity with which the Product is associated.

1.22. "Delivery Date" means the dates specified in the Confirmation for Delivery of the Product to Buyer, which date must be on or after the date the Product comes into existence.

1.23. "Downgrade Event" means for a Party that Party's Credit Rating falls below BBB- from S&P or Baa3 from Moody's or becomes no longer rated by either S&P or Moody's, or as otherwise agreed by the Parties as set forth in the Confirmation.

1.24. "Early Termination Date" is defined in Section 5.2.

1.25. "Effective Date" is defined in the preamble.

1.26. "Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from a Renewable Energy Facility, and its avoided emission of pollutants. Environmental Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Product Reporting Rights. **"Product Reporting Rights"** are the right of a REC Purchaser to report the ownership of accumulated RECs in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the REC Purchaser's discretion, and include without limitation those Product Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992, 42 U.S.C. § 13385(b), and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. RECs are accumulated on a MWh basis and one REC represents the Environmental Attributes associated with one (1) MWh of Energy. Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from a Renewable Energy Facility, (ii) production tax credits associated with the construction or operation of a Renewable

Energy Facility and other financial incentives in the form of credits, reductions, or allowances associated with a Renewable Energy Facility that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by a Renewable Energy Facility for compliance with local, state, or federal operating and/or air quality permits. If a Renewable Energy Facility is a biomass or biogas facility and Seller receives any tradable Environmental Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Environmental Attributes to ensure that there are zero net emissions associated with the production of electricity from a Renewable Energy Facility.

1.27. "Event of Default" is defined in Section 5.1.

1.28. "Force Majeure" is defined in Article 6.

1.29. "Gains" means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction, determined by it in a commercially reasonable manner.

1.30. "Generator Attestation" is defined as Exhibit B, "Sample Form: Attestation From Generator Participating in WREGIS".

1.31. "Government Action" means action by a Governmental Authority, Administrator, Certification Authority, or by the governing body of an Applicable Program to change the eligibility of a Product for an Applicable Program or substantially change the requirements for compliance by persons obligated to comply with the Applicable Program which in either case has a material adverse effect on the value of a Product that is the subject of a particular Transaction, and includes a change in Applicable Law that disqualifies any particular Renewable Energy Facilities (by Renewable Energy Sources, Initial Operating Date, or otherwise) or Product, that is the subject of a Transaction from an existing Applicable Program.

1.32. "Governmental Authority" means any international, national, federal, provincial, state, municipal, county, regional or local government, administrative, judicial

or regulatory entity operating under any Applicable Laws and includes any department, commission, bureau, board, administrative agency or regulatory body of any government.

1.33. "Guarantor" means, with respect to a Party, the guarantor, if any, specified for such Party in the Confirmation.

1.34. "Initial Operating Date" means the date when a particular Renewable Energy Facility first became or becomes commercially operational.

1.35. "Losses" means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of a Terminated Transaction, determined by it in a commercially reasonable manner.

1.36. "Market REC Price" means an amount equal to the price of a REC that qualifies for the Reporting Year under the Washington RPS, as more specifically defined in Section 4.2, and as may be set forth by the Parties in the Confirmation.

1.37. "Master Agreement" is defined in the preamble.

1.38. "Moody's" means Moody's Investors Service, Inc.

1.39. "Non-Defaulting Party" is defined in Section 5.2.

1.40. "PPT" means Pacific prevailing time.

1.41. "Performance Assurance" means collateral in the form of cash, letters of credit, or other security acceptable to the requesting Party.

1.42. "Potential Event of Default" means an event which, with notice or passage of time or both, would constitute an Event of Default.

1.43. "Potentially Defaulting Party" means a Party that, but for a cure of a Potential Event of Default or failure of performance, would be a Defaulting Party.

1.44. "Potentially Non-Defaulting Party" means a Party that, but for a cure of a Potential Event of Default or failure of performance by the Potentially Defaulting Party, would be a Non-Defaulting Party.

1.45. "Prime Rate" means the then-effective prime rate of interest for the U.S. published under "Money Rates" by *The Wall Street Journal*.

1.46. "Product" means the RECs to be delivered in a particular Transaction, which may include Environmental Attributes, Verifications, Certifications and other characteristics as specified in a Confirmation.

1.47. "Product Reporting Rights" is defined in Section 1.26.

1.48. "Purchase Price" means the price to be paid for a particular delivery of Product in a Transaction.

1.49. "Renewable Energy Certificate" or "REC" means a tradable certificate, credit, allowance, green tag, or other transferable document conferring ownership, howsoever entitled, created by an Applicable Program or Certification Authority indicating proof of at least one megawatt-hour of generation from a Renewable Energy Source by a Renewable Energy Facility. Owning a REC means the right to claim title to all the Environmental Attributes attributable to the generation of electric energy from a Renewable Energy Facility and includes all of the Environmental Attributes associated with the generation of electricity. The Environmental Attributes may be disaggregated and retained or sold separately, all as the Parties agree in a Confirmation. A REC is separate from the energy produced and may be separately transferred or conveyed. RECs are measured in one megawatt-hour increments.

1.50. "Renewable Energy Facility" means an electric generation unit or other facility or installation that produces electric energy using a Renewable Energy Source.

1.51. "Renewable Energy Source" means a renewable resource, as defined by Washington Energy Independence Act, Revised Code of Washington ("R.C.W.") Sections 19.285.010 *et seq.*, and includes a Certified Renewable Energy Source.

1.52. "Renewable Portfolio Standard" or "RPS" means a federal law, rule or regulation that requires a stated amount or minimum proportion or quantity of electricity that is sold or used by specified persons to be generated from Renewable Energy Sources, and includes the Washington Renewable Portfolio Standard.

1.53. "Replacement REC" means tradable credits or certificates that meet the definition of Renewable Energy Credit pursuant to the Washington RPS in effect as of the Trade Date.

1.54. "Reporting Year" means a twelve-month compliance reporting period required under the Applicable Program.

1.55. "S&P" means Standard & Poor's, a division of the McGraw-Hill Companies, Inc., as a provider of credit ratings services.

1.56. "Seller" means for any particular Transaction, the seller of the Product.

1.57. "Settlement Amount" means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, including those which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Section 5.2.

1.58. "Taxes" mean all national, state, regional, provincial, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, fuel, gas import, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever imposed by any Governmental Authority, together with any interest and any penalties, additions to tax or additional amounts with respect thereto.

1.59. "Term" is defined in the Confirmation.

1.60. "Terminated Transaction" is defined in Section 5.2.

1.61. "Termination Payment" is defined in Section 5.3.

1.62. "Trade Date" means the date a Transaction is entered into by execution of a Confirmation by both transacting Parties.

1.63. "Transaction" is defined in Article 2.

1.64. "Transfer Certificate" means an Attestation, WREGIS record of ownership transfer, or other mutually agreeable document evidencing Delivery of a REC and otherwise satisfying the requirements of the Parties and any specified Applicable Program.

1.65. "Unit Contingent" means that Seller is excused from any failure to Deliver Product quantity on account of failure of a specified Renewable Energy Facility to generate and Deliver the amount of RECs necessary in the Vintage or other time period indicated. In such event, Seller shall not be liable to Buyer for any damages, including any amounts determined pursuant to Article 5.

1.66. "Unit Specific" means that the Renewable Energy Facility that has generated or is eligible to generate the Product is and must be specified.

1.67. "UNFCCC" means the United Nations Framework Convention on Climate Change or the Kyoto Protocol thereto.

1.68. "Verification," if applicable, is the Verification Provider's report of its application of a Verification Methodology with respect to Environmental Attributes, as set forth by the Parties in the Confirmation.

1.69. "Verification Methodology," if any, means an identified, disclosed, quantitative methodology, capable of being expressed in words and quantitative factors, to measure activity or avoided activity, used by a Verification Provider.

1.70. "Verification Provider," if any, means an entity that could be an entity other than the Certification Authority, but could also be the Certification Authority, that verifies or audits specified aspects of Products, RECs, or one or more specified Environmental Attributes.

1.71. "Vintage" means the calendar year, Reporting Year, or other calendar period specified by the Parties or the Certification Authority, as applicable, in which the Product is created or first valid for use under an Applicable Program.

1.72. "Washington Renewable Portfolio Standard" or "Washington RPS" means the renewable energy program and policies established in Washington State by Initiative Measure No. 937 and codified in the R.C.W. Sections 19.285.010 *et seq.*, as such provisions are amended or supplemented from time to time and Washington Administrative Code Chapter 194-37-010 *et seq.*

1.73. "WECC" means the Western Electricity Coordinating Council.

1.74. "WREGIS" means the Western Renewable Energy Generation Information System or any successor system.

1.75. "WREGIS Certificates" has the same meaning as "Certificate" as defined by WREGIS in the WREGIS Operating Rules.

1.76. "WREGIS Operating Rules" means those operating rules and requirements adopted by WREGIS as of June 4, 2007, as subsequently amended, supplemented or replaced (in whole or in part) from time to time.

1.77. Rules of Interpretation. Unless otherwise required by the context in which any term appears,

- (a) the singular includes the plural and *vice versa*;
- (b) references to “Articles,” “Sections,” “Exhibits” or “Attachments” are to articles, sections, exhibits or attachments hereof;
- (c) all references to a particular entity or market price index include a reference to such entity’s or index’s successors and (if applicable) permitted assigns;
- (d) the words “herein,” “hereof” and “hereunder” refer to this Master Agreement as a whole and not to any particular Article, Section or subsection hereof;
- (e) all accounting terms not specifically defined herein will be construed in accordance with generally accepted accounting principles in the United States of America, consistently applied;
- (f) references to this Master Agreement include a reference to all exhibits and attachments hereto, as the same may be amended, modified, supplemented or replaced from time to time;
- (g) the masculine includes the feminine and neuter and vice versa;
- (h) “including” is construed in its broadest sense to mean “including without limitation” or “including, but not limited to”;
- (i) references to agreements and other legal instruments include all subsequent amendments thereto, and changes to, and restatements or replacements of, such agreements or instruments that are duly entered into and effective against the parties thereto or their permitted successors and assigns;
- (j) a reference to a statute or to a regulation issued by a Governmental Authority includes the statute or regulation in force as of the Effective Date or Trade Date, as applicable, together with all amendments and supplements thereto and any statute or regulation substituted for such statute or regulations; and
- (k) the word “or” is not necessarily exclusive.

ARTICLE 2

TRANSACTIONS, PAYMENT, TAXES AND TRANSFER OF TITLE

2.1 Transactions. The Parties desire to enter into one or more transactions for the purchase and sale of Products under this Master Agreement (each a "Transaction"). Each such Transaction, unless otherwise agreed in writing, will be governed by this Master Agreement, including any exhibits or attachments. Each Transaction will be made effective pursuant to a Confirmation, unless the Parties otherwise agree by amendment of this Master Agreement in writing.

2.2 Product Delivery. All RECs or Environmental Attributes identified in the Confirmation and associated with the Renewable Energy Facility shall be Delivered to Buyer within the WREGIS tracking system in accordance with the terms and conditions of WREGIS, including the WREGIS Operating Rules. Seller shall, at its sole cost and expense, take all commercially reasonable actions and execute all commercially reasonable documents or instruments necessary to ensure that the Product sold hereunder from the Renewable Energy Facility can be transferred to Buyer utilizing WREGIS and that the transfer of WREGIS Certificates shall represent the transfer of the Product attributable to or associated with such Environmental Attributes from the Renewable Energy Facility. Seller shall comply with all laws applicable to Seller, including, without limitation, the WREGIS Operating Rules regarding the certification and transfer of such WREGIS Certificates to Buyer, and Buyer shall have the sole rights to such WREGIS Certificates based on transfer in accordance with the WREGIS Operating Rules.

2.3 Billing. On or before the tenth (10th) day of the month after Delivery Date of the WREGIS Certificates to Buyer, Seller shall send to Buyer an invoice setting forth the following information:

1. Product Transaction Information

- a. Buyer Contract ID:
- b. Amount: Number of RECs: _____ MWh
- c. Period of Generation (Q#/yy or mm/yy):
- d. Purchase Price: \$___/MWh for RECs

- e. Fees and Taxes, if any, for which Buyer is responsible under Section 2.6 and/or under the Confirmation
- f. Total Invoice Amount: \$

2. WREGIS Delivery Information

- a. Generating Unit Identification Number:
- b. Generating Unit Name:
- c. Primary Facility Name:
- d. Certificate Serial Numbers:
- e. Delivery Date:

Invoices to Buyer will be sent to the "Invoices" contact in Exhibit C.

2.4. Payment.

- (a) Buyer shall pay the amount specified in the invoice in immediately available funds by wire or electronic fund transfer to the account set forth in Exhibit C unless otherwise provided pursuant to the operating terms of the Administrator or other Delivery mechanism of the Applicable Program. All invoices under this Master Agreement will be due and payable on or before the later of the 20th day of each month, or 10th day after receipt of the invoice or, if such day is not a Business Day, then on the next Business Day.
- (b) Any failure by Buyer to make a payment will not excuse Buyer's performance, and, unless otherwise provided in a Transaction, any failure by Seller to Deliver the quantity agreed to in the Transaction will not excuse Seller's performance.
- (c) Any amounts not paid by the due date are delinquent and will accrue interest at the Prime Rate until an Event of Default has been declared, in which case such amounts will bear interest at the Prime Rate plus three percent per annum.
- (d) A Party may, in good faith, dispute the correctness of any invoice within one year. If an invoice or portion thereof is disputed, the undisputed portion of the invoice must be paid when due, with notice of the objection given to the other Party. Any invoice

dispute must be in writing and state the basis for the dispute, which must be in good faith. Subject to Section 5.4, a Party may withhold payment of the disputed amount until two Business Days following the resolution of the dispute, and any amounts not paid when originally due will bear interest at the Prime Rate from the due date as originally invoiced. Inadvertent overpayments will be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest at the Prime Rate from and including the date of such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section within one year after the invoice is rendered.

2.5 Confirmation. The parties shall confirm a Transaction by executing a Confirmation substantially in the form of Exhibit A ("Confirmation Agreement - Renewable Energy Certificates") to this Master Agreement.

2.6 Taxes and Fees. Seller will be responsible for any Taxes imposed on the creation, ownership, or transfer of Product under this Master Agreement up to and including the time and place of its Delivery. Buyer will be responsible for any Taxes imposed on the receipt or ownership of Product at or after the time and place of its Delivery. Each Party will be responsible for the payment of any fees, including brokers' fees, incurred by it in connection with any Transactions hereunder, unless otherwise agreed by the Parties in the Confirmation.

2.7 Transfer of Title. None of Seller's property interest in the Product will pass to Buyer until the Delivery and payment set forth in this Article 2 are complete. Upon such completion, all rights, title and interest in and to the Product, to the full extent the same is property, will transfer to Buyer. Subject to any terms agreed by the Parties and set forth in the Confirmation, to the extent that any Transaction is for Product not yet generated at the time of the Transaction, Seller agrees to make and Buyer agrees to accept actual Delivery of the Product, unless sooner netted out pursuant to opposite purchases and sales between the Parties.

2.8 Effect of Transfer of Environmental Attributes. By transferring a Product in a Transaction, Seller transfers any and all rights to, including the exclusive

right to use the Product in any Applicable Program, whether or not the Confirmation specifies that the Product is eligible for a particular Applicable Program, and whether or not the particular Product or any Environmental Attribute therein constitutes property, including any and all Product Reporting Rights. For the avoidance of doubt, transfer of a Product (i) does not transfer eligibility for production tax credits or other direct third-party subsidies for generation of electricity by any specified Renewable Energy Facility, and (ii) grants Buyer the right, exclusive to the full extent applicable, to Verification, Certification, and otherwise to take advantage of the rights, claims and ownership in the Product.

2.9 Verifying and Certifying. The type and amount of any Environmental Attribute transferred and Delivered will be measured, calculated, and subject to Verification and Certification as agreed by the Parties or as required pursuant to the Applicable Program. Unless otherwise specified in a Confirmation or the written rules of the Applicable Program specified by the Parties, Seller will ensure that the Certification Authority, Verification Provider and Verification Methodologies are selected in compliance with this Master Agreement and the rules of the Applicable Program. A Verification Provider and Verification Methodology may be designated before or after Delivery, but unless required pursuant to the terms of the Applicable Program specified by the Parties, Verification is optional and need not be specified. Expenses of Verification are the responsibility of Seller if Verification is designated on or before the Trade Date, and the responsibility of Buyer if designated thereafter. Unless otherwise specified in the Confirmation or the rules of the Applicable Program, the costs of the Verification Authority and Certification Authority are Seller's responsibility.

2.10 Secondary Markets; Exclusion of Warranties. Unless otherwise specified in a Confirmation, neither Seller nor Buyer will have any liability to the other for any act, omission, misrepresentation, or breach (other than act or omission due to the failure to have fees, charges or expenses paid by the responsible Party) by a Certification Authority or Verification Provider, nor, unless otherwise specified, does Seller or Buyer warrant or represent that any particular Verification Methodology is the optimum way to calculate generation, emissions, avoidances, or other matters calculated or estimated pursuant thereto. To the extent a Product is evidenced or Delivered with a Transfer Certificate or other documents executed by or setting forth the findings of third parties, the sole representations of Seller with respect thereto will be that

- (a) Seller has no actual knowledge that any statement therein is false or intentionally misleading, and
- (b) the documents provided by it are true and correct copies of the documentation it has.

All representations and warranties made by Seller to Buyer with respect to the Environmental Attributes, Renewable Energy Facility, Renewable Energy Source, energy delivery location, or Vintage of a Product are transferable by Buyer. Any representation of compliance with an Applicable Program applies only up to the Trade Date. If applicable, a Confirmation may provide by its terms that the Renewable Energy Facility will be designated by Seller after the Trade Date and on or before the Delivery Date, so long as once having been specified, the Delivery complies with the requirements of the Applicable Program, in the manner represented by Seller.

2.11 Scope of Master Agreement. Any transaction for the purchase and sale of Product which has been or will be entered into between the Parties constitutes a Transaction which is subject to, governed by, and construed in accordance with, the terms hereof.

2.12 Product Quantity. Seller agrees to sell and Buyer agrees to buy a specified volume of the Environmental Attributes generated by the Unit Specific Renewable Energy Facility as identified in the Confirmation.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties. On the Effective Date and on each Trade Date, each Party represents and warrants to the other that:

- (a) it is duly organized and validly existing under the laws of the jurisdiction of its incorporation or organization;
- (b) it has the power and authority to enter into this Master Agreement and to perform its obligations hereunder;
- (c) its execution and performance does not violate or conflict with any Applicable Law, any provision of its constituent documents, or any contract binding on or affecting it or any of its assets or any order

or judgment of any Governmental Authority applicable to it or its assets;

- (d) all governmental and other authorizations, approvals, consents, notices and filings that are required to have been obtained or submitted by it with respect to entering into and performing this Master Agreement have been obtained or submitted and are in full force and effect and all conditions thereof have been complied with;
- (e) its obligations hereunder are legal, valid and binding, enforceable in accordance with their respective terms, subject to applicable bankruptcy or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law;
- (f) no Event of Default, or Potential Event of Default, has occurred and is continuing, and none will occur as a result of its entering into or performing this Master Agreement or any Transaction;
- (g) it is not relying upon any representations of the other Party other than those expressly set forth herein, and it is acting for its own account, and not as agent or in any other capacity, fiduciary or otherwise;
- (h) it has entered hereinto with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
- (i) it is not relying on any communication (written or oral) of the other Party as investment advice or as a recommendation to enter into a transaction, and understands that information and explanations related to the terms and conditions of any Transaction will not be considered investment advice or a recommendation to enter into that Transaction;

- (j) it has made its own independent trading and investment decisions to enter into each Transaction and as to whether such Transaction is appropriate or proper for it based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the other Party;
- (k) it has not received from the other Party any assurance, guarantee or promise as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (either economic, legal, regulatory, tax, financial, accounting or otherwise) hereunder;
- (l) there is no pending or, to its knowledge, threatened litigation, arbitration or administrative proceeding before any Governmental Authority or any arbitrator that is likely to materially adversely affect its ability to perform its obligations hereunder;
- (m) all applicable information, documents or statements that have been furnished in writing by or on behalf of it to the other Party in connection with this Master Agreement are true, accurate and complete in every material respect and do not omit a material fact that would otherwise make the information, document or statement misleading.

3.2 Warranties of Seller. With respect to each Transaction, Seller represents and warrants to Buyer on the Trade Date for each Product that such Product complies with any Applicable Program for which the Product is specified as so complying in the Confirmation, and on the Delivery Date for each Product that:

- (a) Seller has good and marketable title to such Product;
- (b) Seller has not sold the Product or any Environmental Attribute of the Product to be transferred to Buyer to any other person or entity;
- (c) all right, title and interest in and to such Product are free and clear of any liens, taxes, claims, security interests or other

encumbrances except for any right or interest by any entity claiming through Buyer;

- (d) each Environmental Attribute and REC meets the specifications set forth in the Confirmation;
- (e) the Product is separate from the electric energy generated by the Renewable Energy Facility, unless otherwise specified by the Parties;
- (f) unless separately disclosed to Buyer in the Confirmation, with respect to Seller, the Product is not transferred, and has not been transferred pursuant to a contract filed or required to be filed with or approved by any Governmental Authority having jurisdiction over the sale of electric energy; and
- (g) subject to Section 2.10 and unless otherwise specified to the contrary in the Confirmation, Seller has disclosed to Buyer any and all Transfer Certificates, Attestations, all other relevant documentation received by it in connection with its acquisition of the Product sold to Buyer hereunder, and any use by any Environmental Attribute of the Product by Seller or any other person or entity to comply with any Applicable Program. Seller makes no claims respecting Verification that are not set forth in the Confirmation.

3.3 LIMITATION OF WARRANTIES. ALL OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE OR WITH RESPECT TO CONFORMITY WITH ANY MODEL OR SAMPLES, ARE DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY HEREUNDER WITH RESPECT TO ANY FUTURE ACTION OR FAILURE TO ACT OR APPROVAL OR FAILURE TO APPROVE BY ANY GOVERNMENTAL AUTHORITY OR ADMINISTRATOR.

3.4 Indemnity. Each Party will indemnify, defend and hold harmless the other Party from and against any claims or demands made by others arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Product is vested in such Party as provided herein, except to the extent arising from such Party's own gross negligence or willful misconduct. Each Party will indemnify, defend and hold harmless the other Party against any Taxes for which such Party is responsible under Section 2.6.

3.5 Cooperation on Delivery; Review of Records. Upon either Party's receipt of notice from an Administrator that the transfer of RECs pursuant to a Transaction will not be recognized or Product Delivery was not made as required pursuant to the terms of a Transaction, that Party will immediately so notify the other Party, providing a copy of such notice, and both Parties will cooperate in taking such actions as are necessary and commercially reasonable to cause such transfer to be recognized and Product Delivered. Each Party agrees to provide copies of its records to the extent reasonably necessary for the Verification Provider or Certification Authority to perform the functions designated on the Confirmation, and to verify the accuracy of any fact, statement, charge or computation made pursuant hereto if requested by the other Party. If any fact, statement, charge or computation contained any inaccuracy, the necessary adjustments and any resulting payments will be made promptly and the payments will bear interest at the Prime Rate from the date the overpayment or underpayment was made until paid. If Seller is not the owner or operator of the Renewable Energy Facility that generated all of the Product in a Transaction, Seller will cooperate with Buyer in any efforts to review the records of the original Seller of such Product. If Seller is the owner or operator of the Renewable Energy Facility that generated any portion of the Product in a Transaction, it consents to Buyer's assignment of rights under this Section to any subsequent purchaser of such Product. The obligations set forth in this Section terminate with respect to any particular Transaction on the later of 30 days following the last date for any banking of the RECs under the Applicable Program for the Vintage of the Product Delivered, or the third anniversary of the Delivery Date.

The Parties further reserve the right to review during normal business hours and at its own expense, for up to two (2) years following the Delivery Date of the WREGIS

Certificates, and with reasonable advance notice to the other Party and to the extent that such other Party is in possession of such information:

- (a) The actual hourly MWh generated by the Renewable Energy Facility, and
- (b) Information required to verify that the RECs sold under the Confirmation were not otherwise sold by Seller to a third party.

3.6 Survival. Articles 1, 2, 3, 5, 8 and 9 survive expiration or termination hereof.

ARTICLE 4

CREDIT

4.1 Financial Information. If requested by a Party, the other Party will deliver:

- (a) within 200 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year of such Party or, if applicable, of the entity specified in Exhibit C,
- (b) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report containing unaudited consolidated financial statements for such fiscal quarter of such Party or, if applicable, of the entity specified in Exhibit C, and
- (c) such other information as specified in the Confirmation.

In all cases the statements will be for the most recent accounting period and prepared in accordance with generally accepted accounting principles in the jurisdiction in which the reporting entity is organized; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay will not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements. If applicable, timely filing of Form 10-K, Form 10-Q or Form 8-K with the Securities and Exchange Commission satisfies the requirements of this Section.

4.2 Credit Assurances.

- (a) During the Term, if there is any Downgrade Event affecting Buyer or Seller (or Seller's Affiliate), the other Party, in its discretion, may require the Party experiencing the Downgrade Event to provide Credit Support sufficient to assure that the Party experiencing or affected by the Downgrade Event will continue to meet its current contractual obligations under this Master Agreement for the next twelve (12) months from the date of the demand for Credit Support (or if the remaining Term of this Master Agreement is less than twelve (12) months, for the remaining Term of this Master Agreement).
- (b) Following a demand for Credit Support and until such time as the Party is no longer experiencing or affected by a Downgrade Event, the Party experiencing or affected by the Downgrade Event shall maintain satisfactory Credit Support on an ongoing, rolling basis sufficient to assure its current contractual obligations and its contractual obligations for the next twelve (12) months. At the request of either Party, Credit Support shall be increased or decreased as appropriate once per calendar month such that the party providing Credit Support will be able to meet the affected Party's then-current contractual obligations and its contractual obligations under this Master Agreement for the next twelve (12) month period (or if the remaining Term of this Master Agreement is less than twelve (12) months, for the remaining Term of this Master Agreement).
- (c) In the case of a Downgrade Event being experienced by Seller, such Credit Support will be provided by Seller's Affiliate on behalf of Seller provided that Seller's Affiliate holds a Credit Rating equal to or greater than BBB- from S&P or Baa3 from Moody's. If Seller's Affiliate is experiencing a Downgrade Event, Seller's Credit Support for the above period shall be in an amount sufficient to provide Replacement RECs equal to 5% multiplied by

8760 multiplied by the Renewable Energy Facility's Nameplate Capacity (MW) multiplied by the Market REC Price or the applicable penalty pursuant to the Washington RPS, whichever is less. For purposes of this Section 4.2(iii), Market REC Price shall be determined by using, in the absence of a liquid, transparent REC market, the average of two broker estimates for the above referenced twelve (12) month period. The brokers are to be chosen by Buyer. In the event a liquid, transparent REC market exists, then the Market REC Price shall be used from the REC market.

- (d) If Buyer is experiencing a Downgrade Event, Buyer's Credit Support for the above period shall be in an amount equal to the greater of (a) two month's of anticipated receivables, or (b) the negative difference between the Market REC Price and the Purchase Price herein multiplied by the RECs that would be delivered for the above referenced twelve (12) month period under this Master Agreement (assuming deliveries of 125% of the Guaranteed Minimum Volume applicable to such period). For purposes of this Section 4.2(iv), Market REC Price shall be as determined by using, in the absence of a liquid, transparent REC market, the average of two broker estimates for the above referenced twelve (12) month period. The brokers are to be chosen by Seller. In the event a liquid, transparent REC market exists, then the Market REC Price shall be used from the REC market.
- (e) If the Party experiencing a Downgrade Event fails to provide such Credit Support within ten (10) days of a request for Credit Support or fails to maintain Credit Support as set forth above, the requesting Party may suspend its performance under this Master Agreement until such Credit Support is posted or may treat the failure to provide Credit Support as a default and exercise its rights under Article 5 of this Master Agreement.

- (f) At a Party's written request, the other Party shall furnish the requesting Party financial information as may be reasonably required to confirm that a Downgrade Event has not occurred.
- (g) Either Party may assign its Credit Support obligation to a "Guarantor" acceptable to the other Party that will be able to meet the minimum credit standards set forth in the definition of Downgrade Event.

4.3 Guarantee. If specified in the Confirmation, the Parties will provide, prior to or concurrently with the execution and delivery hereof, a guarantee in an amount not less than the Guarantee Amount specified therein, in a form reasonably acceptable to the beneficiary Party.

ARTICLE 5

EVENTS OF DEFAULT; REMEDIES

5.1 Events of Default. An "Event of Default" means, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

- (a) the failure to make, when due, any payment required pursuant hereto if such failure is not remedied within three Business Days after receipt of written notice;
- (b) failure to Deliver or receive Product when due pursuant to a Transaction, provided that if the Potentially Defaulting Party pays a Settlement Amount to the Potentially Non-Defaulting Party for such Transaction (or the missing components thereof or performance hereunder if partial performance has been rendered) as if a Terminated Transaction as of the Delivery Date within three Business Days after the Potentially Non-Defaulting Party's written notice to the Potentially Defaulting Party of the amount thereof, it will not be an Event of Default, unless five such failures have occurred in a consecutive rolling ninety (90) day period.
- (c) any representation or warranty made by such Party herein is false or misleading in any material respect when made or repeated;

- (d) such Party becomes Bankrupt;
- (e) the failure of such Party to satisfy the creditworthiness and collateral requirements agreed to pursuant to Article 4, if applicable; or
- (f) a Party's failure to perform any other material covenant or obligation set forth herein, if such failure is not remedied within 20 Business Days after receipt of written notice.
- (g) with respect to such Party's Guarantor:
 - (i) if any representation or warranty made by a Guarantor in connection with this Master Agreement is false or misleading in any material respect when made or when deemed made or repeated;
 - (ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Master Agreement and such failure is not remedied within three Business Days after written notice;
 - (iii) a Guarantor becomes Bankrupt;
 - (iv) the failure of a Guarantor's guaranty to be in full force and effect for purposes hereof (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each Transaction to which such guaranty relates without the written consent of the other Party; or
 - (v) a Guarantor repudiates, disaffirms, disclaims, or rejects or challenges, in whole or in part, the validity of any guaranty.
- (h) failure by Seller to provide Replacement RECs, if applicable, as may be required in the Confirmation.

5.2 Declaration of Early Termination Date and Calculation of Settlement Amounts. If an Event of Default with respect to a Defaulting Party occurs and is continuing, the other Party (the "**Non-Defaulting Party**") will have the right to:

- (a) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ("Early Termination Date"), to accelerate all amounts owing between the Parties, and to liquidate and terminate all, but not less than all, Transactions (each referred to as a "Terminated Transaction") between the Parties;
- (b) withhold any payments due to the Defaulting Party under this Master Agreement; and
- (c) suspend performance.

The Non-Defaulting Party will calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date (or, to the extent that, in the reasonable opinion of the Non-Defaulting Party, certain of such Terminated Transactions are commercially impracticable to liquidate and terminate, or may not be liquidated and terminated under Applicable Law on the Early Termination Date, as soon thereafter as is reasonably practicable).

5.3 Net Out of Settlement Amounts. The Non-Defaulting Party will aggregate all Settlement Amounts under this Master Agreement into a single amount by netting out (a) all amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash, security or other Performance Assurance then available to the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Master Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Master Agreement, so that all such amounts will be netted out to a single liquidated amount (the "**Termination Payment**") payable by the Defaulting Party. The Termination Payment, if any, is due from the Defaulting Party to the Non-Defaulting Party within two Business Days following notice.

5.4 Calculation Disputes. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Settlement Amount or Termination Payment, in whole or in part, the Defaulting Party will, within two Business Days of receipt of Non-Defaulting Party's calculation, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that the Defaulting Party must first transfer Performance Assurance to the Non-Defaulting Party in an amount

equal to the full Settlement Amount or Termination Payment, as applicable. References to Defaulting Party and Non-Defaulting Party in this Section include the Potentially Defaulting Party and Potentially Non-Defaulting Party, as applicable.

5.5 Suspension of Performance. Notwithstanding any other provision hereof, if an Event of Default or a Potential Event of Default has occurred and is continuing, the Non-Defaulting Party, upon written notice to the Defaulting Party, has the right (i) to suspend performance under any or all Transactions and (ii) to the extent an Event of Default has occurred and is continuing, to exercise any remedy available at law or in equity, except as limited by Section 5.7.

5.6 Not a Penalty. The Parties intend that no part of this Article Five or any amount due hereunder represents a penalty to the Defaulting Party or Potentially Defaulting Party.

5.7 Limitation of Liability. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFIT OR BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT, CONTRACT OR OTHERWISE, AND, EXCEPT FOR FAILURE TO DELIVER PRODUCTS PROMISED AS SPECIFICALLY SET FORTH HEREIN, NO PARTY WILL BE REQUIRED TO PAY OR BE LIABLE FOR CONSEQUENTIAL DAMAGES.

ARTICLE 6

FORCE MAJEURE

If either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations with respect to this Master Agreement, that upon such Party's (the "**Claiming Party**") giving notice and full particulars of such Force Majeure as soon as reasonably possible after the occurrence of the cause relied upon, confirmed in writing, the obligations of the Claiming Party will, to the extent they are affected by such Force Majeure, be suspended during the continuance of said inability, but for no longer period, and the Claiming Party will not be in breach hereof or liable to the other Party for, or on account of, any loss, damage, injury or expense resulting from, or arising out of such event of Force Majeure. The Party receiving such notice of Force Majeure will have until the end of the Business Day following such receipt to notify the Claiming Party that it

objects to or disputes the existence of Force Majeure. "**Force Majeure**" means an event or circumstance which materially adversely affects the ability of a Party to perform its obligations under one or more Transactions, which event or circumstance was not reasonably anticipated as of the date such Transaction was entered into and which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which the Claiming Party is unable to overcome or avoid or cause to be avoided, by the exercise of due diligence. Force Majeure includes events or circumstances described in the previous sentence that disrupt the operation of the specified Renewable Energy Facility. Force Majeure may not be based on (i) the loss or failure of Buyer's markets; (ii) Buyer's inability economically to use or resell the Product purchased hereunder; or (iii) Seller's ability to sell the Product to another at a price greater than the Purchase Price. Force Majeure may include a change in Applicable Law, or the failure or disruption in Deliveries of any Certification Authority that is not the Claiming Party. In the case of a Party's obligation to make payments hereunder, Force Majeure will be only an event or act of a Governmental Authority that on any day disables the banking system through which a Party makes such payments.

ARTICLE 7

GOVERNMENT ACTION

The Parties acknowledge that the Applicable Programs, which among other things establish the conditions for a market for certain Products, may be the subject of Government Action (including court challenge) that could adversely affect the eligibility of a Product to meet the requirements of an Applicable Program or otherwise alter the requirements of the Applicable Program, or make a Product unavailable or dramatically diminished or increased in value. With respect to any Transaction, as of the Trade Date Seller represents and warrants that the Product complies with the requirements of the Applicable Program. Subsequent to the Trade Date, Buyer bears the risk of any changes to any Applicable Program. With respect to any Transaction, if Seller represents that a Product complies with an Applicable Program, such representation is made and effective as of the Trade Date, and Seller will not be in breach of such representation on account of any Government Action occurring after the Trade Date. Unless otherwise specifically stated in a particular Confirmation, Government Action that changes in any respect the value of a Product, including a Cancellation of Applicable

Program, will have no effect on the obligation of the Parties to purchase and sell such Product at the price and on the terms set forth in the Confirmation. To the extent that Government Action renders Delivery illegal under Applicable Law, such Transaction will be terminated and that portion of whatever has been paid for Products not yet Delivered will be refunded by Seller, to the extent it is lawful to do so. Notwithstanding the foregoing, no Transaction will be affected, cancelled, or otherwise impaired by Government Action that is specific to a Party under Applicable Law taken by a Governmental Authority alleging that Party's violation thereof.

ARTICLE 8

GOVERNING LAW; STATUTE OF FRAUDS

This Master Agreement is governed by and construed in accordance with the laws of the State of Washington. Washington State law may not provide exemptions from the Statute of Frauds similar to those provided under the laws of New York and California, and that therefore in order for such Transaction to be enforceable, the Parties may need to put Transactions that will not be fully performed by a year from the Trade Date, or above a certain dollar amount, in a writing signed by both Parties.

ARTICLE 9

MISCELLANEOUS

9.1 Term of Master Agreement. Unless otherwise agreed to in the Confirmation, the term hereof commences on the Effective Date and remains in effect until terminated by either Party upon 30 days prior written notice; provided, however, that such termination will not affect any Transaction entered into and not yet fully, faithfully, and indefeasibly performed as of such termination, or excuse the performance of either Party under any provision hereof that by its terms survives any such termination and, provided further, that this Master Agreement and any other documents executed and delivered hereunder will remain in effect with respect to the Transactions entered into prior to the effective date of such termination until both Parties have fulfilled all of their

obligations with respect to such Transactions if such Transactions have not been terminated under Article 5 or 7.

9.2 Assignment. Neither Party may assign this Master Agreement or any Transaction without the prior written consent of the other, which consent will not be unreasonably withheld; provided, however, either Party may, without the consent of the other,

- (a) transfer, sell, pledge, encumber or assign this Master Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder),
- (b) transfer or assign this Master Agreement to an Affiliate of such Party which Affiliate's creditworthiness is equal to or higher than that of such Party on the Effective Date, or
- (c) transfer or assign this Master Agreement to any person or entity succeeding to all or substantially all of the assets whose creditworthiness is equal to or higher than that of such Party on the Effective Date; provided, however, that in each such case, any such assignee must agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party must deliver such tax and enforceability assurance as the non-transferring Party may reasonably request. This Master Agreement will bind each Party's successors and permitted assigns. Any attempted assignment in violation of this provision will be void *ab initio*.

9.3 Notices. All notices, requests, statements or payments will be made as specified in Exhibit C. Notices, unless otherwise specified herein, must be in writing and delivered by hand delivery, United States mail, overnight courier service, e-mail or facsimile. Notice by facsimile or hand delivery is effective when actually received, if received before or during business hours on a Business Day, and otherwise will be effective on the next Business Day. Notice by overnight United States mail or courier will be effective on the next Business Day after it was sent. Notice by e-mail will be effective on return confirmation e-mail from the receiver. A Party may change its addresses by providing notice of same in accordance herewith.

9.4 Day Conventions. Unless otherwise specifically provided herein or in a Confirmation, (i) "day" means a calendar day and includes Saturdays, Sundays and holidays, and (ii) if a payment falls due on a day that is not a Business Day, the payment will be due on the next Business Day thereafter.

9.5 General.

- (a) This Master Agreement constitutes the entire agreement between the Parties relating to its subject matter. Any prior agreement or negotiation between the Parties with respect to the subject hereof is superseded. Any Confirmation or any collateral, credit support or margin agreement or similar arrangement between the Parties will, upon designation by the Parties, be deemed part hereof and incorporated herein by reference, with this Master Agreement controlling in the event of a contradiction.
- (b) This Master Agreement will be considered for all purposes as prepared through the joint efforts of the Parties and not be construed against one Party or the other as a result of the preparation, substitution, organizational membership, submission or other event of negotiation, drafting or execution hereof.
- (c) The parties may agree to amend this Master Agreement, but no amendment or modification hereto, or to any written Confirmation, shall be enforceable unless in writing and executed by both Parties.
- (d) Headings used herein are for convenience and reference purposes only.
- (e) Nothing herein constitutes any Party a partner, agent or legal representative of the other Party or creates any fiduciary relationship between them.
- (f) The waiver by either Party of a default or a breach by the other Party will not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by either Party with knowledge of the existence of a default or breach will not operate as a waiver of any default or breach.

- (g) Except as provided in a Confirmation or pursuant to Article 7, if any provision hereof is, for any reason, determined to be invalid, illegal, or unenforceable in any respect, the Parties will negotiate in good faith and agree to such amendments, modifications, or supplements of or to this Master Agreement or such other appropriate actions that will, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the Parties as reflected herein, and the other provisions hereof will, as so amended, modified, or supplemented, or otherwise affected by such action, remain in full force and effect.
- (h) This Master Agreement may be executed in counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same original instrument.

9.6 Electronic Documents. Any document generated by the Parties with respect to this Master Agreement, including this Master Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither Party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

9.7 Dispute Resolution. Prior to initiating any lawsuit or legal action, each Party agrees to follow and implement in good faith, the following dispute resolution processes.

- (a) **Negotiations.** The Parties must attempt in good faith to resolve all disputes arising out of, related to or in connection with this Master Agreement promptly by negotiation, as follows. Any Party may give the other Party written notice of any dispute (“**Dispute Notice**”) not resolved in the normal course of business. Executives of both Parties at levels one level above the personnel who have previously been involved in the dispute must meet at a mutually acceptable time and place within ten days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within 30

days after the referral of the dispute to such senior executives, or if no meeting of such senior executives has taken place within 15 days after such referral, either Party may initiate a dispute resolution method as provided hereinafter if neither Party has requested that the dispute be mediated in accordance with Section (b) below. **All negotiations pursuant to this clause are confidential.**

- (b) **Mediation.** If the dispute is not resolved within 30 days after the referral of the dispute to senior executives, or if no meeting of senior executives has taken place within 15 days after such referral, either Party may request that the matter be submitted to nonbinding mediation. If the other Party agrees, the mediation will be conducted in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association (the "AAA"), as amended and effective on July 1, 2003 (the "AAA Rules"), notwithstanding any dollar amounts or dollar limitations contained therein.
- (i) The Party requesting the mediation, may commence the mediation process with AAA by notifying AAA and the other Party in writing ("**Mediation Notice**") of such Party's desire that the dispute be resolved through mediation, including therewith a copy of the Dispute Notice and the response thereto, if any, and a copy of the other Party's written agreement to such mediation.
- (ii) The mediation will be conducted in King County, Washington by a single mediator. The Parties may select any mutually acceptable mediator. If the Parties cannot agree on a mediator within five days after the date of the Mediation Notice, then the AAA's Administrator will send a list and resumes of three available mediators to the Parties, each of whom will strike one name, and the

remaining person will be appointed as the mediator. If more than one name remains, either because one or both Parties have failed to respond to the AAA's Administrator within five days after receiving the list or because one or both Parties have failed to strike a name from the list or because both Parties strike the same name, the AAA's Administrator will choose the mediator from the remaining names within five days. If the designated mediator dies, becomes incapable, unwilling, or unable to serve or proceed with the mediation, a substitute mediator will be appointed in accordance with the selection procedure described above, and such substitute mediator will have all such powers as if he or she has been originally appointed herein.

- (iii) The mediation will consist of one or more informal, nonbinding meetings between the Parties and the mediator, jointly and in separate caucuses, out of which the mediator will seek to guide the Parties to a resolution of the Dispute. The mediation process will continue until the resolution of the dispute, or the termination of the mediation process pursuant to this Section. The costs of the mediation, including fees and expenses, will be borne equally by the Parties.
- (iv) All verbal and written communications between the Parties that are issued or prepared in connection with this Section will be deemed prepared and communicated in furtherance, and in the context, of dispute settlement, and will be exempt from discovery and production, and will not be admissible in evidence (whether as admission or otherwise) in any litigation or other proceedings for the resolution of the dispute.

- (v) The initial mediation conference between the Parties and the mediator, which may be held by telephone, will be held within 25 days after the Mediation Notice. Either Party may terminate the mediation process upon or after the earlier to occur of (A) the failure of the initial mediation conference to occur within 25 days after the date of the Mediation Notice, (B) the passage of 45 days after the date of the Mediation Notice without the dispute having been resolved, or (C) such time as the mediator makes a finding that there is no possibility of resolution through mediation.
- (vi) All deadlines in this Section may be extended by mutual agreement.
- (c) **Settlement Discussions.** No statements of position or offers of settlement made in the course of the dispute process described in this Section will be offered into evidence for any purpose in any litigation between the Parties, nor will any such statements or offers of settlement constitute an admission or waiver of rights by either Party in connection with any such litigation. At the request of either Party, any such statements and offers of settlement, and all copies thereof, will be promptly returned to the Party providing the same.

9.8 Jurisdiction and Venue. Any disputes arising out of, in connection with or with respect to this Master Agreement, the subject matter of this Master Agreement, the performance or non-performance of any obligation under this Master Agreement that cannot be resolved in accordance with Section 9.7 shall be adjudicated in King County

Superior Court, King County, Washington and nowhere else. Each of the Parties irrevocably consents to the jurisdiction of such Court.

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


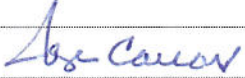
HOLY CROSS ENERGY	THE CITY OF SEATTLE, CITY LIGHT DEPARTMENT
By: 	By: 
Name: Delvan D. Worley	Name: Jorge Carrasco
Title: Chief Executive Officer	Title: Superintendent

EXHIBIT A

Seller:	Buyer:
Contract ID:	Contract ID:
Deal Maker:	Deal Maker:
Phone:	Phone:
E-mail:	E-mail:
Fax:	Fax:

**SAMPLE FORM: CONFIRMATION AGREEMENT
RENEWABLE ENERGY CERTIFICATES**

This Confirmation Agreement ("**Confirmation**") dated as of _____ ("**Trade Date**") is entered into by and between _____ ("**Seller**") and _____ ("**Buyer**"), each referred to herein individually as a "**Party**" and collectively as the "**Parties**".

The following describes a Transaction between Buyer and Seller for the sale, purchase and delivery of Product pursuant to the terms of the Master Renewable Energy Certificate Purchase and Sale Agreement between them dated _____ ("**Master Agreement**"). The Master Agreement and this Confirmation, including the Special Terms & Exceptions described in Section 8 below, shall be collectively referred to herein as the "**Agreement**".

1. **Product:** Renewable Energy Certificates ("RECs") that include all Environmental Attributes arising as a result of the generation of electricity associated with the REC. The REC is generated from the Unit Specific Renewable Energy Facility that, as of the Trade Date, meets the requirements of the Renewable Portfolio Standard ("RPS") of Washington State, the definition of a Renewable Resource under Section 19.285.030 (18) of the Revised Code of Washington ("RCW") and is eligible for certification under Section II of the Green-e Energy National Standard for Renewable Electricity Products, National Standard Version 1.6. Such Product is created by a facility that meets the requirements of a Certified Renewable Energy Facility. Buyer has the right to disaggregate, retain or separately sell the RECs or Environmental Attributes.
2. **Term:** The Term of this Transaction shall commence on _____ and shall continue through _____ and until all other obligations of the Parties under this Agreement have been satisfied, unless an Early Termination Date of this Agreement is established pursuant to Section 5.2 of the Master Agreement.
3. **Unit Specific Certified Renewable Energy Facility Information:**
 - a. Name of Facility:
 - b. Location of Facility:

- c. Facility ID Number: _____ EIA or QF? (check one)
 - d. Fuel Type:
 - e. Initial Operating Date: ___/___/___
 - f. Nameplate Capacity (MW): _____
4. **Contract Quantity:** 100% of the Environmental Attributes generated by the Renewable Resource during the Term.
- a. Unit Contingent (estimated maximum volume):
 - b. Expected Volume (estimated):
 - c. Guaranteed 3-Contiguous Years Minimum Volume:
5. **Purchase Price:**
6. **WREGIS Generator Information:**
- a. Generating Unit Identification Number:
 - b. Generating Unit Name:
 - c. Primary Facility Name:
 - d. Facility Owner Name:
- A completed Generator Attestation in the form of Exhibit B to the Master Agreement will be provided as soon as reasonably practicable.
7. **Delivery Date:** By WREGIS REC electronic tracking and transfer system. Seller shall comply with all laws, including, without limitation, the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. Within 10 Business Days after receipt by Seller of RECs from WREGIS, Seller shall deliver such RECs to Buyer's WREGIS account ID _____. After such delivery of RECs to Buyer's WREGIS account, Seller shall invoice Buyer for such RECs in accordance with Section 2.3 of the Master Agreement.
8. **Special Terms & Exceptions:**

The parties agree to the Transaction set forth herein.

Seller:	Buyer:
By:	By:
Name:	Name:
Title:	Title:

RR 11 04 / EB 11

EXHIBIT B

SAMPLE FORM:

ATTESTATION FROM GENERATOR PARTICIPATING IN WREGIS

This Exhibit B, Attestation from Generator Participating in WREGIS, governs generation at the Facility during the Term. Any changes shall be provided to the Buyer as soon as reasonably practicable by providing a revised Exhibit B.

1. Renewable Energy Facility Owner Information

- a. Name of Owner:
- b. Address of Owner:
- c. Contact person: _____ Title: _____
- d. Telephone: _____ Fax: _____ Email: _____

2. Renewable Energy Facility and WREGIS Registration Information

- a. Name of Facility:
- b. Location/Address of Facility:
- c. Facility ID Number: _____ EIA or QF? (check one)
- d. Fuel Type:
- e. Initial Operating Date: ___/___/___
- f. Nameplate Capacity (MW): _____

3. WREGIS Information

- a. Generating Unit Identification Number:
- b. Generating Unit Name:
- c. Primary Facility Name:

4. Other

- a. Is the Facility owner reporting its direct greenhouse gas emissions in a legally binding cap and trade program for the time period of generation listed on this form?
 - Yes; list the cap and trade program: _____
 - No
- b. If Seller is providing only RECs to Purchaser and selling the associated electricity to a utility or load-serving entity, please write the name of the utility or load-serving entity here: _____
- c. If Facility has been registered in a Tracking System by an entity other than Owner, complete items 1 – 3 immediately below and have an agent of the

company or individual designated in WREGIS to manage Facility's account in WREGIS complete and sign this form. For the purposes of this form, such a company or individual is referred to as an "Account Manager".¹

- (i) Name of Account Manager as appears in WREGIS:
- (ii) Date that account management rights assigned to Account Manager expire.²
- (iii) Account Manager has attached documentation³ accepted by WREGIS authorizing Account Manager to register Facility in Tracking System.

5. Declaration

I, (print name and title) _____ ("Signatory"), authorized agent of Owner / Account Manager (check one) declare that I have sufficient knowledge and authority to make the following attestation for the Effective Period of this document. I also declare the following regarding Facility's participation in WREGIS and regarding Renewable Attributes (also called "Certificates", "Renewable Energy Certificates" or "RECs") generating by Facility and tracked in Tracking System:

- a. all renewable and environmental attributes associated with the production of electricity from Facility, including any and all CO2 benefits, emissions offsets, reductions or claims, are transferred to purchasers within the WREGIS Tracking System;
- b. for Transactions made within WREGIS only fully aggregated Environmental Attributes are traded;
- c. the Environmental Attributes of a particular MWh are sold, retired or reserved only once;
- d. to the best of my knowledge, the Environmental Attributes or the electricity that is generated with the Environmental Attributes are not used to meet any federal, state or local renewable energy requirement, renewable energy procurement, renewable portfolio standard, or other renewable energy mandate by any entity other than the party on whose behalf the Environmental Attributes are retired;
- e. the electricity that was generated with the attributes is not separately sold, separately marketed or otherwise separately represented as renewable energy attributable to Facility by Seller, or, to the best of my knowledge, any other entity other than Buyer.

¹ Only fill in this section if Owner and Account manager have signed the appropriate bi-lateral form required by WREGIS to designate Account Manager as the sole manager of Facility's Tracking System account and sole recipient of Facility's Environmental Attributes. If there is no Account Manager, and Owner manages Facility's account, this section should be left blank, and Owner must complete this attestation.

6. Signature

As an authorized agent of Owner or Account Manager, Signatory declares that they have the knowledge and authority to attest that the statements on this form are true and correct. By signing this form, Signatory is attesting that the statements and declarations herein will remain true for the Effective Period.

If any conditions change related to the information on this form prior to Expiration Date, Signatory agrees to inform the Buyer in writing as far in advance of the change as commercially practicable.

Signature

Date

Title

Organization

Place of Execution

RR 11 04/ ORD 11

ORDINANCE 123499

AN ORDINANCE relating to the City Light Department; authorizing the execution of enabling agreements with separate counterparties that establish general terms and conditions for the purchase and sale of renewable energy certificates in the form of a common master agreement.

WHEREAS, City Light is required to purchase renewable resources and/or environmental attributes pursuant to the Revised Code of Washington ("RCW") Chapter 19.285 and also purchases environmental attributes for its retail voluntary green power programs ("GreenUp") pursuant to RCW Chapter 19.29A; and

WHEREAS, in order to facilitate the negotiation, review and approval of the purchases and sales of environmental attributes, City Light has adapted the Master Renewable Energy Certificate Purchase and Sale Agreement prepared by a working group of the American Bar Association and the American Council on Renewable Energy ("Master Agreement") as the basis of City Light's master agreement; and

WHEREAS, City Light has elected to narrow the scope of the Master Agreement to better fit City Light's legal and other requirements; and

WHEREAS, City Light will transact the long-term purchase or sale of environmental attributes using confirmation agreements that identify the unique attributes of the transaction and each such confirmation agreement will incorporate by reference City Light's master agreement and shall be authorized by separate ordinance hereafter; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Light Department is hereby authorized to use as the basis for its purchases and sales of environmental attributes, the Master Renewable Energy Certificate Purchase and Sale Agreement ("Master REC Agreement"), substantially in the form of the agreement attached hereto as Attachment 1. This Master REC Agreement provides the contractual framework for specific transactions, where each individual transaction will be established through a Confirmation Agreement ("Confirmation") substantially in the form of the Exhibit A in Attachment 1. The Confirmations will cover the specific terms and conditions such



1 as price, delivery period, and quantity, as well as any variations from the standard terms and
2 conditions included in the Master REC Agreement.


3 Section 2. The Superintendent of the City Light Department, or his designee, is hereby
4 further authorized to execute for and on behalf of the City of Seattle such Master REC
5 Agreements with as many potential counterparties as he deems necessary or convenient for City
6 Light.
7

8 Section 3. Consistent with the authority provided in SMC 21.49.130, the City Light
9 Department shall have the authority to enter into purchases or sales of Renewable Energy
10 Certificates for a term of 18 months from the date of execution, or less. For those Renewable
11 Energy Certificate purchases or sales of a term greater than 18 months the City Light Department
12 will request future authorization by Ordinance of transaction-specific Confirmations for such
13 long-term purchases or sales, substantially in the form of the Exhibit A in Attachment 1.
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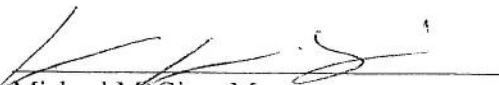


1 Section 3. This ordinance shall take effect and be in force 30 days from and after its
2 approval by the Mayor, but if not approved and returned by the Mayor within ten days after
3 presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 13th day of December, 2010, and
5 signed by me in open session in authentication of its passage this
6
7 13th day of December, 2010.

8
9
10 
11 President _____ of the City Council

12 Approved by me this 20th day of December, 2010.

13
14
15 
16 Michael McGinn, Mayor

17 Filed by me this 20th day of December, 2010.

18
19
20 
21 City Clerk

22 (Seal)

23 Attachment 1: Master Renewable Energy Certificate Purchase and Sale Agreement
24
25
26
27
28

