

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117505

1
2
3
4 AN ORDINANCE relating to the City Light Department; authorizing execution of a 20-year
5 agreement with WM Renewable Energy, LLC for the purchase of renewable power and
6 environmental attributes from the expansion of the Columbia Ridge landfill gas
7 generating facility that are necessary or convenient for reliably meeting load growth and
8 meeting the requirements of the Washington State Energy Independence Act; and further
9 authorizing the execution of other necessary and convenient agreements for the receipt,
10 tracking, transmitting, transferring, management and sale of power and environmental
11 attributes from the Columbia Ridge landfill gas generating facility expansion.

12 WHEREAS, WM Renewable Energy, LLC (“WMRE”) owns and operates an electric generating
13 facility fueled by landfill gas, extracted from the Columbia Ridge Landfill which is
14 located within the City of Arlington, Gilliam County, Oregon (“Facility”); and

15 WHEREAS, City Light currently purchases all the electrical output and associated
16 environmental attributes from the Facility; and

17 WHEREAS, WMRE intends to expand the Facility and increase the capacity by 6.4 MW
18 (“Facility Expansion”); and

19 WHEREAS, the Revised Code of Washington Chapter 19.285 (the “Washington State Energy
20 Independence Act”) requires the City Light Department to acquire renewable resources
21 and/or environmental attributes; and

22 WHEREAS, the energy and environmental attributes generated at the Facility Expansion meet
23 the requirements of the Washington State Energy Independence Act; and

24 WHEREAS, City Light may be required to sign agreements with other parties related to the
25 receipt, tracking, transmitting, transferring, management and sale of power and
26 environmental attributes associated with this resource; and

27 WHEREAS, WMRE wishes to sell and City Light wishes to purchase all electrical output
28 generated by WMRE’s Facility Expansion, together with all associated Environmental
Attributes; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:



1 Section 1. The Superintendent of the City Light Department ("City Light"), or his
2 designee, is hereby authorized to execute for and on behalf of the City, a 20-year Renewable
3 Power Purchase Agreement, substantially in the form attached hereto as Attachment 1. This
4 agreement with WMRE sets forth the terms under which WMRE will deliver new renewable
5 energy and environmental attributes in the form of renewable energy certificates ("RECs") to
6 City Light from the Facility Expansion.
7

8 Section 2. The Superintendent of City Light, or his designee, is hereby further authorized
9 to execute for and on behalf of the City additional agreements necessary and convenient for
10 receipt, tracking, transmitting, transferring, management and sale of power and environmental
11 attributes and other necessary and convenient agreements to enable City Light to efficiently and
12 effectively use the energy and RECs purchased hereunder.
13

14 Section 3. Upon determining the availability of surplus energy and environmental
15 attributes within City Light's portfolio, and in order to minimize the cost to City Light's
16 customers of compliance with the Washington State Energy Independence Act when the
17 Superintendent believes it is cost-effective to acquire energy and RECs in advance of need, the
18 Superintendent, or his designee, is further authorized to execute for and on behalf of the City
19 agreements for the sale of all or a portion of the energy and RECs provided by the Renewable
20 Power Purchase Agreement authorized in Section 1, on terms and conditions that the
21 Superintendent deems in the best interests of City Light provided, however, that no such sale
22 shall jeopardize City Light's compliance with the Washington State Energy Independence Act.
23

24 Section 4. As required by R.C.W. 80.80.070, the City Council finds that WM's Facility
25 complies with the green house gas performance standards required by R.C.W. 80.80.040 because
26



1 it will be powered exclusively by landfill gas, a renewable resource as defined by R.C.W.

2 19.280.020.

3 Section 5. This ordinance shall take effect and be in force 30 days after its approval by
4 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
5 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

6 Passed by the City Council the ____ day of _____, 2012, and
7 signed by me in open session in authentication of its passage this
8 ____ day of _____, 2012.

9
10 _____
11 President _____ of the City Council

12
13 Approved by me this ____ day of _____, 2012.

14
15 _____
16 Michael McGinn, Mayor

17
18 Filed by me this ____ day of _____, 2012.

19
20 _____
21 Monica Martinez Simmons, City Clerk

22 (Seal)

23
24 Attachment 1: Renewable Power Purchase Agreement #2



Robert W. Cromwell, Jr./MLS
SCL WMRE Renewable Power Purchase #2 Authorization ORD ATT 1
April 27, 2012
Version #5

ATTACHMENT 1

RENEWABLE POWER PURCHASE AGREEMENT #2

between

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

and

WM RENEWABLE ENERGY, LLC



Robert W. Cromwell, Jr./MLS
SCL WMRE Renewable Power Purchase #2 Authorization ORD ATT 1
April 27, 2012
Version #5

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RENEWABLE POWER PURCHASE AGREEMENT #2

This Renewable Power Purchase Agreement #2 ("**Agreement**") is entered into as of the _____ day of _____, 2012, by and between WM Renewable Energy, LLC, a Delaware limited liability company ("**WMRE**"), and The City of Seattle, a Washington municipal corporation, by and through its City Light Department, ("**City Light**"). WMRE and City Light are sometimes referred to in this Agreement collectively as the "**Parties**" and individually as a "**Party**."

RECITALS

WHEREAS, WMRE owns and operates an electric generating facility fueled by Landfill Gas, extracted from the Columbia Ridge Landfill which is located within the City of Arlington, Gilliam County, Oregon ("**Facility**");

WHEREAS, WMRE intends to expand the Facility and increase the capacity by 6.4 MW ("**Facility Expansion**");

WHEREAS, City Light currently purchases all the electrical output and associated environmental attributes from the Facility;

WHEREAS, WMRE wishes to sell and City Light wishes to purchase all Electrical Output generated by WMRE's Facility Expansion up to the Contract Capacity Expansion, together with all associated Environmental Attributes related to the Generator Output from the Facility Expansion; and

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City Light and WMRE agree as follows:

ARTICLE 1 DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below. Certain other capitalized terms are defined where they appear in this Agreement.

"**Additional Output**" has the meaning set forth in Section 3.6.

"**Affiliate**" means with respect to any Person, each Person that directly or indirectly, controls or is controlled by or is under common control with such designated



Person; *provided, however*, that in the case of WMRE, "Affiliate" means Waste Management, Inc. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Agreement" has the meaning given to it in the Preamble.

"Applicable Law" means, with respect to any Party, all laws, statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, regulations, governmental approvals, licenses and permits, directives, and requirements of all regulatory and other governmental authorities, in each case applicable to or binding upon such Party and, in the case of WMRE, the Facility.

"Area Control Error" or "ACE" means the instantaneous difference between a Balancing Authority's net actual and scheduled interchange, taking into account the effects of Frequency Bias and correction for meter error.

"Automatic Generation Control" or "AGC" means equipment that automatically adjusts generation in a Balancing Authority Area from a central location to maintain the Balancing Authority's interchange schedule plus Frequency Bias. AGC may also accommodate automatic inadvertent payback and time error correction.

"Balancing Authority" means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time. For purposes of this definition, the word "Interconnection" shall mean any one of the three major electric system networks in North America; Eastern, Western, and ERCOT.

"Balancing Authority Area" means the collection of generation, transmission and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

"BPA" means The Bonneville Power Administration.

"BPAT" has the meaning set forth in Exhibit F, Section 5.2.

"Business Day" means any day other than Saturday, or Sunday, or a national legal public holiday as designed 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.

"Capacity" means the ability of a generator at any given time to produce energy at a specified rate as measured in megawatts ("MW") or kilowatts ("kW"). For purposes of this Agreement, the Capacity is equal to the Contract Capacity Expansion.

"CBEC" means the Columbia Basin Electric Power Cooperative.

"City Light" shall have the meaning given to it in the Preamble.

"CAMD" means the Clean Air Markets Division of the United States Environmental Protection Agency or any successor agency that is given jurisdiction over a program involving transferability of Environmental Attributes.

"Commercial Operation Date" or **"COD"** means the date as memorialized in a written communication from WMRE to City Light, on which the generators included in the Facility Expansion, and all other portions of the Facility Expansion necessary to put the Facility Expansion into operation along with the Interconnection Facilities, are installed and capable of producing Energy and delivering such Energy, less real power losses, to the Delivery Point on the BPA's Transmission System in accordance with Prudent Electrical Practices and Applicable Law.

"Contract Capacity" means 6.4 MW (net 6 MW) of generator capacity with a commercial operation date of December 2009.

"Contract Capacity Expansion" means 6.4 MW (net 6 MW) with a COD expected in late 2013.

"Contract Rate" has the meaning set forth in Section 9.1.

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

"Consolidated Net Tangible Assets" means, with respect to any Person and as of the date of any determination thereof, the total amount of all assets of such Person determined on a consolidated basis in accordance with Generally Accepted Accounting Principles (GAAP) as of such date, less the sum of (i) the consolidated current liabilities of such Person determined in accordance with GAAP and (ii) assets properly classified as intangible assets in accordance with GAAP.

"Credit Support" means (1) for City Light and WMRE'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 8.2 of this Agreement (which approval shall not be



unreasonably withheld, conditioned or delayed), or (2) for WMRE, a parent guarantee in the form of **Exhibit J**.

“**Day**” means a period of 24 consecutive hours beginning at 00:00 hours Pacific Prevailing Time on any calendar day and ending at 24:00 hours Pacific Prevailing Time on the same calendar day.

“**Defaulting Party**” shall have the meaning given to it in Section 12.2.

“**Delivery Day**” means the 24-hour period during which power is delivered or made available.

“**Delivery Point**” shall have the meaning given to it in Section 3.9.

“**Dynamic Schedule**” means a telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as a schedule for interchange accounting purposes and commonly used for scheduling jointly owned generation to or from another Balancing Authority Area.

“**Electrical Output**” means Capacity, Energy and Resource Adequacy Benefits of the Facility Expansion and/or any reporting rights associated with any of the foregoing.

“**Energy**” means any and all electrical energy generated by the Facility Expansion in excess of energy consumed in connection with the generation of electricity or the preparation of Landfill Gas as fuel and in excess of station load, in an amount determined in accordance with Section 3.2.

“**Environmental Attributes**” means any and all credits, benefits, emissions reductions, environmental air quality credits, offsets, and allowances, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical, or other substance directly attributable to the generation from the Facility and its displacement of conventional energy generation delivered during the Term, including without limitation any of the same arising out of legislation or regulation concerned with oxides of nitrogen, sulfur or carbon, with particulate matter, soot or mercury, or implementing the United Nations Framework Convention on Climate Change (the “UNFCCC”) or the Kyoto Protocol to the UNFCCC or crediting “early action” with a view thereto, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency or successor administrator. Environmental Attributes include but are not limited to: (1) any avoided emissions 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) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the Environmental Attributes Reporting Rights to these avoided emissions. Environmental Attributes do not include (1) any energy, capacity, reliability or other power attributes from the Facility, or (2) fuel-related subsidies or "tipping fees" that may be paid to WMRE delivering such Environmental Attributes in the form of RECs to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits. If WMRE receives any tradable Environmental Attributes based on the greenhouse gas reduction benefits attributed to its fuel usage for the Facility under this Agreement, it shall provide City Light with sufficient Environmental Attributes to ensure that there are zero net emissions associated with the applicable production of electricity from the Facility. The term Environmental Attributes includes any other environmental credits or benefits recognized in the future and attributable to the energy generated by the Facility during the Term, unless otherwise excluded herein. The term Environmental Attributes does not include federal, state or local tax credits or similar benefits, including without limitation any tax credits that might be available pursuant to Section 45 of the Internal Revenue Code.

"Environmental Attributes Reporting Rights" means all rights to report ownership of the Environmental Attributes in compliance with federal or state law, if applicable, and to any person or entity at City Light's discretion, and include without limitation those Environmental Attribute Reporting Rights accruing under Article 1605(b) of the Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program or otherwise.

"Example" means an example of certain calculations to be made hereunder. Each Example is for purposes of illustration only and is not intended to constitute a representation, warranty or covenant concerning the matters assumed for purposes of each Example.

"Facility" shall have the meaning given to it in the Preamble.

"Facility Expansion" means that 6 MW of generating capability added to the Facility during 2013 as more particularly described in **Exhibits A** through **D** hereto and otherwise meeting the requirements of this Agreement.



“Facility Expansion Meters” shall have the meaning given to it in Section 7.2.

“Facility Meters” shall have the meaning given to it in Section 7.2.

“Force Majeure” means any act or event that delays or prevents a Party from timely performing its obligations under this Agreement, or from complying with or satisfying the conditions required under this Agreement if such act or event is reasonably unforeseeable, not within the reasonable control of the Party affected thereby, and (i) cannot have been avoided or (ii) which by the exercise of reasonable diligence the affected Party is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute. As long as the requirements of the preceding sentence are met, a Force Majeure act or event may include any act of God or the elements, extreme or severe weather conditions, explosion, fire, epidemic, landslide, mudslide, sabotage, lightning, earthquake, flood or similar cataclysmic event, an act of public enemy, war, blockade, civil insurrection, riot, civil disturbance, strike or other labor disruption, or an event that is any restraint or restriction imposed by law or by rule, regulation, or other acts of governmental authorities, whether federal, state or local; *provided, however*, without limiting the generality of the foregoing, shall specifically include, but is not limited to transmission curtailment or outage, failure of generating facility, pipelines or other equipment; failure of supply of Landfill Gas; breakage of or damage to machinery, equipment or pipelines provided such act or event is not related to failure by WMRE to adhere to Prudent Electrical Practices.

In addition, City Light's failure to receive delivery of Energy as required hereunder due to curtailment of firm Transmission Services being utilized by City Light to transmit energy away from the Delivery Point shall be deemed a Force Majeure act or event provided and to the extent that City Light does not at the time it is first informed of such curtailment, own rights to unused and uncommitted firm transmission capacity on the same path capable of providing for such deliveries.

“Forced Outage” means an occurrence, as reasonably declared by WMRE to City Light, of an unplanned reduction or interruption of the generation of Electrical Output from the Facility in response to mechanical, electrical or hydraulic control system trips or operator initiated trips or shutdowns in response to unit alarms or equipment malfunction at the Facility or to prevent such trips, alarms or malfunctions, which reduction or interruption may be immediate or delayed no longer than the end of the then applicable daily preschedule.



“**Forward Contract**” shall have the meaning given it in Section 17.11.

“**Forward Contract Merchant**” shall have the meaning given it in Section 17.11.

“**Frequency Bias**” means a value, usually expressed in megawatts per 0.1 Hertz (MW/0.1 Hz), associated with a Balancing Authority Area that approximates the Balancing Authority Area’s response to interconnection frequency error.

“**Generator**” means the engine and generator sets described in **Exhibit C**.

“**Generator Interconnection Agreement**” or “**GIA**” means the interconnection agreement(s), between the Transmission Provider(s) and/or Interconnection Provider(s) and WMRE, pursuant to which the Interconnection Facilities will be constructed, operated, and maintained during the Term. Such agreement must be in a form and substance reasonably acceptable to City Light for purposes of this Agreement. If reasonably required by the Transmission Provider and/or the Interconnection Provider, City Light will be a party to such GIA or enter into a similar agreement, and both such agreements shall collectively constitute the GIA for purposes of this Agreement. City Light’s consent to be a party to such agreement shall not be unreasonably withheld, conditioned or delayed.

“**Generator Output**” means the sum of the output of the Generators as measured by the Facility Expansion Meters.

“**Guaranteed Output**” means, beginning in the third Contract Year of this Agreement, as calculated for the second Contract Year, Forty-four Thousand Five Hundred (44,500) MWh reduced by Force Majeure events.

“**Guarantor**” shall have the meaning set forth in Section 8.2.7.

“**Integration Agreement**” means the integration agreement(s), if any, between the Transmission Provider(s) and/or Interconnection Provider(s) and WMRE, during the Term. Such agreement must be in a form and substance reasonably acceptable to City Light for purposes of this Agreement. If reasonably required by the Transmission Provider and/or the Interconnection Provider, City Light will be a party to such Integration Agreement or enter into a similar agreement such as a balancing authority area services agreement and both such agreements shall collectively constitute the Integration Agreement for purposes of this Agreement. City Light’s consent to be a party to such agreement shall not be unreasonably withheld, conditioned or delayed.

“**ICCP**” means the Inter-Control Center Protocol ((IEC) 60870-6/TASE.2) established by the International Electrotechnical Commission.



"Interest Rate" means, on any date, the per annum rate of interest equal to the Prime Rate plus three percent (3%) provided that the Interest Rate shall never exceed the maximum rate permitted by applicable law.

"Interconnection Facilities" means the facilities and control and other equipment between the Facility Expansion and the Delivery Point, including, without limitation, control and protective devices, metering facilities, and WMRE's transformer necessary to deliver Energy to City Light at the Delivery Point.

"Interconnection Provider" means with respect to the transmission or distribution system facilities from the Facility Expansion to the Delivery Point, Columbia Basin Electric Cooperative or any replacement regional transmission organization or other entity that operates such transmission or distribution system facilities.

"Landfill Gas" means that gas which is a by-product of the decomposition of refuse within the Columbia Ridge Landfill.

"Market Price" means for each Month, stated in dollars per MWh, an amount equal to the simple average of the daily firm flat prices using the Dow Jones Mid-Columbia Electricity Index for the respective month. If such index becomes unavailable during the Term, it shall be replaced for purposes of the preceding sentence by a replacement index agreed to in writing by City Light and WMRE.

"Material Adverse Change" means that (1) (a) the long-term senior unsecured debt rating (or its equivalent) of WMRE's Affiliate or City Light, as applicable, has fallen below the rating of BBB-/Stable from Standard & Poor's and Baa3/Stable from Moody's, if such party is rated by both such agencies, or (b) if such party is rated by only Standard & Poor's or Moody's and such party's senior unsecured debt rating (or its equivalent) has fallen below a rating of BBB-/Stable for Standard & Poor's or Baa3/Stable from Moodys, or (c) if such party is rated by neither Standard & Poor's nor Moody's, such party's senior unsecured debt rating (or its equivalent) has fallen below a rating of BBB-/Stable from the Fitch rating agency, and (d) the Consolidated Net Tangible Assets, as shown on the applicable party's regularly prepared quarterly and annual financial statements, have fallen below \$100,000,000, or (2) a default by WMRE's Affiliate or City Light under a bond indenture or comparable material debt instrument if such default is not cured within the time period specified for cure in the indenture or instrument in question.



“**Megawatt-hour**” or “**MWh**” means a unit of energy equal to one thousand kilowatt-hours.

“**Meter**” means the instrument or instruments meeting applicable Technical Requirements and electric industry standards, installed, repaired and calibrated in accordance with BPA’s requirements and used to measure and record the volume and other required delivery characteristics of the Energy delivered hereunder, as further defined in Section 7.1.

“**Megawatt**” or “**MW**” means a unit of power equal to one thousand kilowatts.

“**Month**” means each of January, February, March, July, August, September, October, November, and December.

“**NAESB**” means the North American Energy Standards Board.

“**NERC**” means the North American Electric Reliability Corporation.

“**Non-Defaulting Party**” shall have the meaning given to it in Section 12.2.

“**Party**” and “**Parties**” shall have the meaning given it in the Preamble.

“**Person**” means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, limited liability company or any other entity of whatever nature.

“**Prime Rate**” means the rate published in *The Wall Street Journal* under “Money Rates,” as the “Prime Rate” from time to time (or, if more than one rate is published, the arithmetic mean of such rates), in either case determined as of the date the obligation to pay interest arises, but in no event more than the maximum rate permitted by Applicable Law.

“**Prudent Electrical Practices**” means during the relevant time period, any of the practices, methods and acts engaged in or approved by the Western Electricity Coordinating Council (WECC), and prudent electrical engineering and operations practices to operate landfill gas generation electrical equipment and related electrical equipment lawfully and with safety, reliability, efficiency, economy and expedition; or in the absence of the practices, methods and acts described in the immediately preceding clause, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. “Prudent Electrical Practices” is not intended to be limited to the optimum practice, method or act to the exclusion of all



others, but rather to the range of practices, methods or acts generally accepted in the electric industry. Prudent Electrical Practices include procedures to prevent harmonic distortion, disruptive service and provide for voltage regulation.

“Qualified Reporting Entity” or **“QRE”**) means an organization providing renewable output on a unit specific basis for the purpose of creating WREGIS Certificates that has met the QRE guidelines established in the WREGIS Operating Rules.

“Reliability Adjustment” means a modification to energy flow and/or transmission capacity requested by a reliability entity that will be implemented in accordance with reliability standards and the provisions of the NERC Electronic Tagging Functional Specification Version 1.8.0 (November 2007), as may be modified from time to time.

“Renewable Energy Credits” or **“Renewable Energy Certificates”** or **“RECs”** means tradable credits or certificates evidencing all Environmental Attributes associated with the Generator Output of the Facility Expansion. RECs are accumulated on a kWh basis and one REC represents the Environmental Attributes associated with one (1) MWh of generation from a renewable resource.

“Renewable Generating Unit” means, for the purposes of WREGIS, any Generating Unit that is defined as renewable by any of the states or provinces in the WECC.

“Replacement Energy Cost” shall have the meaning given it in Section 6.1.1 and calculated in **Exhibit I**, Replacement Energy Cost.

“Replacement RECs” means tradable credits or certificates that meet the definition of Renewable Energy Credit pursuant to Chapter 19.285 of the Revised Code of the State of Washington in effect as of the date of signing of this Agreement.

“Representative(s)” shall have the meaning given it in Section 14.1.

“Resource Adequacy Benefits” means the rights and privileges associated with any generating resource that satisfy an entity’s resource adequacy obligations, as those obligations may be subsequently defined.

“Resource Adequacy Requirements” means resource adequacy obligations established by the Western Electricity Coordinating Council or other entity applicable to City Light.

"Scheduled Major Maintenance Outage" means any scheduled outage or reduced generating capability to perform major maintenance such as performing top end overhauls, engine or generator replacement, or high voltage maintenance but not including an event of Forced Majeure or Forced Outage or routine maintenance including without limitation oil changes or spark plug changes.

"Technical Requirements" means those codes, standards, and specifications for the Meters mutually agreed upon by the Parties in writing.

"Term" shall have the meaning given to it in Section 2.1.

"Test Power" means the Energy produced by the Facility Expansion during the testing thereof prior to the COD.

"Transfer" means an assignment of any rights, a delegation of any duties under this Agreement or any other transfer of this Agreement.

"Transmission Provider" means the operator of Transmission System facilities from the Delivery Point to City Light's electric system, BPA or any replacement regional transmission organization or other entity that operates such Transmission System facilities.

"Transmission Services" means the transmission or wheeling services, between the Delivery Point and City Light's points of interconnection with the Transmission Provider.

"Transmission System" means the transmission system facilities now or hereafter operated by the Transmission Provider.

"WECC" means the Western Electric Coordinating Council.

"WMRE" shall have the meaning given to it in the Preamble.

"WMRE's Affiliate" means Waste Management, Inc or another Affiliate of WMRE designated by WMRE and acceptable by City Light to be WMRE's Guarantor for this contract which shall not be experiencing a Material Adverse Change at the time of such designation.

"Western Renewable Energy Generation Information System" or ("WREGIS") means the independent, renewable energy tracking system for the WECC region that tracks renewable energy generation from units that register in the system using verifiable data and creates RECs (**"WREGIS Certificates"**) that can be used to verify compliance with state regulatory requirements and in voluntary market programs.



"WREGIS Certificate" means all renewable and Environmental Attributes from one MWh of electricity generation from a Renewable Generating Unit registered with WREGIS. The WREGIS system will create exactly one WREGIS Certificate per MWh of generation that occurs from a registered Renewable Generating Unit.

ARTICLE 2

TERM AND TERMINATION; APPROVALS

2.1 Term. This Agreement shall be effective at 2400 hours on the date that both Parties have executed the Agreement and all conditions precedent have been met. The first Delivery Day under this Agreement shall commence with the delivery of Test Power. The Agreement shall continue through 2400 hours on December 31, 2033 unless terminated earlier pursuant to this Agreement.

2.2 Extension by Mutual Agreement. The term of this Agreement may be extended by a written amendment executed by both Parties.

2.3 Conditions Precedent. The Agreement is conditional upon and shall not take effect or be enforceable against either Party until all of the following have occurred:

2.3.1 Receipt by WMRE of an Oregon air permit for the Facility reasonably acceptable in form and substance to WMRE;

2.3.2 Execution of an amendment to the Balancing Authority Area Services Agreement between WMRE and BPAT to include the Facility Expansion, reasonably acceptable to WMRE as to form, substance and cost;

2.3.3 Confirmation by BPA of City Light's service request reserving transmission on BPA's transmission system;

2.3.4 The Agreement has been executed by a properly authorized representative of WMRE;

2.3.5 The Agreement has been approved by a lawfully enacted ordinance of the City of Seattle.

2.3.6 If before all the conditions precedent are satisfied the Seattle City Council or Waste Management, Inc.'s President propose modification to this Agreement, the Parties shall exercise commercially reasonable efforts to either:

- (i) Amend this Agreement to comply with the changes, or
- (ii) Negotiate a replacement Agreement, that in either case provides benefits similar to those provided under this Agreement to both Parties and that is expected to be acceptable to the Seattle City Council, and Waste Management, Inc.'s President, or
- (iii) Terminate discussions.

2.3.8 City Light shall deliver to WMRE a true and correct copy of the ordinance evidencing the necessary authorizations with respect to the execution and delivery of this Agreement and the performance by City Light of its obligations pursuant to this Agreement upon receipt from the City of the Seattle.

2.4 Suspension and Termination.

2.4.1 City Light's Right to Suspend and/or Terminate.

2.4.1.1 Terminate. City Light shall have the right to terminate this Agreement without penalty on sixty (60) Days written notice if any of the following occur:

- (a) the Facility Expansion does not generate for 12 consecutive months after the Commercial Operate Date;
- (b) the Facility Expansion fails to comply with all applicable federal, state and local laws, regulations, codes and ordinances, and WMRE cannot cure the default within the periods of time specified in Section 2.4.1.2;
- (c) after the COD, the Facility Expansion fails to generate a minimum of Four Thousand Six Hundred (4,600) MWh of Energy during any twelve (12) consecutive months, for reasons other than the occurrence of an event of

Force Majeure, Forced Outage or an act or omission of, or a condition affecting the Transmission Provider or the Interconnection Provider; or

(d) the COD does not occur on or before October 1, 2014 by reasons other than Force Majeure.

2.4.1.2 Suspension. City Light may suspend its purchases of Electrical Output and Environmental Attributes under this Agreement if and to the extent at any time during the Term, the Facility Expansion (i) fails to comply in any material respect with any federal, state and local laws, regulations, codes and ordinances applicable to such Facility Expansion, and (ii) WMRE does not cure such failure within forty (40) Days after WMRE receives notice from City Light or otherwise describing the failure in reasonable detail; provided, however, that if the failure to comply is not reasonably capable of being cured within such forty-day cure period, WMRE will have additional time to cure the event of non-compliance if WMRE (a) commences to cure the failure within the forty-day cure period, (b) diligently pursues the cure, and (c) the failure is capable of being cured and is in fact cured within no more than one-hundred ninety (190) Days after WMRE receives notice of the failure from City Light or otherwise. The suspension would commence at the end of the 40-day cure period, unless the cure period is extended as contemplated by the proviso set forth in the preceding sentence (in which case the suspension would commence at the end of such extended cure period). WMRE shall provide City Light with reasonably detailed information concerning the commencement of the cure and anticipated diligent pursuit of the cure on or before the 41st Day following notice. WMRE shall provide updates of such information as reasonably requested by City Light. Any such suspension of City Light's purchases of Electrical Output and Environmental Attributes under this Agreement shall end two Business Days after (x) WMRE corrects to City Light's reasonable satisfaction the non-compliance described in City Light's notice, and (y) WMRE gives City Light notice that the non-compliance has been corrected. If any suspension under this Section 2.4.1.2 continues for a period of more than one hundred ninety (190) Days, City Light shall have the right to terminate this Agreement in its sole discretion. A suspension shall not extend the term of this Agreement, and neither Party shall be required to make up the deliveries of Electrical Output and Environmental Attributes that would have been made



during the suspension period. City Light shall give WMRE at least fifteen (15) Days prior written notice of termination.

2.4.2 WMRE's Right to Terminate. WMRE may terminate this Agreement pursuant to Article 12 on the grounds of uncured events of default by City Light.

2.4.3 Notice of Termination.

2.4.3.1 Each Party shall give the other Party as much advance notice as possible of issues or concerns that may give rise to its decision to terminate this Agreement.

2.4.3.2 Any termination under this Agreement shall be effectuated by delivery of a written notice of termination specifying the basis for termination and the date upon which the termination shall become effective. Following termination of this Agreement, each Party shall (a) as applicable, render to the other Party a final invoice for the payment obligations of the other Party, if any, incurred up to the termination date and/or make full payment of all amounts shown on outstanding invoices, including without limitation the foregoing final invoice; and (b) in good faith and to the best of its ability, do all things necessary and proper to ensure the efficient, proper close-out of this Agreement.

2.5 Effect of Termination. Except as otherwise provided herein, upon the termination of this Agreement neither Party shall have any further liability to the other under the Agreement, except that any liabilities incurred or accrued prior to termination shall continue until paid.

2.6 Effect of Suspension. Notwithstanding any provision of this Agreement to the contrary, if City Light suspends this Agreement under Section 2.4.1.2, (a) City Light shall be released and discharged from any obligations to take and pay for Electrical Output and Environmental Attributes under this Agreement from and during the period of such suspension, but only to the extent of such suspension, and (b) WMRE shall be released and discharged from any obligations to sell and deliver Electrical Output and Environmental Attributes under this Agreement from and during the period of such



suspension, but only to the extent of such suspension. In such event, WMRE may sell the Facility's Electrical Output and Environmental Attributes to a third party, but if WMRE sells such Electrical Output and Environmental Attributes at a combined price greater than the Contract Rate, City Light shall be entitled to receive ninety percent (90%) of the amount paid for such Electrical Output and Environmental Attributes in excess of the Contract Rate. This amount shall be due and payable to City Light on the 20th Day of the month following the month in which WMRE receives payment for such Electrical Output and Environmental Attributes.

ARTICLE 3

RENEWABLE POWER PURCHASE and SALE

3.1 Notice of Commercial Operation. WMRE shall notify City Light in writing at least thirty (30) Days prior to the expected COD. Within ten (10) Business Days after the COD has occurred, WMRE shall deliver to City Light a certificate or letter to that effect substantially in the form attached hereto as **Exhibit E**, Example Notice of Commercial Operation. The parties anticipate that the COD will occur on or about October 1, 2013, but WMRE shall not be in default pursuant to this Agreement and shall have no liability to City Light if the COD is delayed beyond such anticipated date. As requested by City Light, WMRE will provide updated estimates of the COD.

3.2 Purchase and Sale of Electrical Output. In accordance with and subject to the provisions hereof, commencing on the COD and continuing throughout the Term, WMRE shall sell and deliver to City Light at the Delivery Point, and City Light shall purchase and receive from WMRE at the Delivery Point, the Electrical Output and all title and interest in and to the Electrical Output and Environmental Attributes of the Facility Expansion in an amount determined by dividing the Contract Capacity Expansion by the sum of the Contract Capacity plus the Contract Capacity Expansion and multiplying the result by the MWh as measured at the Meter for Electrical Output during the Term. The Environmental Attributes shall be measured in MWh at the Facility Expansion Meters during the Term. The sale of Electrical Output to City Light under this Agreement includes all Environmental Attributes associated with the Generator Output as more specifically described in Section 3.10.



3.3 Test Power. Prior to the COD, WMRE shall sell and deliver to City Light at the Delivery Point, and City Light shall purchase and accept from WMRE at the Delivery Point, all Test Power. Such amount of Test Power will be measured by dividing the Facility Expansion Meter reading by the sum of the Facility Meter readings plus the Facility Expansion Meter readings and multiplying the result by the MWh as measured at the Meter.

3.4 Power Quality. WMRE shall deliver Electrical Output (including Test Power) to the Delivery Point at a power factor and quality consistent with the requirements of the GIA and Prudent Electrical Practices.

3.5 Purchase Includes Resource Adequacy Benefits. WMRE hereby grants, pledges, assigns and otherwise commits to City Light the full Electrical Output of the Facility Expansion during the Term for all purposes, including among other things any benefit satisfying any Resource Adequacy Requirement that may be applicable to City Light; provided, however, WMRE shall not be required to provide City Light with any ancillary services that may be associated with the sale of Capacity, including but not limited to black start capability, reactive power, spinning reserves or regulation. WMRE represents, warrants and covenants to City Light that WMRE will not, during the Term, use, grant, pledge assign or otherwise commit any portion of the Facility's Electrical Output and the associated Environmental Attributes to any entity other than City Light. The Parties shall take all actions (including, without limitation, amending this Agreement) and execute all documents or instruments as may be reasonably necessary or advisable to effectuate the use of the Resource Adequacy Benefits of the Facility for City Light's sole benefit throughout the Term.

3.6 Additional Output of the Facility. From time to time WMRE shall provide City Light with timely updates as to possible plant expansion. If at any time during the Term WMRE installs generation capacity at the Facility and Facility Expansion where the total generation capacity is in excess of 12.8MW and WMRE elects to sell the additional capacity, energy, and resource adequacy benefits ("**Additional Output**") and the Environmental Attributes resulting from the added capacity for delivery other than for delivery and use on the site of the Columbia Ridge landfill or on real property adjoining the landfill that is owned by Waste Management of Washington, Inc or by an Affiliate of

Waste Management of Washington, Inc., then WMRE shall provide City Light with a written notice establishing an exclusive negotiating period of 90 Business Days to reach agreement in principle on terms for the purchase of all such Additional Output and the associated Environmental Attributes based upon rates, terms and conditions mutually agreeable to WMRE and City Light for such Additional Output and Environmental Attributes (the "Exclusive Window"). During the Exclusive Window, City Light and WMRE shall timely and diligently negotiate in good faith with each other. Upon receipt by City Light of a written notice provided by WMRE of future availability of Additional Output and associated Environmental Attributes, WMRE and City Light shall negotiate in good faith and commercially reasonable efforts to complete an agreement for the sale and purchase of any Additional Output and associated Environmental Attributes that is mutually acceptable to the parties and suitable for any approval process by WMRE and the City of Seattle within the Exclusive Window. Such agreement shall be completed within the Exclusive Window or a mutually acceptable alternative time frame after City Light's receipt of WMRE's notice. Any agreement for Additional Output may be subject to a determination of availability of transmission from the Transmission Provider for City Light to transmit the Additional Output. If WMRE and City Light fail to reach agreement on acceptable rates, terms and conditions within the Exclusive Window and the parties fail to extend the Exclusive Window, then WMRE shall be free to sell such Additional Output, and associated Environmental Attributes to third parties, provided such sale is not at materially lower rates or on materially more favorable terms or conditions to such third party than that offered to City Light.

If WMRE has sold Additional Output to a party or parties other than City Light, and the Facility's output is reduced, WMRE shall first reduce the delivery quantities for all Additional Output before reducing any of City Light's Contract Capacity and Contract Capacity Expansion.

3.7 Title and Risk of Loss of Test Power and Electrical Output. Title to, liability for, and risk of loss associated with the Test Power and Electrical Output sold to City Light under this Agreement shall transfer from WMRE to City Light upon delivery of Electrical Output at the Delivery Point.



3.8 Scheduling and Notifications. Scheduling and notifications shall be provided pursuant to Section 5.1 Operating Procedures, and **Exhibit H** which is attached hereto.

3.9 Delivery Point. The Facility will be interconnected with CBEC by means of a 115 kV tap onto CBEC's section of the Tower Road – Alkali Canyon 115 kV transmission line. City Light will accept and take delivery of the Electrical Output at the point where BPA ownership begins ("**Delivery Point**"). Electrical Output sold to City Light under this Agreement shall be delivered to City Light at the Delivery Point. WMRE shall obtain and maintain throughout the Term, at WMRE's expense, all services and agreements including any GIAs necessary to deliver the Electrical Output (including Test Power) to the Delivery Point.

3.10 Environmental Attributes.

3.10.1 Purchase and Sale of Environmental Attributes. Together with the Electrical Output of the Facility, WMRE shall convey to City Light all rights, title, and interests in and to all Environmental Attributes associated with the Generator Output as measured at the Facility Expansion Meters whether now existing or acquired by WMRE or that hereafter come into existence or are acquired by WMRE during the Term. WMRE shall, to the fullest extent permitted by Applicable Law, make the Environmental Attributes available to City Light immediately upon WMRE's obtaining the Environmental Attributes associated with such Generator Output. WMRE shall make such filings and take such other actions as City Light may from time to time reasonably request in order to preserve and maintain City Light's title to the Environmental Attributes and to enable City Light to use, sell and transfer such Environmental Attributes. City Light and WMRE acknowledge that the quantity of Environmental Attributes are equal to the Generator Output as measured at the Facility Expansion Meters and will exceed the quantity of Electrical Output. None the less, City Light will pay for both the Environmental Attributes and the Electrical Output based solely on the Electrical Output quantity as determined in Section 3.2. City Light and WMRE further acknowledge that the quantity of RECs reported to WREGIS, its successor organization or another tracking entity may differ from those measured at the Facility Expansion Meters due to differences in the tracking



entities rules as they may change from time to time. City Light and WMRE agree to also comply with the measurement rules of the tracking entity.

3.10.2 Title to and Risk of Loss of Environmental Attributes. Title to, liability for, and risk of loss associated with the Environmental Attributes sold to City Light under this Agreement shall transfer upon delivery of the RECs as set forth in Section 3.10.4.

3.10.3 WMRE's Covenants, Representations and Warranties. WMRE warrants and represents to City Light on a continuing basis that it owns or will own the Environmental Attributes as they are created; and it has not sold, pledged, assigned, transferred or otherwise disposed of, and will not sell, pledge, assign, transfer or otherwise dispose of, the Environmental Attributes to any entity other than City Light; and all electricity generated by the Facility Expansion will be fueled solely by Landfill Gas such that it complies with the renewable resource definition of Chapter 19.285 of the Revised Code of Washington in effect as of the date of signing of the contract.

3.10.4 Delivery of Renewable Energy Credits. WMRE agrees to submit to City Light, or an entity designated by City Light, documentation of WMRE's sale to City Light of the Environmental Attributes and delivery to City Light of the Environmental Attributes in the form of RECs by completing the REC Attestation and Bill of Sale attached hereto as **Exhibit F**. The Parties will modify that Attestation, to the extent necessary to conform to the reporting requirements adopted by any entity that verifies City Light's renewable energy purchases. WMRE agrees that it will, at its own expense, designate a QRE for the purpose of providing renewable output (reportable renewable generation data) to WREGIS, its successor organization or another entity, if any, that City Light uses to verify its renewable energy purchases and that requires registration, inspections, certification or other evidence of the quality and/or quantity of RECs. From this renewable generation data WREGIS will create WREGIS Certificates. On a monthly basis, WMRE or WMRE's designee shall deliver the WREGIS Certificates to City Light by initiating transfer to City Light's WREGIS account in accordance with the terms and conditions of the WREGIS. City Light will reimburse WMRE for any charges incurred by WMRE from WREGIS for transferring the WREGIS Certificates to City Light. Further, at City Light's request and expense, the Parties shall execute any such



additional documents and instruments necessary or desirable to evidence the RECs or to effect or evidence transfer of the RECs to City Light or its designees.

ARTICLE 4

PERMITTING, CONSTRUCTION AND MONITORING

4.1 Facility Expansion Development. WMRE shall develop, obtain all necessary permits and authorizations and construct the Facility Expansion at no cost to City Light.

4.2 Warrants and Covenants. WMRE represents, warrants and covenants throughout the Term that:

4.2.1 the Facility Expansion will be designed, engineered, constructed and installed in such a manner as to have a reasonably expected useful life of no less than twenty (20) years;

4.2.2 the Facility Expansion will be designed, engineered, constructed, installed and operated in compliance with all permits and Applicable Law and in accordance with Prudent Electrical Practices; and

4.2.3 that it will develop and operate the Facility Expansion as a renewable resource that complies with the definition set forth in Section 19.280.020 of the Revised Code of Washington in effect as of the date of signing of the Agreement, and as thereafter amended.

4.3 Right to Monitor. During the design, procurement, construction, installation, start-up, and testing of the Facility Expansion, WMRE shall permit City Light and its advisors and consultants to:

4.3.1 monitor the construction of the Facility Expansion to determine whether it meets the specification of having a reasonably expected useful life of not less than twenty (20) years;

4.3.2 be present to witness the initial performance tests and review the results thereof;



4.3.4 perform such other examinations, inspections, and quality surveillance as, in the judgment of City Light, are appropriate and advisable to determine that the Facility Expansion has been designed, engineered and installed in accordance with this Agreement; and

4.3.5 in conducting the foregoing monitoring activities, City Light's representatives shall comply with all requirements for visitors to the Columbia Ridge Landfill.

4.4 Reporting Requirements.

4.4.1 Status Update. WMRE agrees to provide to City Light periodic reports as to the status of the development, permitting, design, construction and installation of the Facility Expansion and other matters reasonably related to City Light's interest in the Facility Expansion pursuant to this Agreement. Such reports shall be provided by WMRE to City Light as requested by City Light, but no more often than twice in any calendar month.

4.4.2 Schedule for Initial Performance Tests. Prior to the COD WMRE shall deliver to City Light a schedule for the initial performance tests.

4.5 No City Light Warranty, Representation or Endorsement. No monitoring, review, consent, verification, advice, recommendation, authorization, notice, witness, inspection, test or any other act by City Light (and no delay or failure by City Light to monitor, review, approve, consent, verify, advise, recommend, authorize, notify, witness, inspect, test or otherwise act) regarding the procurement, construction, installation, start-up, testing, operation or maintenance of the Facility Expansion shall constitute or be interpreted or construed as, or be relied upon or held out by WMRE or any other Person as, any waiver, warranty, representation, covenant or endorsement by City Light. Likewise, any monitoring, review, consent, verification, advice, recommendation, authorization, notice, witness, inspection, test or any other act by City Light is for City Light purposes only, and shall not act or be construed in any way as to relieve WMRE from its duty to comply with Applicable Law.



ARTICLE 5

OPERATIONS, MAINTENANCE AND REPORTING

5.1 Operating Procedures. Exhibit H shall specify procedures that govern certain operation of the Facility Expansion including scheduling and coordination requirements for WMRE, CBEC, BPA and City Light. These procedures will be modified and/or amended as necessary to incorporate changes in industry standards, practices and procedures.

5.2 Power Quality. All Energy delivered by WMRE to the Delivery Point shall be 60 hertz, three phase, and shall be delivered in accordance with the voltage stated in the GIA with CBEC and any requirements of the Transmission Provider.

5.3 Operating Standards. WMRE shall operate and maintain the Facility Expansion in such a manner as to have a reasonably expected useful life of no less than twenty (20) years, in accordance with Prudent Electrical Practices; consistent with any interconnection agreements related to the Facility Expansion and with all Applicable Laws.

5.4 Inspections, Maintenance and Repairs. WMRE shall (a) develop and implement a plan of inspection, maintenance and repair for the Facility Expansion and its components in order to maintain such equipment in safe and reliable operating conditions and in accordance with Prudent Electrical Practices, and (b) keep records with respect to inspections, maintenance and repairs to the Facility Expansion. WMRE shall permit City Light to inspect the plan and records during regular business hours upon reasonable notice.

5.5 Right to Monitor. Upon City Light's reasonable prior request to WMRE, representatives of City Light shall be allowed to visit the Facility Expansion and to ascertain the condition of the Facility Expansion, all at City Light's sole risk and expense. City Light shall, where possible, make this request at least thirty (30) Days in advance of the visit. City Light shall defend, indemnify and hold WMRE harmless against any claims, demands, or liabilities of any nature whatsoever asserted by any of its representatives on account of any personal injury or property damage suffered by such representative while visiting the Facility Expansion.



5.6 Notice of Scheduled Major Maintenance Outages. At least sixty (60) Days before the beginning of each Contract Year, WMRE shall provide City Light with written notice of Scheduled Major Maintenance Outages for the following Contract Year. WMRE shall use commercially reasonable efforts to avoid Scheduled Major Maintenance Outages in July and August and between December and March and to accommodate any additional outage schedule adjustment that is requested by City Light. Such notice will include the following information: (i) beginning date (day, month, year), (ii) beginning time (hour), (iii) end date (day, month, year), (iv) end time (hour), (v) number of units affected, (vi) estimated Energy during the outage period. City Light shall promptly be informed of any changes to the schedule of maintenance outages pursuant to **Exhibit H**, Section H.7.

5.7 Monthly Report. Within thirty (30) Days after the end of each calendar month, WMRE shall provide to City Light a written monthly report, which shall include summaries of production of the Generators, any other significant events related to the operation of the Generators, and any supporting information that City Light may reasonably request.

ARTICLE 6

PERFORMANCE GUARANTEES

6.1 Guaranteed Output.

6.1.1 WMRE covenants that beginning with the second (2nd) Contract Year the amount of Energy sold to City Light during each Contract Year will be greater than the Guaranteed Output. If WMRE fails to sell to City Light the Guaranteed Output, then WMRE shall pay City Light an amount determined as follows:

For each Month that the Market Price is greater than the Contract Rate the payment shall equal ((Guaranteed Output – annual Energy)/9) multiplied by (Market Price – Contract Rate). Total annual payment will be equal to the sum of all nine months' payments.

An Example illustrating the calculation under certain stated assumptions is set forth in **Exhibit I**, Replacement Energy Cost Example Calculation.

6.1.2 No later than February 10 of each Contract Year, beginning with the third Contract Year, City Light shall deliver to WMRE an invoice showing City Light's



computation of the number of MWh of Energy delivered to City Light by WMRE as measured at the Meter and WMRE's Guaranteed Output for the immediately preceding Contract Year as well as any amount due City Light as Replacement Energy Cost. WMRE shall pay such amount to City Light by wire transfer of immediately available funds by the later of ten (10) Days after WMRE's receipt of City Light's statement or the 20th Day of the month in accordance with the wire transfer instructions set out in Exhibit K, Contact Information, as it may be changed from time to time, or to the account specified in writing by City Light for such purpose or by any other means agreed to by the Parties in writing from time to time, provided that any disputed invoices shall be treated as set forth in Section 10.4.

6.2 Replacement RECs. WMRE shall provide City Light with Replacement RECs in an amount equal to the number of MWh by which the Energy in any Contract Year (except for the first Contract Year) is less than the Guaranteed Output. No later than February 10 of each Contract Year, beginning with the third Contract Year, City Light shall inform WMRE by written notice showing City Light's computation of the number of Replacement RECs due City Light from WMRE for the prior Contract Year. No later than May 31 WMRE shall provide the Replacement RECs to City Light. The vintage of the Replacement REC must be no older than the Contract Year for which the calculation of the Replacement REC is made. If WMRE is unable to provide Replacement RECs to City Light, then WMRE will pay City Light an amount equal to the applicable administrative penalty pursuant to RCW 19.285.060 or, if City Light is able to obtain the Replacement RECs at a cost that is less than the applicable administrative penalty, WMRE will reimburse City Light for the cost of such Replacement RECs.

6.3 If payment pursuant to Section 6.1 and 6.2 is not promptly received, City Light may request from WMRE Credit Support in the form of **Exhibit J**.

ARTICLE 7

MEASUREMENT AND METERING

7.1 Metering. The Meter will be installed, repaired, calibrated and read in accordance with the GIA and Integration Agreements. Such Meter shall be used in the calculation described in Section 3.2 to calculate the Energy delivered to the Delivery



Point by WMRE, for interchange accounting in accordance with **Exhibit H**, Section H.1, and to compute the payments due to WMRE from City Light. WMRE's metering and data processing equipment shall meet or exceed the Technical Requirements.

7.2 WMRE's Metering Equipment. WMRE shall install, own, operate, and maintain all metering needed for the measurement of the energy generated by the Generators in the Facility Expansion and used for the calculation of Environmental Attributes ("**Facility Expansion Meters**").

7.3 City Light Check Meter. City Light shall have the right to request that WMRE install, maintain, and operate City Light's own metering, telemetry and communication equipment owned by City Light for the purpose of measuring the Electrical Output. ("**Check Meter**"). The Check Meter shall be installed at City Light's expense, at a location that may be accessed by both Parties and in proximity to WMRE's metering equipment and in a location and manner so as not to interfere with the installation, maintenance and operation of WMRE's metering equipment or the Interconnection Facilities. WMRE shall bill City Light for WMRE's costs of installing, maintaining and operating the Check Meter, pursuant to Article 8.

7.4 Measurements. The calculation described in Section 3.2 including using the readings of the Meter shall be conclusive as to the amount of Electrical Output delivered under this Agreement, except to the extent of any suspension under this Agreement; *provided, however*, that if the Meter is out of service or is determined, pursuant to Section 7.5 hereof, to be registering inaccurately, measurement of Electrical Output delivered under this Agreement shall be determined in the following sequence:

7.4.1 by City Light's Check Meter, if they have been installed and are operational pursuant to Section 7.3; or

7.4.2 by using the hourly integrated instantaneous MW value used to monitor the Generators output from the computer monitoring system (a) to compare to the hourly meter reading of the Facility Meters and the Facility Expansion Meters to determine the beginning of the deviation event and (b) by using the integrated instantaneous MW value from beginning of the deviation event to the time when the meter was back in service or repaired to estimate Electrical Output delivered; or



7.4.3 by the computer monitoring system for each Generator included in the Facility and the Facility Expansion using a mathematical calculation agreed upon by WMRE and City Light to adjust the output thereof to account for electrical losses in the gathering system and Generators transformers and substation transformers up to the Delivery Point; or

7.4.4 by estimating the unmeasured or inaccurately measured quantities by referring to the measurements made during other comparable time periods having similar conditions when the Facility Meters and the Facility Expansion Meters were registering accurately, subject to City Light's approval, which City Light shall not unreasonably withhold, condition or delay.

7.5 Testing. BPA or an independent third party shall test, verify and calibrate the accuracy of the Meter, at regular intervals but no less frequently than once every two (2) years, City Light shall have the right to have a representative present at all meter tests to test and/or verify the accuracy of Meters' measurements and recordings. City Light shall receive reasonable advance notice of any meter test. If Check Meters are installed, then WMRE will test and verify the accuracy of the Check Meters on the same schedule as the Meters.

7.6 Resolution of Disagreements Concerning Meter Accuracy. The Meter and any Check Meters shall be maintained to be accurate within a two percent (2%) variance. If City Light wishes to dispute the accuracy of a meter's accuracy or condition, it will so advise WMRE and WMRE will test the meter. If the meter registers within the permitted two percent (2%) variance, City Light shall bear the cost of inspection; otherwise, the cost shall be borne by WMRE.

7.7 Meter Corrections. Following testing, corrections will be made as follows: If any meter contemplated by this Agreement is found to be accurate or to be in error by not more than the permitted two percent (2%) variance, previous recordings of such meter shall be considered accurate in computing deliveries under this Agreement, and to the meter shall be promptly adjusted to record correctly. If any meter is found to be in error by an amount exceeding the two percent (2%) variance, then such meter shall be promptly adjusted to record correctly and meter readings taken during the period of inaccuracy shall be corrected pursuant to Section 7.4. To the extent of any



meter inaccuracy, a corrected invoice will be issued and, within thirty (30) Days after the date of the corrected invoice, (i) if City Light is shown to have overpaid, WMRE shall refund the overpayment, or (ii) if City Light is shown to have underpaid, then City Light shall pay the additional amount shown on the invoice, all without interest.

7.8 Generator Interconnection Agreement and Integration Agreement.

In the event of a conflict between any provision of this Article 7 and either the Generator Interconnection Agreement or the Integration Agreement, the Parties will work in good faith to resolve such conflict.

ARTICLE 8

CREDIT

8.1 Financial Statements.

8.1.1 If requested by City Light, WMRE shall provide City Light with the following:

8.1.1.1 Within sixty (60) Days after the close of each calendar quarter (commencing with the calendar quarter ending September 30, 2013, the unaudited financial statements of WMRE or WMRE's Affiliate (Guarantor) for the calendar quarter just ended; and

8.1.1.2 Within one hundred and twenty (120) Days after the close of each calendar year (commencing with the calendar year ending 2014), the unaudited financial statements of WMRE or WMRE's Affiliate (Guarantor), provided, that if WMRE's Affiliate (Guarantor) otherwise has audited financial statements prepared for the applicable calendar year, then such audited financial statements of WMRE's Affiliate (guarantor) shall be provided instead of the unaudited financial statements.

8.2 Credit Support.

8.2.1 During the Term, if there is any Material Adverse Change affecting City Light or WMRE's Affiliate, the other Party, in its discretion, may require the Party experiencing the Material Adverse Change to provide Credit Support sufficient to assure that the Party experiencing or affected by the Material Adverse Change will continue to



meet its current contractual obligations under this Agreement and its contractual obligations for the next twelve (12) Months from the date of the demand for Credit Support (or if the remaining Term of this Agreement is less than twelve (12) Months, for the remaining Term of this Agreement).

8.2.2 Following a demand for Credit Support and until such time as the Party is no longer experiencing or affected by a Material Adverse Change, the Party experiencing or affected by the Material Adverse Change shall maintain satisfactory Credit Support on an ongoing, rolling basis sufficient to assure its current contractual obligations and its contractual obligations for the following 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 Agreement for the next twelve (12) month period (or if the remaining Term of this Agreement is less than twelve (12) months, for the remaining Term of this Agreement).

8.2.3 In the case of a Material Adverse Change being experienced by WMRE's Affiliate, such Credit Support will be provided by WMRE's Affiliate on behalf of WMRE. If WMRE's Affiliate is experiencing a Material Adverse Change, WMRE's Credit Support for the above period shall be in an amount sufficient to provide (i) replacement power, the calculation of which shall be the positive difference between the forward power prices at Mid-Columbia (as determined using information from a commercially reasonable independent source) for the above-referenced rolling twelve (12) Month period and City Light Contract Rate herein multiplied by the MWh that would be delivered for the above-referenced twelve (12) Month period under this Agreement (assuming deliveries of 125% of the Guaranteed Output applicable to such period), and (ii) Replacement RECs equal to the quantity in MWh determined in this Section 8.2.3 multiplied by \$35.

8.2.4 If City Light is experiencing a Material Adverse Change, City Light's Credit Support for the above period shall be in an amount equal to the greater of (a) two months' of anticipated receivables, or (b) the negative difference between the forward power prices at Mid-Columbia (as determined using information from a



commercially reasonable independent source) for the above-referenced twelve (12) Month period and the Contract Rate herein multiplied by the MWh that would be delivered for the above referenced twelve (12) Month period under this Agreement (assuming deliveries of 125% of the Guaranteed Output applicable to such period).

8.2.5 If the Party experiencing a Material Adverse Change (WMRE's Affiliate or City Light) 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 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 12 of this Agreement.

8.2.6 At a Party's written request, the other Party shall furnish the requesting Party financial information as may be reasonably required to confirm that City Light or the WMRE's Affiliate has not been affected by a Material Adverse Change.

8.2.7 Either Party may assign its Credit Support obligation to an Affiliate ("**Guarantor**") acceptable to the other Party that will be able to meet the minimum credit standards set forth in the definition of Material Adverse Change.



ARTICLE 9

RATES, BILLING AND PAYMENT, REC ATTESTATION

9.1 Contract Rate. The Contract Rate, expressed in dollars per MWh, payable by City Light to WMRE for the purchase of all Electrical Output and Environmental Attributes, or all Test Power and Environmental Attributes generated by the Facility Expansion during the Term is set out in **Exhibit G**.

9.2 Taxes. WMRE shall be responsible for paying all existing and any new taxes imposed by any federal, state or local governmental agency on the Facility Expansion and on or with respect to the delivery and sale of Electrical Output and Environmental Attributes delivered to City Light that are imposed hereunder up to and including the Delivery Point. City Light shall be responsible for paying all existing and any new taxes imposed by any federal, state or local government agency on the Electrical Output and Environmental Attributes purchased and received hereunder after the Delivery Point. If a Party is required to remit or pay Taxes that are the other Party's responsibility hereunder, such responsible Party shall reimburse the other for such Taxes upon request. If City Light is exempt from payment of taxes that WMRE otherwise would be required to collect in connection with the sale of Electrical Output and Environmental Attributes, then City Light shall provide WMRE with all necessary documentation to evidence such exemption.

9.3 Monthly Billing. No later than the tenth (10th) Day of each calendar month during the Term, WMRE shall deliver to City Light an invoice setting forth the total amount due for the purchase by City Light of Electrical Output or Test Power and Environmental Attributes for the immediately preceding month, calculated as follows:

Based on Section 3.2 and Section 9.5, the monthly bill shall equal (i) / ((i) + (ii)) x (iii) x (iv) + (v), where

- (i) is the Contract Capacity Expansion;
- (ii) is the Contract Capacity;
- (iii) is the quantity of Energy that was measured at the Meter;



(iv) is the applicable Contract Rate set forth in **Exhibit G**;

(v) is WMRE's reasonable cost of transferring WREGIS Certificates to City Light, if any.

Any other amounts due will be supported by reference to the Section in this Agreement where the charge is described.

WMRE will include with each invoice sufficient detail to allow City Light to verify the amount due.

9.4 Payments to WMRE. City Light shall pay the amount specified in the bill less any charges or penalties imposed on City Light by the Transmission Provider for failure of WMRE to adhere to the Operating Procedures set forth in **Exhibit H**, of which failure is not due to an act or omission of City Light, supported by sufficient detail to allow WMRE to verify the charges or penalties. City Light shall pay such amount by electronic wire transfer of immediately available funds by the later of ten (10) Days after City Light's receipt of WMRE's statement or the twentieth (20th) Day of the month in accordance with the wire transfer instructions set out in **Exhibit K**, Contact Information, as it may be changed from time to time; *provided, however*, that any changes to such wire transfer instructions shall not be effective until five (5) Business Days after the date on which notice of the change is sent to City Light. If the due date is not a Business Day, City Light shall pay the monthly bill on the Business Day following such due date. In the event of a dispute, the entire bill shall be paid when due, but such payment shall not waive either Party's right to dispute the bill under Section 10.3.

9.5 Delivery of REC Attestation and WREGIS Certificate. WMRE shall provide monthly to City Light, at the time of the monthly invoice, a REC Attestation and Bill of Sale pursuant to Section 3.10 and **Exhibit F** and the amount of RECs delivered to City Light from the Facility Expansion shall equal the Generator Output as measured by the Facility Expansion Meters. WMRE, or WMRE's designee shall also deliver the WREGIS Certificate as it becomes available from WREGIS and City Light shall reimburse WMRE for the cost imposed by WREGIS of transferring the WREGIS Certificate from WMRE to City Light.



9.6 Interest on Unpaid Amounts. If a Party fails to pay the full amount due on or before the close of business on the due date, the owing Party shall pay interest on the unpaid amount for each Day it is late at the Interest Rate.

ARTICLE 10

RECORDS, AUDITS AND DISPUTES

10.1 Records and Maintenance of Records. Each Party shall have the right, upon reasonable notice to the other Party and during the other Party's regular business hours, to access all of the other Party's metering records, accounting records and supporting documents of any billing or delivery of Electrical Output and Environmental Attributes associated with this Agreement. Each Party shall keep complete and accurate records and shall maintain all records as may be necessary or useful in performing or verifying the accuracy of all relevant data, estimates, or statements of charges or a given invoice or any calculations made pursuant to this Agreement, or in verifying such Party's performance hereunder, or as required by Applicable Law. All such records shall be retained until the later of (i) two (2) calendar years following the calendar year in which such records were created, (ii) any applicable requirement of Applicable Law or (iii) if there is a dispute relating to that invoice, the date on which the dispute is resolved.

10.2 Audit Right and Disputes. Each Party shall bear the costs of its own audit. Should the audit discover over-billing error or other errors affecting amounts due hereunder, WMRE shall compensate City Light the amount of the error plus interest at the rate specified in Section 9.6. Interest shall accrue from the date on which City Light paid the over-billed amount to WMRE. Should the audit discover an under-billing error or errors, City Light shall compensate WMRE for the amount of the error plus interest at the rate specified in Section 9.6. Such interest will accrue from the date on which City Light should have paid the under-billed amount to the WMRE.

10.3 Resolution of Alleged Billing Errors. If City Light believes that there is an error in any invoice, then City Light shall so notify WMRE of the alleged error (including a reasonably detailed description of the nature and effect of the error), within sixty (60) Days after receipt of any invoice. If WMRE disagrees with City Light as to the allegation of error, then WMRE shall so notify City Light within sixty (60) after receipt of



City Light's notice. The Parties shall meet, by telephone conference call or otherwise for the purpose of attempting to resolve the dispute, within five (5) Business Days after WMRE's response. If the Parties are unable to resolve the dispute within sixty (60) Days after their initial meeting, either Party may proceed to seek any remedy that may be available to that Party at law or in equity (provided that any such remedies shall be limited as provided in this Agreement). If WMRE is found to be in error, WMRE will credit City Light on the next invoice for the amount that City Light paid in excess of the amount that City Light actually owed pursuant to Section 9.3, plus interest on such excess payment at the rate specified in Section 9.6. Such interest will accrue from the date on which City Light paid the disputed amount to WMRE, until the date on which City Light receives payment in full of the amount owed to it.

10.4 Corrected Invoices. If WMRE identifies an error in an invoice, it shall promptly give City Light a reasonably detailed notice describing the nature and effect of the error within sixty (60) Days after delivery of the invoice that was in error except in the case of meter corrections where Section 7.7 applies. If City Light notifies WMRE in writing within thirty (30) Days of receipt of such notice that City Light disagrees with the allegation of an error, the Parties shall meet, by telephone conference call or otherwise, within five (5) Business Days after City Light's response for the purpose of attempting to resolve the dispute. If the Parties are unable to resolve the dispute within sixty (60) Days after their initial meeting, either Party may proceed to seek whatever remedy may be available to that Party at law or in equity (provided that any such remedies shall be limited as provided in this Agreement). If the error requires the WMRE to reimburse City Light for amounts previously paid by City Light, WMRE shall promptly reimburse City Light for such amounts or credit City Light for such amounts on the next invoice to City Light plus interest on such amount at the rate specified in Section 9.6. Such interest will accrue from the date on which City Light paid the disputed amount to WMRE. If the error requires City Light to pay WMRE additional amounts, WMRE shall add the amount owed to a subsequent invoice plus interest on such amount at the rate specified in Section 9.6. Such interest will accrue from the later of (a) the date on which City Light payment was due, or (b) the date on which WMRE gives City Light notice of the dispute.

10.5 Time Limits on Disputes and Corrections. An invoice that has not been disputed under Section 10.3 or noticed for correction under Section 10.4 before the



applicable date in each such section of this Agreement shall be deemed final and no longer subject to adjustment.

ARTICLE 11

NOTICES AND CONTACT INFORMATION

11.1 Notices. All payments from one Party to the other Party shall be made to the addresses and/or appropriate persons specified in Exhibit K, Contact Information. All notices, requests (other than scheduling requests as provided for in Exhibit H), and statements from one Party to the other Party shall be in writing and shall be sent to the addresses and/or appropriate persons specified in Exhibit K, Contact Information except where this Agreement expressly provides that notice may be made by telephone.

11.2 Delivery of Notices. All notices (other than scheduling requests and as provided for in Exhibit H) are required to be in writing and must be delivered by two of the three following methods: letter (via U.S. mail, hand delivery, overnight delivery, courier), facsimile (fax) or e-mail. Notices sent by facsimile shall be sent to all of the appropriate persons fax numbers provided in Exhibit K for the Party receiving the facsimile notice and, where confirmation of successful transmission is received by the Party sending the facsimile, shall be deemed to have been received on the Day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a Day that is not a Business Day, in which case it shall be deemed received on the next Business Day). Notices by U.S. mail, hand delivery, overnight delivery or courier shall be deemed to have been received upon delivery as evidenced by the delivery receipt. Notices sent by e-mail must be confirmed by e-mail as received by the receiving Party and shall be deemed to have been delivered at the time and date set out in such confirming e-mail.

11.3 Contact Information. The Parties acknowledge and agree that those persons set forth in **Exhibit K**, Contact Information, are designated by each Party as their respective authorized representatives to act on their behalf for the purposes described therein. A party may change its contact information by providing notice of same in accordance herewith.



ARTICLE 12

DEFAULTS AND REMEDIES

12.1 Events of Default. The following occurrences shall constitute events of default hereunder:

12.1.1 Failure of City Light to provide and maintain Credit Support within ten (10) Days as required by Section 8.2.5;

12.1.2 Failure of WMRE to provide and maintain Credit Support within ten (10) Days as required by Section 8.2.5;

12.1.3 Failure by a party to make any payment required hereunder when due (including payment of any disputed amount), if such failure is not remedied within ten (10) business Days after receipt by the Defaulting Party of notice of such failure;

12.1.4 Failure by a party to perform any other material obligation hereunder, other than failure to perform an obligation for which a remedy is provided in Section 2.4.1.1 (a) – (d), Section 2.4.1.2, or Article 6, if such failure is not remedied within thirty (30) Days after receipt by the Defaulting Party of written notice of such failure;

12.1.5 Any representation or warranty made by a party herein shall have been false in any material respect when made;

12.1.6 A party:

(i) allows the appointment of a receiver or trustee of all or any part of its property if such receiver or trustee is not discharged within sixty (60) Days after such appointment;

(ii) makes an assignment for the benefit of its creditors;

(iii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any



bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such petition is not withdrawn or dismissed for sixty (60) Days after such filing;

- (iv) becomes insolvent; or
- (v) is unable to pay its debts when due.

12.2 Notice of Default. The Party in default under this Agreement shall be referred to as the **"Defaulting Party,"** and the other Party shall be referred to as the **"Non-Defaulting Party."** The Non-Defaulting Party shall have the right to give the Defaulting Party a written Notice of Default, which shall describe the default in reasonable detail and state the date by which the default must be cured.

12.3 Opportunity to Cure. In the case of a default described in Sections 12.1.1, 12.1.2, and 12.1.6 there will be no cure period and no opportunity to cure outside of any time period expressly stated in such Section. In the case of a failure to make a payment hereunder when due, the Defaulting Party may cure the default within ten (10) Days after the Defaulting Party's receipt of the Notice of Default by payment of the full amount due plus interest as provided in Section 9.6 from the date due until paid. In the case of defaults other than pursuant to Section 12.1.1, 12.1.2, or 12.1.6, the Defaulting Party may cure the default within thirty (30) Days after the Defaulting Party's receipt of the notice of Default, except where the default cannot be cured within such thirty (30) Days, in which event, if the Defaulting Party begins to correct the default within the cure period and thereafter continues corrective efforts with reasonable diligence until a cure is effected, the Notice of Default shall be inoperative, and the Defaulting Party shall lose no rights under this Agreement; *provided, however,* that any such default must be cured no later than one hundred eighty (180) days after the Defaulting Party's receipt of the Notice of Default. If, within the specified period, the Defaulting Party does not cure the default or begin to cure the default as provided above, the Non-Defaulting Party may exercise the remedies set forth in Section 12.5.

12.4 Remedies Upon Default. After providing notice of a Default and an opportunity to cure as provided above, if the Defaulting Party fails to cure the Default, within the applicable cure period, then the Non-Defaulting Party shall have the right (but not the obligation) during the continuation of the Default to terminate this Agreement by



giving notice to the Defaulting Party pursuant to Article 11 no less than ten (10) Days before the termination date.

12.5 Remedies Not Exclusive. In addition to the right to terminate this Agreement and except as limited by Section 2.4.1, Article 6 and Section 13.2, the Non-Defaulting Party shall have the right to pursue all remedies available at law or in equity (including the right to specific performance). No delay or omission in the exercise of any power or remedy and no renewal or extension of any performance due under this Agreement shall impair any such power or remedy or waive any default. Notwithstanding any termination of this Agreement, all financial obligations that have accrued under this Agreement (including obligations for Replacement Energy Cost) shall remain until paid.

12.6 Net Out of Payables Upon Termination. Without limiting its remedies under this Agreement, upon termination of this Agreement for default, the Non-Defaulting Party may elect to aggregate all payments due and amounts otherwise owing under this Agreement into a single amount by netting out (a) all payments and other amounts that are due to the Defaulting Party under this Agreement, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 8, against (b) all payments and other amounts that are due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the "**Termination Payment**") payable by one Party to the other within thirty (30) Days of the date on which the Non-Defaulting Party notifies the Defaulting Party of the amount of the Termination Payment. The Termination Payment shall be payable to or from the Non-Defaulting Party, as appropriate. Notwithstanding Article 8, the Non-Defaulting Party shall be entitled to recover, upon termination of this Agreement, all incidental and other costs reasonably incurred by Non-Defaulting Party in closing out forward positions and similar transactions entered into in connection with this Agreement, including but not limited to liquidated damages incurred by Non-Defaulting Party in closing out mark-to-market arrangements.



ARTICLE 13

FORCE MAJEURE; LIMITATION OF LIABILITY

13.1 Effect of Force Majeure. If either party is rendered unable by Force Majeure to carry out, in whole or in part, its obligations under this Agreement, and if such party gives notice and full details of the event of Force Majeure to the other party as soon as practicable after the occurrence of such event, then during the pendency of such event of Force Majeure, but for no longer period, the obligations of the affected party (other than the obligation to make payments hereunder when due or post Credit Support) shall be suspended to the extent performance is prevented. The affected party shall take, or cause to be taken, all reasonable steps to remedy the cause of the Force Majeure with all reasonable dispatch. The Parties agree as appropriate to meet with each other to seek and coordinate appropriate mitigation measures. In no event will any Force Majeure event extend this Agreement beyond its Term. If WMRE receives and timely implements a Reliability Adjustment from City Light in accordance with **Exhibit H** Section H.8.3 instructing the Facility Expansion to reduce output, such adjustment will constitute an event of Force Majeure.

13.1.1 Suspension of Performance. If either Party is prevented by an act or event of Force Majeure from carrying out, in whole or part, its obligation under this Agreement and such Party (the "**Claiming Party**") gives timely notice and details of the Force Majeure Event to the other Party as soon as reasonably practicable, then the Claiming Party shall be excused from the performance of its obligations (other than the obligation to make payments when due or becoming due with respect to performance prior to the Force Majeure Event or Post Credit Support). The suspension of performance due to a Force Majeure claim must be of no greater scope and of no longer duration than is required by the Force Majeure event.

13.1.2 Notice. As soon as reasonably practicable following the commencement of a Force Majeure event, the non-performing Party shall provide the other Party oral notice of the Force Majeure event. The non-performing Party shall also provide written notice to the other Party as soon as reasonably practicable following the commencement of a Force Majeure event, but in no event later than two (2) weeks after the commencement of a Force Majeure event, which written notice shall be in the form



of a letter describing the particulars of the occurrence giving rise to the Force Majeure claim. Failure to provide written notice within two (2) weeks after the commencement of a Force Majeure event constitutes a waiver of a Force Majeure claim.

13.2 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE FOR SPECIAL, INCIDENTAL, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON CONTRACT OR TORT (INCLUDING SUCH PARTY'S OWN NEGLIGENCE) AND INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF THE EQUIPMENT OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF PURCHASED POWER, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, DOWNTIME COSTS, OR CLAIMS OF CUSTOMERS OF WMRE OR OF CITY LIGHT FOR SUCH DAMAGES.

ARTICLE 14 DISPUTE RESOLUTION

14.1 Negotiations. Not later than thirty (30) Days after the date the Agreement is signed by the last to sign of the two Parties, each Party shall appoint a representative, as identified in **Exhibit K**, to coordinate with the other Party the implementation of this Agreement (each a "**Representative**" and collectively the "**Representatives**"). Either Party may change their Representative by providing thirty (30) Days notice to the other Party. Any party may give the other party written notice of any dispute not resolved in the normal course of business. If any dispute arises with respect to either Party's performance under this Agreement, the Representatives shall meet to attempt to resolve such dispute, either in person or by telephone, within ten (10) Business Days after the written request of either Representative. If the Representatives are unable to resolve such dispute, Executives of both parties at levels one level above the personnel who have previously been involved in the dispute shall meet at a mutually acceptable time and place within fifteen (15) business 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.

14.2 Jurisdiction and Venue. Any disputes arising out of, in connection with or with respect to this Agreement, the subject matter of this Agreement, the performance or non-performance of any obligation under this Agreement that cannot be resolved in



accordance with Section 14.2 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.

ARTICLE 15

ASSIGNMENT; BINDING EFFECT

15.1 WMRE Assignment Restriction. WMRE may not assign its rights or obligations under this Agreement without City Light's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.

15.2 City Light Assignment Restriction. City Light may not assign its rights or obligations under this Agreement without WMRE's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.

15.3 Assumption of and Release from Liabilities. Notwithstanding the foregoing, either Party may assign its rights and obligations to an entity acquiring substantially all of its assets required to perform its obligations hereunder, provided however, that any such assignee shall agree in writing to be bound by the terms and conditions hereof, and shall possess the technical and financial capability to perform the assignor's obligations hereunder.

15.4 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assignees.

15.5 Assignment by Either Party. If either Party wishes to assign this Agreement, it shall provide the other Party with a detailed description of the proposed assignee and the circumstances of the proposed assignment.



ARTICLE 16

REPRESENTATIONS AND WARRANTIES

16.1 Representations and Warranties. In addition to the other representations and warranties contained herein, each Party hereto represents and warrants to the other Party that:

16.1.1 Corporate Organization. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and is qualified to conduct its business in the state of Washington;

16.1.2 Power and Authority. The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action or will be so authorized by the first Day of the Term and do not violate any of the terms or conditions in its governing documents or any contract to which it is a Party, or any law, rule, regulation, order, writ, judgment, decree or other legal or regulatory determination applicable to such Party;

16.1.3 Enforceability. This Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending;

16.1.4 There are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it; and

16.1.5 To the party's knowledge, there are no actions, proceedings, judgments, rulings or orders, issued by or pending before any court or other governmental body that would materially adversely affect its ability to perform this Agreement.

16.2 WMRE Additional Representations and Warranties.

16.2.1 WMRE represents and warrants to City Light that:



16.2.1.1 the Facility Expansion qualifies as being a "Renewable Resource" as defined in Chapter 19.285 of the Revised Code of the State of Washington as of the date this Agreement was signed.

16.2.1.2 the Facility Expansion will be fueled by Landfill Gas.

ARTICLE 17

MISCELLANEOUS

17.1 Entire Agreement. THIS AGREEMENT AND EXHIBITS HERETO CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND SUPERSEDE ANY PRIOR OR CONTEMPORANEOUS AGREEMENTS, PROPOSALS, NEGOTIATIONS, DISCUSSIONS, OR REPRESENTATIONS OF THE PARTIES, WHETHER ORAL OR IN WRITING, REGARDING THE SUBJECT MATTER OF THIS AGREEMENT. NO CHANGE TO THIS AGREEMENT WILL BE EFFECTIVE UNLESS THE CHANGE IS IN WRITING AND SIGNED BY BOTH PARTIES.

17.2 Choice of Law. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Washington, without regard to principles of conflicts of law.

17.3 Non-Waiver. No waiver by either party hereto of any one or more defaults by the other party in the performance of any of the provisions of this Agreement shall be construed as a waiver of any other default or defaults whether of a like kind or different nature.

17.4 Headings. The headings used for the Articles and Sections herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement.

17.5 Interpretation. Whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning the plural or feminine or body politic or corporate and vice versa, as the context so requires. Whenever the words include(s) or including are used in this Agreement, they should be interpreted to mean include(s) or including, but not limited to. Because both Parties have participated in the drafting of this Agreement, the usual rule of contract construction that resolves ambiguities against the drafter shall not apply.



17.6 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the parties that this Agreement shall not be construed as a third party beneficiary contract.

17.7 Time. Unless otherwise specified in this Agreement, all references to specific times under this Agreement shall be references to Pacific Standard or Pacific Daylight Savings Time, whichever is then prevailing.

17.8 Counterparts. This Agreement may be executed in multiple counterparts, each of which is an original and all of which constitute one and the same instrument.

17.9 Insurance. WMRE shall maintain in effect during term of this Agreement an insurance policy for comprehensive general liability in the amount of \$2,000,000 to provide protection against claims for damages resulting from WMRE's operations under this Agreement. WMRE shall cause City Light to be named as an additional insured on the policy.

17.10 No Partnership. The relationship between the Parties is one of independent contract. Nothing in this Agreement shall be construed as creating a partnership, joint venture, agency or other relationship.

17.11 Forward Contract. The Parties intend that this Agreement and the transactions contemplated by this Agreement constitute a "**Forward Contract**" within the meaning of the United States Bankruptcy Code and that WMRE is a "**Forward Contract Merchant**" within the meaning of the United States Bankruptcy Code.

17.12 Mobile-Sierra. The rates for service specified in this Agreement shall remain in effect until expiration of the Term, and shall not be subject to change for any reason, including regulatory review, absent agreement of the Parties. Neither Party shall petition FERC pursuant to the provisions of sections 205 or 206 of the Federal Power Act 16 U.S.C. § 792 et seq.) to amend such prices or terms, or support a petition by any other person seeking to amend such prices or terms, absent the agreement in writing of the other Party. Further, absent the agreement in writing by both Parties, the standard

of review for changes to this Agreement proposed by a Party, a non-party or the FERC acting *sua sponte* shall be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

IN WITNESS WHEREOF, City Light and WMRE have executed this Agreement as of the date first set out above.

WM RENEWABLE ENERGY, LLC

SEATTLE CITY LIGHT

By:

James Dowland
Vice President

By:

Jorge Carrasco
Superintendent

Date:

Date



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EXHIBIT A
FACILITY EXPANSION DESCRIPTION
PAGE 1 OF 2

The facility and facility expansion consists of a solid waste disposal landfill with a methane gas collection system, an electric generating plant, and a substation dedicated to the generating plant.

The Columbia Ridge Landfill, owned by Waste Management, Inc. is located in Gilliam County, near the city of Arlington, Oregon.¹ See the maps in Exhibit B for the location of the landfill (identified as CRDG) relative to other geographic points of reference. Solid waste from the Seattle, Washington, and the Portland, Oregon, metropolitan area has been deposited in the landfill since 1990. A gas collection system collects the landfill gas, produced by the decomposing waste, and pipes it to a flare where it is currently flared on-site.² Production of gas is expected to increase over time and continue at least through 2030.

WM Renewable Energy, LLC, a subsidiary of Waste Management, Inc. constructed, owns and operates the existing 6.4 MW electric generating plant at the Columbia Ridge landfill site. The expansion of the existing generating facility ("Facility Expansion") will consist of four landfill gas-fired engines, each with a capacity of 1600 KW to generate electricity from combustion of the landfill gas.³ A portion of the gross output of the additional generators – approximately 500 kW station load – will be used to process and compress the landfill gas prior to combustion by the generators, and provide station auxiliary power, resulting in a net power output of the Expansion of approximately 6 MW. The net electrical energy output of the Facility Expansion is expected to be at least 44,500 MWh per year – an annual capacity factor greater than 88%. The flare will remain to combust the landfill gas when the engines are not operating.

The electrical output of the generating facility is transmitted to Seattle City Light using high-voltage facilities owned and operated by Columbia Basin Electric Cooperative (CBEC) and Bonneville Power Administration (BPA) as shown on the one-line diagrams in Exhibit D. Interconnection of the generating facility including the facility expansion to the regional power system is accomplished by stepping-up the output of the generating plant from 4,160 V to 115 kV in an air-insulated substation adjacent to the power plant. A 115 kV transmission line approximately 3.5 miles in length connects this substation to an existing 115 kV transmission line owned by CBEC. Switchgear located in the generating plant, the substation, and at the tap point permits de-energization of high-voltage electrical facilities. The CBEC line is interconnected with BPA north of the tap point, and is terminated at the Alkali Canyon substation approximately 3 miles south of the tap point as illustrated in the last map in Exhibit B.

¹ The physical and postal address for the facility is: Columbia Ridge Landfill, 18177 Cedar Springs Lane, Arlington, OR 97812.

² Landfill gas is collected by a system of vertical (single and dual) and horizontal collection wells and by connection to leachate risers to a common header pipe. An enclosed flare with a design capacity of 4000 standard cubic feet per minute (scfm) is currently burning the landfill gas.

³ Caterpillar model 3520 spark ignited engines are specified. The generators are described in greater detail in Exhibit C.



EXHIBIT A
FACILITY EXPANSION DESCRIPTION
PAGE 1 OF 2

The net power output of the facility and the facility expansion is measured by a BPA revenue quality meter using instrument transformers mounted on the 115 kV side of the generator step-up transformer. Telemetry equipment installed by BPA provides both instantaneous terminal values including: power, voltage, current and power factor. These measurements are communicated in real-time to BPA through a dedicated PSTN circuit terminating at the McNary substation where a BPA SCADA interface exists. During plant startup, when station load exceeds generator output, the power meter registers reverse power flow [subject to BPA sign convention] that is billable to Waste Management by CBEC through its BPA power purchase agreement. When generators are running at electrical output levels in excess of station load, the meter registers forward power flow that is scheduled for delivery to Seattle City Light.



EXHIBIT B
FACILITY EXPANSION MAP
PAGE 1 OF 4

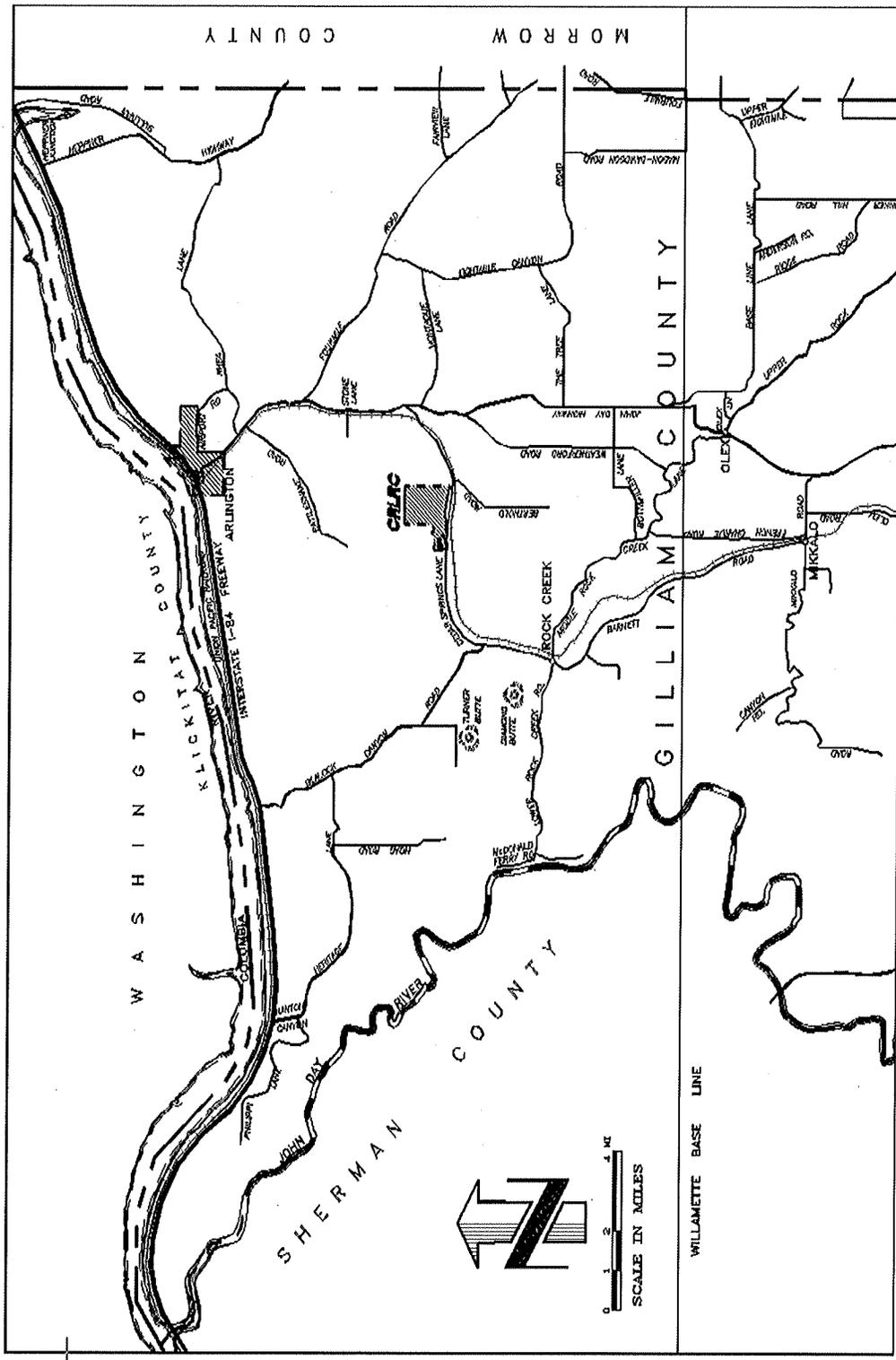


EXHIBIT B
FACILITY EXPANSION MAP
PAGE 2 OF 4



EXHIBIT B
FACILITY EXPANSION MAP
PAGE 3 OF 4

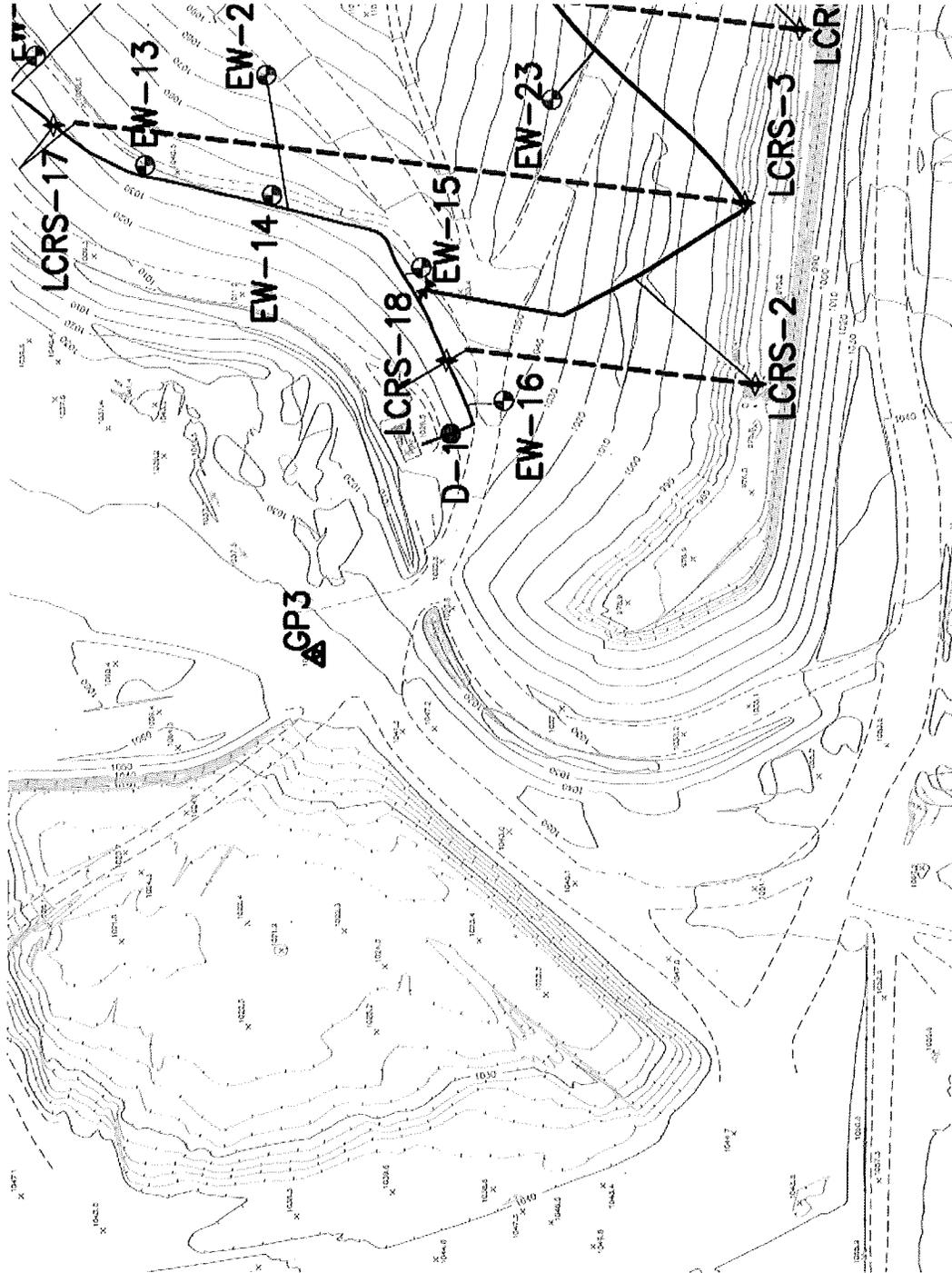
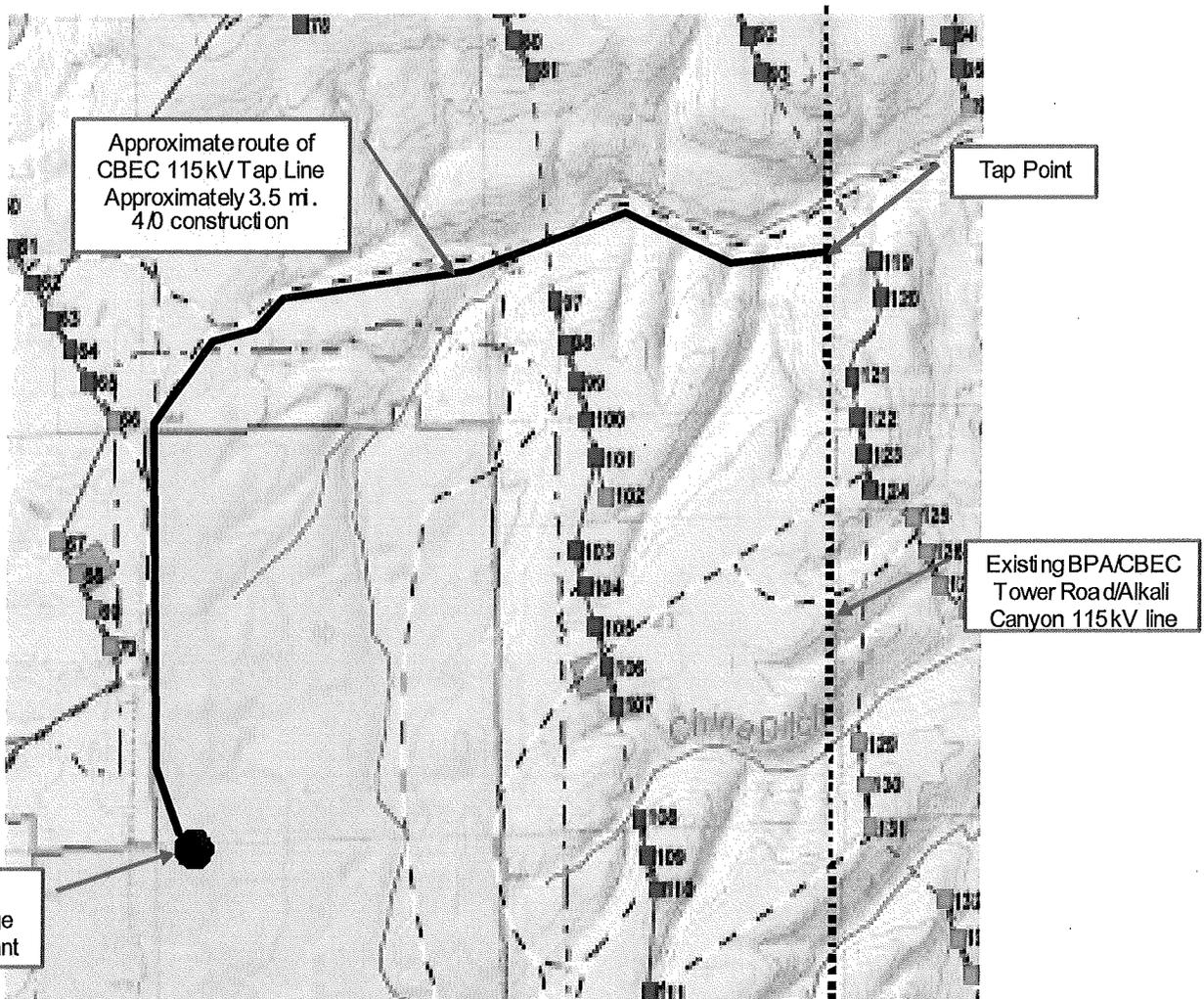


EXHIBIT B
FACILITY EXPANSION MAP
PAGE 4 OF 4

Topographical Plan



Notes:

- Solid black line is the proposed Tap Line.
- Red and Green boxes are wind generators (Jones Canyon)
- Red lines are 34.5 kV collectors
- Yellow-gray dashed lines are access roads



EXHIBIT C
DESCRIPTION OF GENERATORS
PAGE 1 OF 5

Description of Generators

Caterpillar model G3520C spark ignited, gas engine generators rated for continuous power are specified. See the attached G3520C Spec Sheet.⁴

¹ Source: www.cat.com, Power Generation, Generator Sets, Gas Generator Sets.



EXHIBIT C
DESCRIPTION OF GENERATORS
PAGE 2 OF 5

GAS GENERATOR SET

CATERPILLAR®

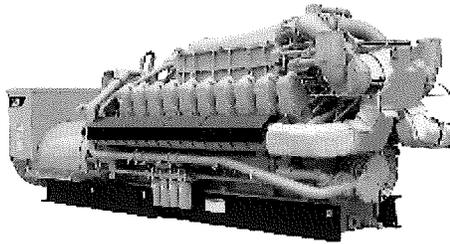


Image shown may not reflect actual package

**NATURAL GAS
CONTINUOUS
1600 ekW 2000 kVA
60 Hz 1200 rpm 480 Volts**

Caterpillar is leading the power generation marketplace with Power Solutions engineered to deliver unmatched flexibility, expandability, reliability and cost-effectiveness.

BENEFITS

EMISSIONS

- Meets most worldwide emissions requirements down to 0.5 g/bhp-hr NOx level without after treatment

FULL RANGE OF ATTACHMENTS

- Wide range of bolt-on system expansion attachments, factory designed and tested
- Flexible packaging options for easy and cost effective installation

PROVEN SYSTEM

- Fully prototype tested
- Field proven in a wide range of applications worldwide
- Certified torsional vibration analysis available

WORLDWIDE PRODUCT SUPPORT

- Caterpillar® dealers provide extensive post sales support including maintenance and repair agreement
- Caterpillar dealers have over 1,600 dealer branch stores operating in 200 countries
- Cat® S-O-S™ program cost effectively detects internal engine component condition, even the presence of unwanted fluids and combustion by-products

CAT® G3520C GAS ENGINE

- Robust high speed diesel block design provides prolonged life and lower owning operating costs
- Designed for maximum performance on low pressure gaseous fuel supply
- Simple open chamber combustion system for reliability and fuel flexibility
- Leading edge technology in ignition system and air/fuel ratio control for lower emission and engine efficiency
- One electronic control module handles all engine functions: ignition, governing, air/fuel ratio control and engine protection

CAT SR4B GENERATOR

- Designed to match performance and output characteristics of Caterpillar gas engines
- Industry leading mechanical and electrical design
- High efficiency

CAT EMCP II+ CONTROL PANEL

- Simple user friendly interface and navigation
- Digital monitoring, metering and protection setting
- Fully-featured power metering and protective relaying
- UL 508A Listed
- Remote control and monitor capability options

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EXHIBIT C
DESCRIPTION OF GENERATORS
PAGE 3 OF 5

CONTINUOUS 1600 eKW 2000 kVA
 60 Hz 1200 rpm 480 Volts



FACTORY INSTALLED STANDARD & OPTIONAL EQUIPMENT

System	Standard	Optional
Gas Engine Control Module (GECM)	<ul style="list-style-type: none"> Fuel/air ratio control Start/stop logic: gas purge cycle, staged shutdown Engine Protection System: detonation sensitive timing, high exhaust temperature shutdown Governor: Transient richening and turbo bypass control Ignition Island Mode Feature — additional engine control module, new software and engine sensors 	
Air Inlet	<ul style="list-style-type: none"> Two element, single-stage air cleaner with enclosure and service indicator 	<ul style="list-style-type: none"> Air cleaner with pre-cleaner Mounting stand
Control Panel	<ul style="list-style-type: none"> EMCP II 	<ul style="list-style-type: none"> Local alarm module Remote annunciator Communications module (PL1000T, PL1000E) Synchronizing module Engine failure relay
Cooling	<ul style="list-style-type: none"> Engine driven water pumps for jacket water and aftercooler Jacket water and SCAC thermostats ANSI/DN customer flange connections for JW inlet and outlet Cat flanges on SCAC circuit 	<ul style="list-style-type: none"> Coolant level drain line with valves, fan with guard Inlet/Outlet connections
Exhaust	<ul style="list-style-type: none"> Dry exhaust manifolds, insulated and shielded Center section cooled turbocharger with Cat flanged outlet Individual exhaust port and turbocharger outlet wired to Integrated Temperature Sensing Module (ITSM) with GECM providing alarms and shutdowns 	<ul style="list-style-type: none"> Flange Exhaust expander Elbow Flexible fitting Muffler and spark-arresting muffler with companion flanges
Fuel	<ul style="list-style-type: none"> Electronic fuel metering valve Throttle plate, 24V DC actuator, controlled by GECM Fuel system is sized for 31.5 to 47.2 MJ/Nm³ (800 to 1200 Btu/cu ft) dry pipeline natural gas with pressure of 10.2 to 34.5 kPa (1.5 to 5 psi) to the engine fuel control valve 	<ul style="list-style-type: none"> Fuel filter Gas pressure regulator Gas shutoff valve, 24V, ETR (Energized-To-Run)
Generator	<ul style="list-style-type: none"> SR4B generator, includes: Caterpillar's Digital Voltage Regulator (CDVR) with 3-phase sensing and KVAR/PF control Reactive droop Bus bar connections Winding temperature detectors Anti-condensation space heater 	<ul style="list-style-type: none"> Medium and high voltage generators and attachments Low voltage extension box Cable access box Air filter for generator Bearing temperature detectors Manual voltage control European bus bar
Governing	<ul style="list-style-type: none"> Electronic speed governor as part of GECM Electronically-controlled 24V DC actuator connected to throttle shaft 	<ul style="list-style-type: none"> Woodward load sharing module
Ignition	<ul style="list-style-type: none"> Electronic Ignition System controlled by GECM Individual cylinder Detonation Sensitive Timing (DST) 	
Lubrication	<ul style="list-style-type: none"> Lubricating oil Gear type lube oil pump Oil filter, filter and dipstick Integral lube oil cooler Oil drain valve Crankcase breather 	<ul style="list-style-type: none"> Oil level regulator Prelube pump Positive crankcase ventilation system
Mounting	<ul style="list-style-type: none"> 330 mm structural steel base (for low and medium voltage units) Spring-type anti-vibration mounts (shipped loose) 	
Starting/Charging	<ul style="list-style-type: none"> 24V starting motors Battery with cables and rack (shipped loose) Battery disconnect switch 60A, 24V charging alternator (standard on 60 Hz 1,800 rpm only) 	<ul style="list-style-type: none"> Charging alternator Battery charger Oversized battery Jacket water heater
General	<ul style="list-style-type: none"> Paint — Caterpillar Yellow except rails and radiators Damper guard Operation and Maintenance Manuals Parts Book 	<ul style="list-style-type: none"> Crankcase explosion relief valve Engine barring group IEC D.O.I and other certifications

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EXHIBIT C
DESCRIPTION OF GENERATORS
PAGE 4 OF 5

CONTINUOUS 1600 ekW 2000 kVA
 60 Hz 1200 rpm 480 Volts



SPECIFICATIONS

CAT GAS ENGINE

G3520C SCAC 4-stroke-cycle watercooled gas engine
 Number of Cylinders V20
 Bore — mm (in) 170 (6.7)
 Stroke — mm (in) 190 (7.5)
 Displacement — L (cu in) 86.3 (5,266)
 Compression Ratio 11.3:1
 Aspiration ... Turbocharged Separate Circuit Aftercooled
 Cooling Type Two stage aftercooler,
 JW + O/C + A/C 1 combined
 Fuel System Low pressure
 Governor Type Electronic (ADEM III)

CAT SR4B GENERATOR

Frame size 868
 Excitation Permanent magnet
 Pitch 0.75
 Number of poles 6
 Number of bearings 2
 Number of leads 6
 Insulation Class H
 IP rating Drip proof IP22
 Alignment Pilot shaft
 Overspeed capability — % of rated 125%
 Waveform deviation line to line, no load . . . less than 3.0%
 Paralleling kit droop transformer Standard
 Voltage regulator CDVR
 Voltage level adjustment ± 5.0%
 Voltage regulation, steady state ± 0.5%
 Voltage regulation with 3% speed change ± 0.5%
 Telephone Influence Factor (TIF) less than 50

Consult your Caterpillar dealer for available voltage.

CAT EMCP II+ CONTROL PANEL

- Power by 24 volts DC
- NEMA 12, IP44 dust-proof enclosure
- Lockable hinged door
- Single-location customer connection
- Auto start/stop control switch
- Voltage adjustment potentiometer
- True RMS AC metering, 3 phase
- Purge cycle and staged shutdown logic
- Digital indication for:
 - RPM
 - Operating hours
 - Oil pressure
 - Coolant temperature
 - DC voltage
 - L-L volts, L-N volts, phase amps, Hz, ekW, kVA, kVAR, kWhr, % kW, pf
 - System diagnostic codes
- Shutdown with indicating lights:
 - Low oil pressure
 - High coolant temperature
 - High oil temperature
 - Overspeed
 - Overcrank
 - Emergency stop
 - High inlet air temperature (for TA engine only)
 - Detonation sensitive timing (for LE engine only)
- Programmable protective relaying functions:
 - Under/Over voltage
 - Under/Over frequency
 - Overcurrent
 - Reverse power
- Spare indicator LEDs
- Spare alarm/shutdown inputs



EXHIBIT C
DESCRIPTION OF GENERATORS
PAGE 5 OF 5

CONTINUOUS 1600 ekW 2000 kVA
 60 Hz 1200 rpm 480 Volts



TECHNICAL DATA

Generator Set — 1200 rpm/60 Hz/480 Volts		DM 5855		DM 5856	
G3520C Gas Generator Set					
Emission level (NOx)	mg/Nm ³	500	1.0	250	0.5
Aftercooler SCAC (Stage 2)	Deg C Deg F	54 130		54 130	
Package Performance (1)					
Power Rating @ 0.8 pf (with 2 water pumps and without fan)	ekW Continuous	1600		1600	
Power Rating @ 0.8 pf (with 2 water pumps and without fan)	kVA Continuous	2000		2000	
Power Rating @ 1.0 pf (with 2 water pumps and without fan)	ekW Continuous	1624		1624	
Electric Efficiency @ 1.0 pf (ISO 3046/1) (2)	%	40.3		38.7	
Mechanical Power (with 2 water pumps and without fan)	bkW bhp	1676 2,248		1676 2,248	
Fuel Consumption (3)					
100% load without fan	Nm ³ /hr scf/hr	408 15,207		425 15,855	
75% load without fan	Nm ³ /hr scf/hr	317 11,841		331 12,350	
50% load without fan	Nm ³ /hr scf/hr	226 8,434		236 8,798	
Altitude Capability (4)					
At 25° C (77° F) ambient, above sea level	M ft	976 3,200		791 2,595	
Cooling System					
Ambient air temperature	Deg C Deg F	25 77		25 77	
Jacket water temperature (Maximum outlet)	Deg C Deg F	99 210		99 210	
Exhaust System					
Combustion air inlet flow rate	Nm ³ /min SCFM	124 4,766		132 5,089	
Exhaust stack gas temperature	Deg C Deg F	414 778		403 758	
Exhaust gas flow rate	Nm ³ /min CFM	131 11,777		140 12,361	
Exhaust flange size (internal diameter)	mm in	360 14		360 14	
Heat Rejection (5)					
Heat rejection to jacket water and oil cooler and AC — Stage 1	kW Btu/min	870 49,452		932 52,954	
Heat rejection to AC — Stage 2	kW Btu/min	128 7,272		140 7,970	
Heat rejection to exhaust (LHV to 350° F)	kW Btu/min	725 41,277		736 41,900	
Heat rejection to exhaust (LHV to 120° C)	kW Btu/min	899 51,171		921 52,423	
Heat rejection to atmosphere from engine	kW Btu/min	112 6,372		112 6,372	
Heat rejection to atmosphere from generator	kW Btu/min	66.7 3,797		66.7 3,797	
Generator					
Frame		868		868	
Temperature rise	Deg C Deg F	105 221		105 221	
Motor starting capability @ 30% voltage dip (6)	skVA	4079		4079	
Lubrication System					
Standard sump refill with filter change	L gal	541 143		541 143	
Emissions (7)					
NOx @ 5% O ₂ (dry)	mg/Nm ³ g/bhp-hr	500 1.0		250 0.5	
CO @ 5% O ₂ (dry)	mg/Nm ³ g/bhp-hr	902 1.97		1015 2.25	
THC @ 5% O ₂ (dry)	mg/Nm ³ g/bhp-hr	2695 5.86		3840 8.52	
NMHC @ 5% O ₂ (dry)	mg/Nm ³ g/bhp-hr	405 0.88		576 1.28	
Exhaust O ₂ (dry)	%	9.8		10.3	



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EXHIBIT D
ONE-LINE DIAGRAM
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EXHIBIT E
NOTICE OF COMMERCIAL OPERATION
PAGE 1 OF 1

NOTICE OF FACILITY EXPANSION FINAL COMPLETION AND COMMERCIAL OPERATION

FACILITY NAME: COLUMBIA RIDGE LANDFILL GAS TO ENERGY FACILITY EXPANSION

DATE OF ISSUANCE: _____

OWNER: WM RENEWABLE ENERGY, LLC

CONTRACTOR: _____

CONTRACTOR FIRM:

OWNER ADDRESS:

WM, RENEWABLE ENERGY, LLC, as Owner for this Facility Expansion hereby certifies that the Facility Expansion is complete, that the generators included in the Facility Expansion, and all other portions of the Facility Expansion necessary to put the Facility Expansion into operation, along with the Interconnection Facilities, are installed and capable of producing Energy and delivering such Energy, less real power losses, to the Delivery Point on the BPA's Transmission System in accordance with Prudent Electrical Practices and Applicable Law.

Executed by the Owner on _____.

Date: _____

By: _____

(Authorized Signature)



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EXHIBIT F
REC ATTESTATION AND BILL OF SALE
PAGE 1 OF 2

RENEWABLE ATTESTATION OF REC PROVIDER

I. REC Provider Information

Name of REC Provider: _____

Address of Provider: _____

Contact Person: _____ Title: _____

Telephone: _____ Fax: _____ Email: _____

II. Declaration

I, (print name and title) _____ declare that the
(indicate with "x")⁵ _____ electricity bundled with renewable attributes / _____ renewable attributes
only⁶ listed below were sold exclusively from: (name of REC Provider)
_____ ("Provider") to: (name of REC provider, utility or electric
service provider) _____ ("Purchaser").

I further declare that:

- 1) all the renewable attributes (including CO₂ benefits), including any emissions offsets, reductions or claims, represented by the renewable electricity generation listed below were transferred to Purchaser;
- 2) to the best of the Provider's knowledge, the renewable attributes were not sold, marketed or otherwise claimed by a third party;
- 3) Provider sold the renewable attributes only once;
- 4) the renewable attributes or the electricity that was generated with the attributes was not used to meet any federal, state or local renewable energy requirement, renewable energy procurement, renewable portfolio standard, or other renewable energy mandate by Provider, nor, to the best of the Provider's knowledge, by any other entity;
- 5) the electrical energy that was generated with the attributes was not separately sold, separately marketed or otherwise separately represented as renewable energy by Provider, or, to the best of the Provider's knowledge, by any other entity; and 6) the facilities that generated all of the renewable electricity / renewable attributes (as indicated above) sold to Purchaser are listed below by fuel type.

⁵ Use separate forms to report electricity and REC sales.

⁶ If Seller purchased electricity bundled with renewable attributes and has stripped off those attributes to sell in this transaction, and is selling the undifferentiated electricity to a utility or load-serving entity, see section III also.



EXHIBIT F
REC ATTESTATION AND BILL OF SALE
PAGE 2 OF 2

List the renewable MWhs sold or transferred to Purchaser identified below by quarter of generation as a separate line item.

Generator Name	Generator ID Number (EIA or QF)	Nameplate Capacity (MW)	Fuel Type (if biomass, be specific; i.e. Landfill Gas)	# MWhs RECs / Elec. Sold	First Date of Generator Operation (mm/yy) ⁷	Period of Generation (quarter#/yy or mm/yy)

III. Additional Statement required of Seller selling electricity to Purchaser

(Check box if not applicable: [])

I declare that the electricity listed above was delivered into the WECC region or California ISO.

As an authorized agent of Provider, I attest that the above statements are true and correct..

 Signature

 Date

 Place of Execution

⁷ For facilities that have added new renewable capacity, please indicate the amount and operational date of the new capacity and the existing capacity.



EXHIBIT G
CONTRACT RATE
PAGE 1 OF 1

For each MWh of Electrical Output or Test Power measured at the Meter, City Light shall pay according to the following schedule.

Contract Year	Contract Rate (\$ per MWh)
2013	55.75
2014	56.86
2015	58.00
2016	59.16
2017	60.34
2018	61.55
2019	62.78
2020	64.03
2021	65.31
2022	66.62
2023	67.95
2024	69.31
2025	70.70
2026	72.11
2027	73.55
2028	75.03
2029	76.53
2030	78.06
2031	79.62
2032	81.21
2033	82.84

* 2013 will be a partial contract year starting with the delivery of Test Power.



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EXHIBIT H
OPERATING PROCEDURES
PAGE 1 OF 5

H.1 Interchange Accounting. City Light will dynamically transfer the output of the Facility and Facility Expansion from BPA Transmission (“BPAT”) Balancing Authority to City Light Balancing Authority using Dynamic Scheduling following applicable BPAT, WECC, and NERC tariffs, business practices, and standards. City Light Preschedule will author e-Tags containing estimates of both the maximum and average generation from the Facility and the Facility Expansion in the transmission allocation and energy profile respectively. During the operating hour City Light will incorporate the actual instantaneous plant output provided by BPAT to City Light via ICCP as scheduled interchange. After each hour, the e-Tag will be electronically updated with the actual metered output of the Facility and the Facility Expansion for the previous hour using meter data provided to City Light by BPAT via the Electric Industry Data Exchange protocol. This process for dynamic scheduling is subject to change based on BPAT’s business practices and tariff and applicable WECC and NERC business practices and standards.

H.2 Commencement of Scheduling. Scheduling shall commence on the prescheduling Day of the Commercial Operations Date.

H.3 Prescheduling. All deliveries pursuant to Agreement shall be prescheduled in accordance with NERC, NAESB, WECC, and applicable third party transmission system operator scheduling guidelines as amended from time to time.

H.4 Changes to Preschedule Quantities. Either Party may make delivery Day changes to the preschedule quantities to the extent caused by a Forced Outage and an event of Force Majeure to generating unit(s) and/or transmission curtailment but not for economic reasons.

H.5 Resumption of Deliveries after Forced Outage. Except as mutually agreed otherwise, if the Facility experiences any event of Force Majeure, Forced Outage or transmission curtailment of a duration greater than 24 hours, resumption of the deliveries shall begin with the next delivery Day for which prescheduling can reasonably



EXHIBIT H
OPERATING PROCEDURES
PAGE 2 OF 5

be accomplished within the deadlines established by WECC, NAESB or NERC. Resumption of deliveries within the Delivery Day shall not begin until City Light Real-Time Marketing (see **Exhibit K**, Contact Information) has authorized such resumption of deliveries. These requirements are in addition to all requirements specified in the Interconnection Agreement with CBEC and the Integration Agreement with BPA.

H.6 Third Party Scheduling. Either Party may from time to time designate a third party to handle scheduling on their behalf by giving the other Party notice at least ten (10) Business Days in advance.

H.7 Changes in Circumstances. If normal industry scheduling practices for electric energy change in a way that causes a conflict with the provisions of this **Exhibit H**, the Parties shall make commercially reasonable efforts to make necessary changes to this Agreement to conform to the prevailing industry scheduling practices or the requirements of dynamic scheduling in effect at that time.

H.8 WMRE Obligations.

H.8.1 Notice for Scheduling. WMRE shall provide (or cause to be provided) to City Light's Preschedule contact (See **Exhibit K**, Contact Information) no later than 5:30 AM PPT or an alternative time as mutually agreed on the applicable WECC prescheduling Day, a notice for scheduling that includes the expected Energy in whole MW per hour for each hour for the next Day or Days on which the delivery of the Energy is to be made, *provided, however*, that for the notice for scheduling of deliveries on weekends and holidays (as defined by NERC) WMRE and City Light or their respective designees shall follow prevailing scheduling practices within the WECC. WMRE or its designee shall make commercially reasonable efforts to provide accurate forecasts of the Energy given then available information. In the event WMRE fails to provide timely and accurate scheduling information resulting in additional charges and/or penalties to City Light, WMRE shall reimburse City Light for such charges and/or penalties.



EXHIBIT H
OPERATING PROCEDURES
PAGE 3 OF 5

H.8.2 Availability Notification. WMRE must notify City Light Real-Time Marketing (see **Exhibit K**, Contact Information) as soon as reasonably practicable when a Forced Outage, event of Force Majeure or a transmission curtailment of the Interconnection Facilities affecting the Facility and Facility Expansion occurs and when the Facility Expansion recovers from such contingency.

H.8.3 Reliability Curtailments. If City Light receives an E-Tag Reliability Adjustment City Light will immediately (within 5 minutes) inform WMRE of receiving such curtailment instruction. WMRE must immediately (within 5 minutes) adjust its generation schedule to a value less than or equal to the curtailed value. Penalties for failure to comply with a curtailment notice will be born by the Party that failed to take timely action in response to such notice.

H.8.4 Delivery Service. WMRE shall enter into one or more agreements with the Interconnection Provider and BPA to deliver Energy to City Light at the Delivery Point. WMRE shall be solely responsible for negotiating and maintaining such transmission, distribution, delivery, interconnection and integration agreements during the Term of this Agreement. This Agreement does not provide for such interconnection, integration and transmission service charges. WMRE shall arrange for delivery services from the Interconnection Provider to the Delivery Point during the Term at its expense and shall be responsible for arranging any Interconnection and Integration services with the Interconnection Provider and BPA during the Term.

H.8.5 Losses. WMRE will only be responsible for losses to the extent charged by the Interconnection Provider.

H.8.6 Reserves. The BPA Balancing Authority will compute the WECC Contingency Reserve Obligation (CRO) for the Facility based on the applicable standard.

H.8.7 Notice of Changes to Scheduled Major Maintenance Outages. WMRE shall promptly notify City Light of any changes to the schedule of major



EXHIBIT H
OPERATING PROCEDURES
PAGE 4 OF 5

maintenance outages provided under the notice provisions of Section 5.6 of the Agreement. Such change notice will include the following information: (i) beginning date (day, month, year), (ii) beginning time (hour), (iii) end date (day, month, year), (iv) end time (hour), (v) number of units affected, (vi) estimated Energy during the outage period.

H. 9 City Light Obligations.

H.9.1 Schedule and Tagging. To the extent not prevented by an event of Force Majeure or curtailment of firm transmission, not later than noon or an alternative time as mutually agreed on the applicable WECC prescheduling Day or Days, City Light or its designee shall schedule the Energy as specified in WMRE's Notice for Scheduling H.8.1.

H.9.2 Reliability Curtailments. If City Light receives an E-Tag Reliability Adjustment City Light will immediately (within 5 minutes) inform WMRE of receiving such curtailment instruction. WMRE must immediately (within 5 minutes) adjust its generation schedule to a value less than or equal to the curtailed value. Penalties for failure to comply with a curtailment notice will be born by the Party that failed to take timely action in response to such notice.

H.9.3 Transmission Services. City Light shall arrange Transmission Service with the Transmission Provider to deliver the Energy to City Light's points of interconnection with the Transmission Provider. City Light shall be solely responsible for negotiating and maintaining such transmission and delivery agreements during the Term of this Agreement. City Light is responsible for the following two (2) Transmission Service charges: (i) Schedule 1: Scheduling, System Control and Dispatch, and (ii) Schedule 7: Firm Point-to-Point Service. City Light shall arrange for Transmission Services during the Term at its expense and shall be responsible for arranging any OASIS, tagging, transmission scheduling or similar protocols with any transmission providers during the Term.



EXHIBIT H
OPERATING PROCEDURES
PAGE 5 OF 5

H.9.4 Losses. City Light shall be responsible for real power loss return to the Transmission Provider.

H.9.5 Reserves. City Light will self-supply contingency reserves for the Energy purchased pursuant to this Agreement.

H.9.6 Curtailments.

H.9.6.1 Curtailments by WMRE. City Light acknowledges that the WMRE may curtail deliveries of Electrical Output in accordance with Prudent Electrical Practices and in a commercially reasonable manner if WMRE reasonably believes that curtailment is necessary: (i) to construct, install, maintain, repair, replace, remove or inspect any of the Generators or such facility's equipment, or (ii) in connection with an emergency condition likely to result in significant damage to Generators or to the Facility's equipment or is deemed necessary by WMRE to protect life or property.

H.9.6.2 Curtailments by the Interconnection Provider. City Light acknowledges that the WMRE shall curtail deliveries of Energy if notified by the Interconnection Provider pursuant to the GIA that a curtailment is necessary: (i) to construct, install, maintain, repair, replace, remove or inspect any of the transmission and/or distribution or related facility's equipment, or (ii) in connection with an emergency condition likely to result in significant damage to transmission and/or distribution facility's equipment or is deemed necessary by CBEC to protect life or property but only so long as such condition exists, and only to the extent required by such Interconnection Provider.



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EXHIBIT I
REPLACEMENT ENERGY COST EXAMPLE CALCULATION
PAGE 1 OF 1

The following example shows the calculation of Replacement Energy Cost pursuant to Article 6.1.

If the annual Energy during the contract year (MWh) is less than Guaranteed Output (MWh) then WMRE shall pay to City Light an amount calculated as follows:

For each Month that the Market Price is greater than the Contract Rate the payment shall equal ((Guaranteed Output – annual Energy)/9) multiplied by (Market Price – Contract Rate).

Total annual payment will be equal to the sum of all nine Months payments.

Definitions:

“**Month**” means each of January, February, March, July, August, September, October, November, and December.

“**Monthly Shortage**” means (Guaranteed Output minus Energy) divided by 9.

“**Guaranteed Output**” means 44,500 minus adjustment due to Force Majeure events.

“**Monthly Payment**” means monthly shortage multiplied by (Market Price minus the Contract Rate).

“**Market Price**” means for each Month, an amount equal to the simple average of daily firm flat prices using the Dow Jones Mid-Columbia Electricity Index as defined in Article 1, Definitions.

Example:

Assumptions:

Contract Rate = \$50/MWh.

Market Price for January is \$57, for March is \$45, for July is \$65.

Annual Energy = 30,000 MWh.

Force Majeure Event = 5,500 MWh.

Guaranteed Output = 44,500 MWh – Force Majeure event of 5,500 MWh
= 39,000 MWh.

Monthly shortage = (Guaranteed Output minus annual Energy) divided by 9 or (39,000-30,000)/9 = 1,000 MWh.

Calculations:

January payment = (\$57- \$50)*1,000 = \$7,000.

March payment = (\$45- \$50)*1,000 = \$0.

July Payment = (\$65-\$50)*1,000 = \$15,000.

Etc.



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GUARANTEE

This Guarantee Agreement (this "Guarantee"), dated as of _____, 20__, is made and entered into by Waste Management, Inc., a Delaware corporation ("Guarantor").

WITNESSETH:

WHEREAS, WM Renewable Energy, LLC, a subsidiary of Guarantor (the "WM Subsidiary") has entered into a Renewable Power Purchase Agreement (the "Agreement") dated _____ with the City of Seattle, City Light Department (the "City Light"); and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement;

NOW THEREFORE, in consideration of City Light entering into the Agreement, Guarantor hereby covenants and agrees as follows:

1. **GUARANTEE**. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees, for the term of the Agreement, the prompt payment when due of the financial obligations of WM Subsidiary (the "Obligations") to City Light under Article 6 and Exhibit I of the Agreement. To the extent that WM Subsidiary fails to pay any Obligations, Guarantor shall promptly pay to City Light the amount due. The liability of Guarantor under the Guarantee shall be subject to the following:

(a) Guarantor's liability hereunder shall be and is specifically limited to payments expressly required to be made in accordance with Article 6 and Exhibit I of the Agreement (even if such payments are deemed to be damages) and in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or attorney's fees.



EXHIBIT J
CREDIT SUPPORT
PAGE 2 OF 5

(b) The aggregate amount covered by this Guarantee shall not exceed _____ (\$_____).

2. DEMANDS AND NOTICE. If WM Subsidiary fails or refuses to pay any Obligations when due and payable, City Light shall notify WM Subsidiary in writing of the manner in which WM Subsidiary has failed to pay and demand that payment be made by WM Subsidiary. If WM Subsidiary's failure or refusal to pay continues for a period of fifteen (15) Days after the date of City Light's notice to WM Subsidiary, and City Light has elected to exercise its rights under this Guarantee, City Light shall make a demand upon Guarantor (hereinafter referred to as a "Payment Demand"). A Payment Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount WM Subsidiary has failed to pay and an explanation of why such payment is due, with a specific statement that City Light is calling upon Guarantor to pay under this Guarantee. A Payment Demand satisfying the foregoing requirements shall be deemed sufficient notice to Guarantor that it must pay the Obligations. A single written Payment Demand shall be effective as to any specific default during the continuance of such default, until WM Subsidiary or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured.

3. REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing under the laws of the State of Delaware and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guarantee;

(b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guarantee; and

(c) this Guarantee constitutes a valid and legally binding agreement of Guarantor, except as the enforceability of this Guarantee may be limited by the effect of



EXHIBIT J
CREDIT SUPPORT
PAGE 3 OF 5

any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4. SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which WM Subsidiary or any other Affiliate of Guarantor is or may be entitled to arising from or out of the Agreement, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of WM Subsidiary.

5. AMENDMENT OF GUARANTEE. No term or provision of this Guarantee shall be amended, modified, altered, waived, or supplemented except in a writing signed by the parties hereto.

6. WAIVERS. Guarantor hereby waives (a) notice of acceptance of this Guarantee; (b) presentment and demand concerning the liabilities of Guarantor, except as expressly hereinabove set forth; and (c) any right to require that any action or proceeding be brought against WM Subsidiary or any other person, or except as expressly hereinabove set forth, to require that City Light seek enforcement of any performance against WM Subsidiary or any other person, prior to any action against Guarantor under the terms hereof.

Except as to applicable statutes of limitation, no delay of City Light in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes in the time of payment of or other changes in the terms of the Obligations, or any part thereof or any changes or modifications to the terms of the Agreement.



7. NOTICE. Any Payment Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or telecopier, as follows:

To Seattle City Light:	As specified in Exhibit K
To Guarantor:	Waste Management, Inc. 1001 Fannin Street Houston, Texas 77002 Attn.: General Counsel Fax No.: (713) 209-9710

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram or telecopier shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours. All Notices by telegram or telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice as provided above of such change of address.

8. MISCELLANEOUS. THIS GUARANTEE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. This Guarantee shall be binding upon Guarantor, its successors and assigns and inure to the benefit of and be enforceable by City Light, its successors and assigns. Guarantor may assign this Guarantee and be released from its obligations hereunder



with the consent of City Light, which consent shall not be unreasonably withheld. The Guarantee embodies the entire agreement and understanding between Guarantor and City Light and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guarantee are for purposes of reference only, and shall not affect the meaning hereof. This Guarantee may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

EXECUTED as of the day and year first above written.

WASTE MANAGEMENT, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____



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EXHIBIT K
CONTACT INFORMATION
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DATE: FEBRUARY 24, 2012

WM Renewable Energy, LLC	The City of Seattle, City Light Department (dba "Seattle City Light")
All Notices	All Notices
<u>Mailing Address</u> WM Renewable Energy, LLC Attn: _____ 1001 Fannin Street, Suite 4000 Houston, Texas 77002	<u>Mailing Address</u> Seattle City Light Attn: Manager, Wholesale Contracts PO Box 34023, Suite 3200 Seattle, WA, 98124-4023 Facsimile: (206) 386-4555
<u>Or, if by overnight mail</u> Same as above	<u>Or, if by overnight mail</u> Seattle City Light Attn: Manager, Wholesale Contracts 700 Fifth Avenue, Suite 3200 Seattle, WA 98104 Phone: (206) 684-3534
<u>Or, if by facsimile or e-mail</u> Same as above	<u>Or, if by facsimile or e-mail</u> Facsimile: (206) 386-4555 Email:
Contract Administration Attn: Phone: Facsimile: Email:	Contract Administration Attn: Phone: Facsimile: Email:
Operations: Name: Title: Phone: Facsimile: Email: Name: Title: Phone: 24 Hour Phone: Facsimile: Email:	Preschedule: Attn: Phone: Facsimile: Email:



EXHIBIT K
CONTACT INFORMATION
PAGE 2 OF 3

Name: Title: Phone: Email:	
Plant Operator: Name: Title: Phone: Facsimile: Event Phone: Email:	Real Time Marketing: Attn:Real Phone: Facsimile: Email:
Name: Title: Phone: Facsimile: Event Phone: Email:	Confirms: Attn: Phone: Facsimile: Email:
Invoices and Payments: Attn: Phone: Facsimile: Email:	Invoices and Payments: Attn: Phone: Facsimile: Email:
Duns: Federal Tax ID Number:	Duns: Federal Tax ID Number:
Wire Transfer: BNK ABA: ACCT: Account Name:	Wire Transfer: BNK: ABA: ACCT:
Credit and Collections: Attn: Phone: Facsimile: Email:	Credit and Collections: Attn: Phone: Facsimile: Email:
Dispute Resolution Representative (Article 14): Attn: Phone: Facsimile: Email:	Dispute Resolution Representative (Article 14): Attn: Phone:(206) Facsimile: Email:



EXHIBIT K
CONTACT INFORMATION
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<p>With additional Notices of an Event of Default, Termination or Potential Event of Default to: Attn: Phone: Facsimile: Email:</p>	<p>With additional Notices of an Event of Default, Termination or Potential Event of Default to: Attn: Phone: Facsimile: Email:</p>
<p>Contact Information Modification: Any modifications to the Contact Information shall be provided to the other Party in writing and shall be mailed, faxed or e-mailed to Contract Administration.</p>	



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
City Light	Robert W. Cromwell, Jr./684-3856	Calvin Chow/ 206-684-4652

Legislation Title:

AN ORDINANCE relating to the City Light Department; authorizing execution of a 20-year agreement with WM Renewable Energy, LLC for the purchase of renewable power and environmental attributes from the expansion of the Columbia Ridge landfill gas generating facility that are necessary or convenient for reliably meeting load growth and meeting the requirements of the Washington State Energy Independence Act; and further authorizing the execution of other necessary and convenient agreements for the receipt, tracking, transmitting, transferring, management and sale of power and environmental attributes from the Columbia Ridge landfill gas generating facility expansion.

Summary of the Legislation:

This legislation approves a 20-year renewable power purchase for Seattle City Light ('SCL') to receive electrical output and environmental attributes from the expansion of the Columbia Ridge landfill gas generating facility ('Columbia Ridge' or 'Facility') located in the City of Arlington, Gilliam County, Oregon. SCL currently purchases 6.4 MW from Columbia Ridge (see Ordinance 122954). The expansion of this Facility will add an additional 6.4 MW (net 6.0 MW) of electrical output ('Facility Expansion') at the same price as the original power purchase. City Light will receive all of the environmental attributes associated with the Facility Expansion. The Facility Expansion is currently in the permitting process. Test power is expected in the Fall of 2013 with an on-line date expected in October 2013. The Columbia Ridge Facility Expansion is an eligible renewable resource under Washington State's Energy Independence Act (Chapter 19.285 RCW) and complies with Washington State's greenhouse gas emissions rules for base load generation (Chapter 80.80 RCW).

Additional features of this agreement include the following:

- If WMRE expands the generation at the Facility and Facility Expansion, this contract provides an exclusive window for SCL to negotiate the purchase of any additional output. (Article 3.6 of PPA).
- WMRE is guaranteeing output of 44,500 MWh per year less any force majeure events. This is, in effect, guaranteeing an 85% capacity factor. Delivery of less than 44,500 MWh (as adjusted) will require WMRE to pay SCL for replacement power and renewable energy credits that meet I-937 requirements. (Article 6 of PPA).



- The output of the Facility Expansion will be dynamically scheduled to SCL’s balancing area authority. (Exhibit H of PPA).

Background:

In 2010 SCL purchased 100% of the electrical output and environmental attributes from Columbia Ridge, the landfill where The City of Seattle transports its Municipal Solid Waste. A provision was included in the original contract for SCL to have a right of first refusal to the energy and environmental attributes from any expansion. WMRE has determined that sufficient landfill gas exists to double the size of this facility and while costs have increased, WMRE is offering the output to SCL at the same price as the original purchase 6.4 MW. Our experience with the Facility has shown it to be a highly reliable, well run resource. The Facility Expansion will help SCL meet the requirements of Washington State’s Energy Independence Act (“I-937” and our load growth at a very low cost.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2012 Appropriation	2013 Anticipated Appropriation
				\$738,910
TOTAL				\$738,910

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes: The proposed budget for 2014 is \$3M.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue
TOTAL				

Revenue/Reimbursement Notes: There is no separate budget item included for the revenue potential for this resource, it is implicitly included in the Power Management’s wholesale revenue forecast to the extent it is not used to serve load or the environmental attributes are not used for meeting I-937.



Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2012 Positions	2012 FTE	2013 Positions*	2013 FTE*
TOTAL							

* 2013 positions and FTE are total 2013 position changes resulting from this legislation, not incremental changes. Therefore, under 2013, please be sure to include any continuing positions from 2012.

Position Notes: None.

Do positions sunset in the future? NA

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2012 Expenditures	2013 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes: None.

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
 Yes. The expected average annual cost for the 20 year term (2014-2033) is about \$3.6 million.

b) **What is the financial cost of not implementing the legislation?**
 Based on SCL's results from its requests for proposals for renewable resources, there are no less expensive alternative renewable resources available. In addition to the cost benefit, this resource has proven to be highly reliable, and will make efficient use of the transmission system. The current resource generates nearly 94% of the time, year over year. SCL has no other single generating resource in its portfolio that can claim a 94% capacity factor.

c) **Does this legislation affect any departments besides the originating department?**
 No.



d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

City Light is acquiring and will continue to acquire both environmental attributes and renewable resources to meet its regulatory obligation and its retail customer load requirements. Alternative renewable resources of a similar quality to this Facility Expansion cost approximately 20% - 60% more than this resource.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? Not applicable.

g) Does this legislation affect a piece of property? No.

h) Other Issues:

List attachments to the fiscal note below: None.





City of Seattle
Office of the Mayor

June 12, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that authorizes the City Light Department to execute a 20-year agreement with WM Renewable Energy, LLC for the purchase of renewable power and environmental attributes in the form of renewable energy certificates from the expansion of the Columbia Ridge landfill gas generating facility in north central Oregon. City Light is required to purchase renewable resources and/or environmental attributes under Chapter 19.285.030 (18) of the Revised Code of Washington. This agreement will facilitate meeting this requirement.

By acquiring the renewable output and environmental attributes from the 6 MW expansion of the existing facility, we are not only taking another step to ensure City Light's compliance with I-937, we are providing reliable and low cost power to our customers. This agreement is fully consistent with our shared goal of promoting a sustainable community, and doing so in a very cost-effective manner.

Thank you for your consideration of this legislation. Should you have questions, please contact Robert W. Cromwell, Jr. at 684-3856.

Sincerely, *Daryl Smith, Deputy Mayor*

for

Mike McGinn, Mayor of Seattle

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcginn@seattle.gov

