DATE: January 22, 2020

SUBJECT: Authorization to enter into a Power Purchase Agreement with Dominion Energy Virginia for the purchase of a portion of the output from a 120 MW<sub>peak</sub> photovoltaic solar installation to be built in Pittsylvania County, Virginia.

C. M. RECOMMENDATION:

Authorize the County Manager (or his designee) to execute the attached Letter Supplement Agreement with Dominion Energy Virginia to purchase 31.7 percent of the output from a 120 MW<sub>peak</sub> solar installation to be built in Pittsylvania County, Virginia, to be known as the “Amazon Arlington Solar Farm Virginia”.

ISSUES: There are no known outstanding issues at the time of this report.

SUMMARY: The proposed agreement would support construction of a significant solar electricity-generating installation on tree-less rural land in Pittsylvania County. Arlington County government will receive credit for a portion of the solar energy and renewable electricity certificates (RECs) it produces.

Dominion Energy Virginia (DEV) acquired the project from Open Road Renewables, and the project has all necessary local permits. DEV is obtaining the final permit needed from the Virginia Department of Environmental Quality (DEQ). After construction is completed, the project is scheduled to produce electricity beginning in 2022. Originally known as the Maplewood project, it is now known as the Amazon Arlington Solar Farm Virginia.

The entire project will be 120 Megawatts in capacity, and capable of generating about 250,000 MWh of electricity (250 million kilowatt-hours [kWh]) per year. Arlington will purchase 31.7 percent of the energy produced by the solar farm, or about 79 million kWh annually. In a separate transaction, Amazon is purchasing 68.3 percent of the energy produced. The broad scope of Arlington County government operations – buildings, streetlights, traffic signals, water pumping and wastewater treatment – consumes about 95 million kWh per year. Thus, the energy production purchased by the County from this project represents approximately 83 percent of the total amount of electricity used by County government each year.

County Manager: [Signature]

County Attorney: [Signature]

Staff: John Morrill, Energy Manager, Department of Environmental Services
The outcome of this agreement advances key Arlington County policy goals. On September 21, 2019, the Arlington County Board adopted a revised Community Energy Plan (CEP) as one of eleven elements of the Comprehensive Plan. Goal 3 of that Plan is to Increase Arlington’s Renewable Energy Resources, and Policy 3.1 states “Government operations will achieve 50% Renewable Electricity by 2022, and 100% Renewable Electricity by 2025.”

This power purchase agreement would not only surpass the County government 2022 renewable electricity milestone, but also substantially satisfies the 2025 goal of 100 percent renewable electricity for County operations. Closing the remaining gap (less than 20 percent of our electricity use) will involve a combination of onsite solar installations, reduction in electricity needs through energy efficiency, and perhaps a supplemental agreement for additional offsite renewable energy.

The transaction does not require any capital outlay or upfront costs by the County, and the agreement is expected to be expense neutral. The electricity will be bought through a “contract for differences.” By way of explanation, the renewable electricity generated at the project will be sold into the wholesale power market. The difference between the hourly wholesale power price received and the fixed price of the power purchase agreement will lead to a credit (or expense) to the County. For the first year, the net credit (or expense) will be estimated based on price forecasts and expected electricity production in the first year of operation. The credit (or expense) will be allocated across many County electricity accounts in proportion to consumption at each account on a per kWh basis. In each subsequent year, the net credit (or expense) will be reset after a true-up of the previous year’s actual production and costs.

Staff confidence in the financial prudence of this agreement is based on due diligence performed in terms of understanding the wholesale power market in general (and in Virginia in particular); consideration of key factors affecting future wholesale power prices; and the use of an analysis of wholesale price projections for Virginia from a third-party expert. These factors are discussed further below.

BACKGROUND: Arlington County purchases electricity from Dominion Energy Virginia as a member of the Virginia Energy Purchasing Governmental Association (VEPGA), a joint powers association representing political subdivisions (cities, towns, counties, and local/regional authorities) of the Commonwealth of Virginia. VEGPA, on behalf of its membership, negotiates a contract for electricity with Dominion Energy Virginia; that contract is known as the “Amended and Restated Agreement for the Provision of Electric Service to Municipalities and Counties of the Commonwealth of Virginia from Virginia Electric and Power Company effective August 1, 2019”. VEPGA and its predecessor organization have contracted with Dominion in this manner for over 40 years. The proposed power purchase agreement is an Arlington-specific supplement to the existing VEPGA agreement.

This proposed power purchase agreement represents a continuation and expansion of policy and practice concerning green power and the environment. Arlington County government joined the U.S. EPA Green Power Partnership in 2002, pledging to use electricity from renewable energy

sources for at least three percent of its total electricity consumption. Renewable electricity can be provided through direct on-site power generation, such as solar panels on a roof on the customer’s side of the electricity meter. Renewable electricity can also be provided through the purchase of renewable energy certificates, regardless of location of generation.

**Renewable Electricity Certificates (RECs)**

RECs are the market-based (monetized) instrument that represents the property rights to the environmental and other non-power attributes of renewable electricity generation. RECs provide a revenue stream to the renewable energy project developer. RECs are the accepted legal instrument through which renewable energy generation and use claims are substantiated in the U.S. renewable energy market.²

Renewable energy and RECs can be differentiated by *additionality*, with higher quality attributed to RECs that are produced as a direct result of a customer transaction. For example, this project achieves additionality because the solar farm would not be built without customers, in this case Arlington County and Amazon. This is distinct from Arlington County (or any other customer) purchasing RECs from a renewable energy farm that has been in existence for many years.

In 2005, Arlington began buying RECs (representing three percent of county operations’ electricity use) from a wind farm in West Virginia. From 2007-2010 Arlington County bought RECs equivalent to six percent of the County operation’s electricity use from a wind farm in Pennsylvania. The latter transaction contributed to the Virginia State Implementation Plan for Clean Air Act compliance, as the U.S. EPA recognized the replacement or offset value of new renewable electricity generation toward reducing coal-fired emissions from the region.

From 2010 to today, Arlington County government has bought RECs from Dominion Energy Virginia through Rider G on monthly power bills, and also from national brokers. These RECs are from existing wind farms and other sources in states in the Midwest. Over the past year, Arlington County government’s REC purchases have totaled nearly 26 million kWh representing about 30 percent of the operations’ electricity needs.³

The recommended agreement will provide higher quality RECs and additionality, and it supports the State’s renewable energy objectives. In addition, the County will end the purchase of the remote, nationally-sourced RECs discussed above, saving about $30,000 per year and further improving the economics of this proposed agreement.

**The Amazon Arlington Solar Farm Project**

The site for the solar farm is about 1500 acres between Danville and Lynchburg and is currently agricultural (not forested) land. Figure 1 shows the general area for the site in southern Virginia, between Lynchburg and Danville; Figure 2 shows more detail for the site location. Project documents show solar panels only in non-forested portions of the landscape. Dominion is in the process of obtaining the final permits from the Virginia Department of Environmental Quality (DEQ). The project has received all relevant local permits from Pittsylvania County.

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² [https://www.epa.gov/greenpower/renewable-energy-certificates-recs](https://www.epa.gov/greenpower/renewable-energy-certificates-recs)
³ [https://www.epa.gov/greenpower/green-power-partnership-top-30-local-government-0](https://www.epa.gov/greenpower/green-power-partnership-top-30-local-government-0)
Staff understand the project was originated by Open Road Renewables, which sold project rights to Dominion Energy Virginia in 2019.
**DISCUSSION:** This agreement is expected to be expense neutral for the County in the near term, and it may reduce expenses over the long term.

As previously introduced, this power purchase agreement will be a “contract for differences”. Specifically, the difference between the fixed price of power specified in the agreement and the variable wholesale price of power. The renewable electricity generated at the solar farm site will be sold into the wholesale power market. The difference between the hourly wholesale power price received and the fixed price of the agreement will lead to a credit (or expense) to the County. For the first year, the net credit (or expense) will be estimated based on price forecasts and expected electricity production in the first year. The credit (or expense) will be allocated across many County electricity accounts in proportion to consumption at each account on a per kWh basis. In each subsequent year, the net credit (or expense) will be reset after a true-up of the previous year’s actual production and costs. Fluctuations in the wholesale price of electricity may cause some months to have net savings and other months to have net expenses. Over the course of a year, these are expected to offset each other and be neutral in the aggregate.

The wholesale market price of power varies with many factors, including:

a. the available supply of power to meet the demand for electricity
b. the cost of other power sources, which currently depends in large part on the price of natural gas because of the increasing use of natural gas for electricity generation in Virginia, and
c. weather, which drives demand for electricity and also affects the supply of power from renewable sources.

The most significant factor is the price of natural gas, as natural gas has become a major fuel for electricity production in the region. Natural gas prices have been at historical lows in recent years, but most analysts expect the price to rise over the long term (see Figure 3).

Federal and State policies also affect wholesale electricity prices. A fee or tax on carbon dioxide, for example, increases the cost of electricity generated by power plants that burn fossil fuel, which can increase the overall price paid to all generators of electricity, including renewable electricity generators. The Northam Administration has indicated Virginia will join the Regional Greenhouse Gas Initiative (RGGI), which will have the effect of imposing a tax on carbon dioxide from fossil-fired electric power plants.

County staff consulted highly-respected third-party experts for their proprietary projections of wholesale power prices in Virginia. Their analyses incorporate market intelligence and public policy analysis of all of these factors. Their latest analysis shows a steady increase in the price of wholesale electricity within Virginia in a manner similar to the forecast for long-term natural gas prices shown in Figure 3. This provides confidence that the financial risk to the County from this power purchase agreement is small.
Benefits and Risks

In addition to implementation of a key Community Energy Plan policy objective, other benefits of this transaction include:

1. the fixed price reduces overall financial risk to the County,
2. ease of implementation through a small credit (or small expense) on monthly utility bills paid by County agencies,
3. establishing a partnership with Dominion Energy that could lead to additional collaboration,
4. as the first Virginia locality to act on a renewable energy agreement of this scale, this reaffirms Arlington as a leader on environmental stewardship.

The transaction is not without financial risk. If the wholesale market price remains less than the fixed price for a long period of time, the County will pay a premium for the renewable energy. On the other hand, if the wholesale price remains low for a long period of time, that also means the price Arlington pays to Dominion through the VEPGA contract will also decline – all other things equal – because wholesale power costs are one component of retail rates. This fall in retail cost of electricity would offset some of the increase for the renewable energy. In this way the fixed wholesale price provides a buffer against broad swings in market prices.
For example, if over the course of a year the average market price is $1/MWh less than the contractual fixed price in this agreement, the cost to the County would be about $79,000. Similarly, if the cost of the market price is $1 more than the fixed price in this agreement, the net benefit to the County would be about $79,000. For context, the County pays about $7 million each year to Dominion for electricity. Bear in mind the County is currently paying a premium for green power through national RECs, and once those purchases are ended, the County will reduce costs about $30,000 per year in addition to the dynamics of this agreement.

Executing this agreement with Dominion Energy Virginia allows for the renewable electricity to be credited to most County accounts without any change in monthly bill processing, and with no additional transaction or budgeting process. The value of clean renewable electricity is carried through the usual and customary monthly invoices from the utility.

As the County moves forward in implementation of the 2019 CEP, partnerships with key influential actors and stakeholders like Dominion Virginia Energy are essential to success. The proposed agreement is innovative for local government, and a first step in collaborations for a cleaner energy future.

Arlington County is one of several localities across Virginia that have been investigating virtual, off-site power purchase agreements for renewable electricity. As a first actor among its peers, Arlington continues to demonstrate leadership in its environmental commitment, and can assist other localities and the private sector in pursuit of similar objectives.

**PUBLIC ENGAGEMENT:** This proposed power purchase agreement is a negotiated contractual agreement concerning County operations and was not subject to advance public engagement. However, its objective – satisfying an important policy goal for the County as adopted in the Community Energy Plan – has been broadly supported through public listening sessions, commentary, and testimony surrounding the development and adoption of the 2019 CEP.

As the terms of the proposed agreement began to be finalized, the Chair of the Environment and Energy Conservation Commission (E2C2) was informed and they expressed their support. The Environmental Chair of the Civic Federation was also informed, and is supportive.

**FISCAL IMPACT:** This agreement is expected to be expense neutral, and no additional funds are expected to be budgeted once the project is in place during FY 2023. However, it is conceivable the net credits (or expenses) could be as large as $100,000 per year, spread across all County government agencies in proportion to their electricity use.
January [____], 2020

County Board of Arlington, Virginia
c/o Mark Schwartz, County Manager
2100 Clarendon Blvd., Suite 302
Arlington, VA 22201

Re: Letter Supplement for the Purchase of Electric Energy from the Amazon Arlington Solar Farm Virginia to the Amended and Restated Agreement for the Provision of Electric Service to Municipalities and Counties of the Commonwealth of Virginia from Virginia Electric and Power Company

Dear Mr. Schwartz:

This Letter Supplement dated January [____], 2020, and to be made effective on the date set forth below, by and between the County Board of Arlington, Virginia (the “Customer”), a county of the Commonwealth of Virginia, and Virginia Electric and Power Company (the “Seller” or “Dominion Energy Virginia”), a Virginia public service corporation, (individually, a “Party” or collectively with the Customer, the “Parties”), supplements the Amended and Restated Agreement for the Provision of Electric Service to Municipalities and Counties of the Commonwealth of Virginia from Virginia Electric and Power Company effective August 1, 2019 (the “Agreement”), by and between the Virginia Energy Purchasing Governmental Association, a joint powers association representing member units of political subdivisions of the Commonwealth of Virginia (“VEPGA”), of which the Customer is a member, and Dominion Energy Virginia.

As the Customer seeks to acquire renewable energy to meet its clean energy goals, and Dominion Energy Virginia seeks subscribers for the purchase of the Net Electrical Energy Output (as defined below) of the Seller’s proposed solar facility identified below (the “Facility”), this Letter Supplement provides the terms underlying the Seller’s sale, and the Customer’s purchase, of such Net Electrical Energy Output from the proposed Facility for the Customer which will receive the benefits of this output, as more fully described below. Capitalized terms that are not expressly defined herein shall have the meanings given to them in the Agreement. This Letter Supplement is subject to the General Terms and Conditions attached hereto as Exhibit A, which are incorporated herein by this reference.

I. Solar Facility: The Seller will construct, own, operate, and maintain the Facility in accordance with Prudent Industry Practices, as further described in Exhibit A and, after the Commercial Operation Date, the Customer will purchase the Facility’s NNEO from the Seller on the terms and conditions of this Letter Supplement. The “Net Electrical Energy Output” or “NEEO” of the Facility shall equal the Customer Share of the electrical energy output per hour measured in kWh that is delivered into the Seller’s electrical distribution system at the interconnection point for the Facility (“Interconnection Point”). The Facility will qualify as a renewable energy resource under the Applicable Program.
Facility Name: Amazon Arlington Solar Farm Virginia
Facility Location: Pittsylvania County, Virginia
Facility Nameplate Capacity: 120 MW
Facility Technology: Solar
Customer Share: 31.7% of the NEEO and Environmental Attributes produced by the Facility, which percentage may be adjusted as described in Section I to Exhibit A ("Customer Percentage") and at no time exceed 38 MW (the "Customer Purchased Capacity")

II. Environmental Attributes: Included with the Customer’s purchase of the NEEO, the Customer will receive the benefits of the Environmental Attributes associated with the NEEO. The Facility will qualify to generate “renewable energy” (specifically, solar energy) under the Virginia Renewable Energy Portfolio Standard Program pursuant to § 56-585.2 of the Code of Virginia, or such other program as permitted by Section 9 of the General Terms and Conditions (the “Applicable Program”). The price for the Environmental Attributes is included in the Power Price (as defined below). The Seller will retire on behalf of the Customer all Renewable Energy Certificates arising from the Environmental Attributes associated with the NEEO in the Generation Attribute Tracking System owned and operated by PJM Environmental Services, Inc., or any alternate or successor entity or tracking system (the “Tracking System”). “Environmental Attributes” means any aspect, claim, characteristic or benefit, however entitled, associated with the generation of a quantity of electric energy by the Facility, other than the electric energy, capacity or other energy-related attributes, produced, and that is capable of being measured, verified or calculated. Environmental Attributes include Renewable Energy Certificates but do not include federal, state and local tax credits or other incentives. “Renewable Energy Certificate” or “REC” means the certificate or other transferable indicia created under the Applicable Program associated with one (1) megawatt hour (“MWh”) of electric energy generated by the applicable renewable generation facility. Nothing in this Letter Supplement shall restrict the Customer’s right to obtain Renewable Energy Certificates from other sources in addition to those retired on Customer’s behalf hereunder.

III. Power Price: The Power Price for the NEEO is $33.50/MWh, which is a fixed price without escalation.

IV. Delivery Term: 17 years commencing on the Commercial Operation Date unless sooner terminated as provided herein. The Seller will deliver written notice to the Customer identifying the Commercial Operation Date. "Commercial Operation Date" means the date on which all of the following conditions have been satisfied: (a) the Facility is capable of operating and delivering an amount of NEEO equal to at least ninety percent (90%) of the Facility Nameplate Capacity to the Seller’s electrical system; (b) the Customer has received written notice from the Seller specifying the Commercial Operation Date and certifying that the Facility is ready to begin commercial operations; (c) the Seller has the appropriate interconnection agreements in place; and (d) the Seller has received all necessary permits required for the commercial operations of the Facility, including Permit By Rule coverage for the Facility from the Virginia Department of Environmental Quality. In the event that the Seller fails to achieve the Commercial Operation Date on or before September 30, 2022 for any reason other than the occurrence of a Force Majeure Event as defined herein, the Customer may terminate this Letter Supplement without further rights or obligations of either Party.

1 Seller retains the right to change the name of the Facility; however, “Arlington County” shall not be used in any name of, or signage at, the Facility without the prior written approval of the County.
V. Conditions Precedent:

A. Seller Conditions Precedent: The Seller’s obligations under this Letter Supplement are expressly conditioned upon the following conditions (the “Seller Conditions Precedent”): (a) Seller obtains any and all necessary permits, land rights, construction contracts and equipment contracts on terms and conditions that are acceptable to Seller and permit Seller to economically construct the Facility under the terms and conditions of this Letter Supplement; (b) Seller has received sufficient commitments to purchase output from the Facility to support construction of the Facility as determined by Seller; and (c) Seller has received an interconnection agreement that is satisfactory to Seller. If the Seller Conditions Precedent are not satisfied or waived within 12 months after the date of this Letter Supplement, the Seller may terminate this Letter Supplement immediately upon written notice to the Customer, in which case neither Party shall owe a termination payment nor have any further obligation under this Letter Supplement.

B. Customer Condition Precedent: The Customer’s obligations under this Letter Supplement are expressly conditioned upon the following condition (the “Customer Condition Precedent”): Seller has received sufficient commitments to purchase output from the Facility to support construction of the Facility as determined by Seller. If the Customer Condition Precedent is not satisfied by Seller or waived by the Customer within 12 months after the date of this Letter Supplement, the Customer may terminate this Letter Supplement immediately upon written notice to the Seller, in which case neither Party shall owe a termination payment nor have any further obligation under this Letter Supplement.

VI. Publicity: The Parties will jointly issue or make an initial public announcement, press release or statement (a “Public Announcement”) regarding this Letter Supplement and will, prior to the release of such Public Announcement, jointly develop talking points for future Public Announcements and responses to questions from the media (the “Talking Points”). The Talking Points may be updated from time to time upon mutual written agreement. After the initial Public Announcement, all other Public Announcements and responses to questions from the media regarding this Letter Supplement (including, without limitation, the County Manager’s Report) will be limited to and consistent with the Talking Points unless (i) otherwise agreed between the Parties, (ii) necessary to comply with applicable laws, regulations, or the rules and regulations of any stock exchange having jurisdiction over such Party or its affiliates, or (iii) necessary in connection with such Party’s or its affiliates’ financial statements. The “County Manager’s Report” means the County Manager’s report and recommendation and related materials provided to the County Board as part of the agenda materials for the meeting at which the County Board will consider approval of the Letter Supplement.

VII. Address for Notices:

Customer
County Board of Arlington, Virginia
c/o County Manager
2100 Clarendon Blvd., Suite 302
Arlington, VA 22201

Seller
Virginia Electric Power Company
Robert J. Trexler
120 Tredegar Street
Richmond, VA 23219
VIII. Authorized Signatory - The Parties hereby warrant that the individuals executing this Letter Supplement are duly authorized to execute this Letter Supplement on behalf of the Parties. This Letter Supplement may be executed by the Parties in one or more counterparts, all of which taken together, shall constitute one and the same instrument. The facsimile or pdf signatures of the Parties shall be deemed to constitute original signatures, and facsimile or pdf copies hereof shall be deemed to constitute duplicate originals.

If you agree to the provisions of this Letter Supplement, please have an authorized official execute all three (3) originals in the spaces provided and return all three (3) original versions of the Letter Supplement to me for countersignature. Upon full execution, I will return a fully executed original of this Letter Supplement to you for your files.

Sincerely,

Robert J. Trexler
Director - Regulation
Customer

Arlington County Board
By authority of the undersigned

Seller

Dominion Energy Virginia
By authority of the undersigned

By:
Title:
Date:

By:
Title:
Date:

The effective date of this Letter Supplement is: _____________________________ (the “Effective Date”) (To be completed by Dominion Energy Virginia only)
Section 1 Development and Construction of Project. At no cost to Customer, Seller shall be responsible for (a) designing, engineering, constructing, installing, operating and maintaining the Facility; (b) obtaining all governmental approvals and permits; (c) interconnecting the Facility; and (d) owning, installing, maintaining and testing all meters. Seller shall construct, install, test, and operate the Facility, or shall cause the construction, installation, testing, and operation of, the Facility at its sole cost and expense (except for any costs or charges allocated to Customer pursuant to Section 9 below, if applicable) and consistent with applicable laws, Prudent Industry Practices and the terms of the Agreement and the Letter Supplement, including these General Terms and Conditions. “Prudent Industry Practices” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, 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 Industry Practices is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the industry. At any time, Seller may modify the Facility Nameplate Capacity identified in the Letter Supplement for the Facility, provided that Seller shall notify Customer of the change and shall promptly modify the Customer Percentage such that the Customer Purchased Capacity does not change. Seller shall take all commercially reasonable steps necessary to cause the Commercial Operation Date to occur within twelve (12) months after the start of construction. If Seller reasonably believes that it may not be able to achieve the Commercial Operation Date for the Facility within a reasonable period of time, or Seller otherwise reasonably concludes that the proposed Facility may not be commercially appropriate to fulfill Seller’s obligations hereunder, Seller may, from time to time, on written notice to Customer, at any time prior to the Commercial Operation Date, propose an alternate Facility that (a) uses the same generating technology as the original Facility, (b) is located within the PJM control area, (c) allocates the same Customer Purchased Capacity to Customer, and (d) has the same Power Price (each, an “Alternate Facility”). Customer shall have forty-five (45) days after the date of Seller’s notice (the “Notice Period”) to accept or reject the Alternate Facility. Customer’s acceptance of an Alternate Facility shall not be unreasonably withheld, delayed, or conditioned. If Customer delivers written notice to Seller during the Notice Period accepting the Alternate Facility, or if Customer does not respond within the Notice Period, the Alternate Facility will be deemed accepted, and all references herein to the Facility shall refer to such Alternate Facility. If Customer, by written notice received by Seller within the Notice Period, rejects the Alternate Facility, Seller may, on written notice to Customer, propose a second Alternate Facility, and a new Notice Period shall apply. If Customer rejects the second Alternate Facility, Seller may, at its option, propose additional Alternate Facilities or terminate this Letter Supplement immediately upon written notice to Customer, in which case neither Party shall owe a termination payment nor have any further obligation under this Letter Supplement.

Section 2 Benefits of Electricity. At least sixty (60) days prior to the Commercial Operations Date, Customer shall identify the accounts to which Customer Share shall apply (the “Customer Serviced Accounts”) and the allocation of NEEO to be applied to each account. Seller will use the NEEO to supply all or a portion of the electricity purchased to the Customer Serviced Accounts in proportion to the allocations requested by Customer. If, for any reason, the Products cannot be fully allocated among the Customer Serviced Accounts in accordance with the requested allocations, Seller shall notify the Customer in writing, and the Customer may, within ten (10) business days of such notice, send a notice to Seller modifying the Customer Serviced Accounts, and Seller shall update its billing system to reflect the change and notify Customer as to when the change will take effect. If the Customer does not respond to such notice within ten (10) business days, Seller may allocate any unallocated Products among the available Customer Serviced Accounts in any manner Seller reasonably believes is appropriate or necessary. Customer may, once per calendar year, modify the Customer Serviced Accounts by delivering written notice to that effect to Seller. Following receipt of such notice, Seller shall update its billing system to reflect the change and notify Customer as to when the change will take effect. During the Delivery Term, Seller shall own, operate and maintain the Facility and otherwise perform its obligations hereunder in accordance with prudent electrical practices and otherwise in accordance with this Letter Supplement. All NEEO and Environmental Attributes (collectively, “Products”) shall be generated and produced on a Unit Contingent basis. “Unit Contingent” means that (i) the NEEO and Environmental Attributes will be sourced solely from the Facility; and (ii) Seller does not represent or covenant that any quantity of NEEO or Environmental Attributes will be generated or produced in any hour. While this Letter Supplement remains in effect, Customer shall continue to purchase electricity from Seller under the Agreement (or, upon expiration or termination of the Agreement, under Seller’s otherwise applicable retail electric tariffs) for the entire load of each of the Customer Serviced Accounts. For the load or portion of the load of each Customer Serviced Accounts equal to the NEEO (distributed equally among the Customer Serviced Accounts on a pro rata basis), and in addition to the charges for such energy under the Agreement, Customer will also receive a charge (if the resulting number is positive) or credit (if the resulting number is
negative) equal to the Annual Rider Rate (defined below), which charge or credit will represent the offsetting of energy under the Agreement with the NEEO of this Letter Supplement. Notwithstanding the foregoing, in the event the Facility is not generating Products for a period in excess of one hundred and eighty (180) consecutive days for reasons other than a Force Majeure Event provided for in Section 7, the Customer may terminate this Letter Supplement immediately upon written notice to Seller, in which case neither Party shall owe a termination payment nor have any further obligation under this Letter Supplement.

Section 3 Energy Management and Marketing. Seller shall be the “Market Participant,” as defined in the PJM FERC Open Access Transmission Tariff (as amended or modified, the “PJM Tariff”), for the Facility and will perform all activities required from the Market Participant for Seller and the Facility to comply with the applicable market protocols and tariffs. Any and all costs incurred by Seller in connection with obtaining and maintaining its status as a Market Participant shall be borne by Seller. Seller shall at all times during the Delivery Term arrange for the sale of all electric energy generated by the Facility (“Facility Energy”) into any energy market (the “Energy Market”) operated by PJM Interconnection, LLC, or its successor in function (“PJM”). For purposes of determining Market Revenue in accordance with Section 5, the price for Facility Energy sold into an energy market shall be the PJM locational marginal price at the Interconnection Point. Seller shall schedule and sell Facility Energy reasonably and in good faith but shall have sole and absolute discretion to determine into which Energy Market to sell Facility Energy. Seller shall have no liability to Customer arising from any decision to participate in one Energy Market over another. To the extent that the Project has the ability to participate in markets other than the Energy Market without interfering with Seller’s obligations hereunder to sell Facility Energy into the Energy Market and deliver Environmental Attributes to Customer, Seller may participate in such markets and Customer shall have no right to any revenue associated therewith.

Section 4 Environmental Attributes. Seller will, at its own cost, take the actions necessary to register, transfer and retire on behalf of Customer the Environmental Attributes allocated to Customer under this Letter Supplement through the Tracking System. Seller is responsible for all fees and charges assessed against Seller associated with qualifying the Environmental Attributes and obtaining and retiring on behalf of Customer such Environmental Attributes (excluding (i) the fees and charges associated with registering and maintaining Customer’s account; (ii) other costs assessed by third parties against Customer; and (iii) any verification, including audit costs as provided below). Each retirement of the Renewable Energy Certificates will be made in accordance with the applicable Tracking System rules. To the extent required by such rules, Seller will be responsible for providing attestations suitable for use with the Tracking System to show chain-of-custody of the Renewable Energy Certificates. For accounting purposes, the Environmental Attributes will transfer to Customer on retirement of the Renewable Energy Certificates in the Tracking System without further action by Seller or Customer. Seller represents and warrants that, at the time of transfer via retirement of any Environmental Attributes, (i) Seller has good and marketable title to such Environmental Attributes; (ii) such Environmental Attributes have not been sold to any other Person or used to meet compliance requirements of any other regulatory or voluntary renewable energy program or standard, including any greenhouse gas reduction requirements; and (iii) Seller will transfer to Customer, via retirement, all right, title to and interest in such Environmental Attributes, free and clear of any liens or other encumbrances.

Section 5 Forecast Annual Billing.

5.1 During each Contract Year (as defined below), each Customer Serviced Account will be billed for (i) electricity usage under Seller’s applicable rate schedule and applicable rider charges plus (ii) the Annual Rider Rider and subject to an annual true-up under Section 5.4 below. The “Annual Rider Rate” for each Contract Year shall equal the annual Forecast Net Amount (subject to the True-up, defined below) payable by (or credited to) Customer under this Letter Supplement over the Contract Year divided by the forecasted loads of the Customer Serviced Accounts over such Contract Year. An example calculation of the Annual Rider Rate and True-up is attached to the Letter Supplement as Exhibit B.

5.2 A “Contract Year” shall mean July 1 of a year through June 30 of the following year, except with respect to the first and last Contract Years. The first Contract Year will commence on the Commercial Operation Date and terminate on the following June 30. The final Contract Year will commence on July 1 and terminate coincident with the end date of the Delivery Term. Any obligations or payment amounts affected by the shorter first and last Contract Years will be prorated based on the ratio of calendar days observed in such Contract Year(s) compared to the total calendar days recognized in the consecutive calendar months comprising such Contract Year(s).

5.3 Prior to the start of each Contract Year, Seller shall determine the Forecast Production for the upcoming Contract Year and the expected difference of the forecast Contract Revenue minus the forecast Market Revenue (the “Forecast Net Amount”) payable by either Party over such Contract Year through the Annual Rider Rate. The “Forecast Production” is the amount of Facility Energy that Seller reasonably expects to be delivered to the Facility’s interconnection point during the upcoming Contract Year. The “Contract Revenue” means the sum of (a) the NEEO and (b) any electric energy that would have been generated by the Facility but for Seller curtailing generation due to negative pricing events in the applicable Energy Market, which sum is then multiplied by the applicable Power Price. The “Market Revenue” means all revenue generated
from the sale of Facility Energy scheduled and delivered into the Energy Markets, measured on an hourly basis or such smaller increment as required by the applicable Energy Market, as adjusted to reflect settlements performed by the PJM in accordance with applicable market rules, minus any costs or charges incurred by or imposed on Seller or the Facility during the applicable month pursuant to Section 9 below, if applicable. When calculating the Forecast Net Amount, the Company will utilize the Forecast Production in place of the NEEO for determining the forecast Contract Revenue and forecast Market Revenue.

5.4 At the end of each Contract Year, Seller will calculate the total revenue collected, pursuant to the Annual Rider Rate, from the Customer Serviced Accounts during the Contract Year (the "Collected Revenue"). Except with respect to the last Contract Year, the "True-up Amount" shall equal the actual Contract Revenue minus the actual Market Revenue for the Contract Year (the "Actual Net Amount"), less the Collected Revenue. For each Contract Year, the True-up Amount shall be added to the forecast Net Amount used to calculate the Annual Rider Rate for the next Contract Year (the "True-up"). The timing of the Commercial Operation Date, the beginning and ending of the Contract Year, and the billing cycles of the Customer Serviced Accounts may create timing issues for determining the True-up Amount. The Company may need to adjust the period used for calculating the charges and credits based upon the actual NEEO for the True-up in order to include such amounts in the next Contract Year's Annual Rider Rate. The Parties agree that each year, prior to the effective date of a new Annual Rider Rate, the Company shall provide to the Customer for review the data and related workpapers used for each Contract Year's True-up resulting in a new Annual Rider Rate. Any period from a Contract Year that is not included in the True-up shall be captured in the following Contract Year's True-up. With respect to the last Contract Year, Seller shall allocate any difference between the Actual Net Amount and the Collected Revenue among the Customer Serviced Accounts in a manner consistent with Seller's tariffs and otherwise acting reasonably and in good faith, and either collect such amounts from or pay such amounts to (as applicable) the Customer Serviced Accounts in the next billing cycle for such accounts unless the Parties agree in writing to another mechanism.

5.5 All monthly charges or credits to Customer shall be included on the monthly invoice and submitted to the Serviced Accounts in accordance with the Agreement (or, upon expiration or termination of the Agreement, Seller's otherwise applicable retail electric tariffs). Each Serviced Account shall pay the allocated amounts due in accordance with the Agreement (or, upon expiration or termination of the Agreement, Seller's otherwise applicable retail electric tariffs).

5.6 Seller will install, own and maintain all metering equipment needed for the Facility ("Meters") as required by the PJM Tariff. If, and to the extent that, any Meter fails to accurately measure Facility Energy, Meter corrections will be made in accordance with the procedures set forth in the PJM Tariff, and such corrections shall be binding upon the Parties.

Section 6 Representations and Warranties. Each Party represents and warrants to the other that: (a) it is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing; (b) it has the power to execute this Letter Supplement, to deliver this Letter Supplement and to perform its obligations under this Letter Supplement and has taken all necessary action to authorize such execution, delivery and performance; (c) the execution, delivery and performance of the Letter Supplement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets; (d) all governmental and other consents that are required to have been obtained by it with respect to the execution and delivery of this Letter Supplement have been obtained and are in full force and effect and all conditions of any such consents have been complied with; (e) its obligations under this Letter Supplement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)); and (f) there is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Letter Supplement or its ability to perform its obligations under this Letter Supplement.

Section 7 Force Majeure Events. To the extent a Party (the "Claiming Party") is prevented by a Force Majeure Event from carrying out, in whole or part, its obligations under this Letter Supplement and, as set forth below, such Party gives notice of the Force Majeure Event to the other Party, then each Party shall be excused from the performance of its obligations hereunder (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure Event). The Claiming Party will give notice to the non-Claiming Party setting forth the nature of the Force Majeure Event in reasonable detail sufficient to establish that the occurrence constitutes a Force Majeure Event as soon as possible after it has knowledge of the Force Majeure Event and shall remedy the Force Majeure Event with all reasonable dispatch. When the Claiming Party is able to resume performance of its obligations under this Letter Supplement, such Party shall give the non-Claiming Party written notice of that effect and the Parties shall resume performance hereunder. Notwithstanding any of the other provisions of the Letter Supplement, if the Force Majeure Event continues for a period in
excess of one hundred and eighty (180) consecutive days, then either Party will have the right to terminate this Letter Supplement by providing the other Party with not less than ten (10) business days' prior written notice. Upon the effective date of such termination neither Party shall have any further rights or obligations hereunder, except for those rights and obligations arising prior to the effective date of such termination, and neither Party shall be liable to the other Party for damages nor otherwise owe to the other Party a termination payment of any kind. "Force Majeure Event" means any event or circumstance which wholly or partly prevents or delays the performance of any obligation arising under this Letter Supplement (other than the obligation to pay amounts due), but only if and to the extent (a) such event is not within the reasonable control, directly or indirectly, of the Claiming Party, (b) the Claiming Party has taken all reasonable precautions and measures in order to prevent or avoid such event or mitigate the effect of such event on such Party's ability to perform its obligations under this Letter Supplement and which by the exercise of reasonable diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (c) such event is not the direct or indirect result of the negligence or the failure of, or caused by, the Claiming Party. Notwithstanding the foregoing, a Force Majeure Event shall not include a Party's economic or financial hardship.

Section 8  Events of Default and Termination.

8.1  Events of Default. If either Party (a "Defaulting Party") fails to comply with or perform any obligation hereunder, or any representation or warranty fails to be true, and such failure is not cured within sixty (60) days following receipt of written notice from the other party (the "Non-Defaulting Party"), then an "Event of Default" shall have occurred with respect to the Defaulting Party. Following the occurrence of an Event of Default, in addition to any other remedies available at law or in equity, the Non-Defaulting Party may elect to terminate this Letter Supplement on written notice to the Defaulting Party. Following issuance of such written notice, the Non-Defaulting Party shall use reasonable commercial efforts to mitigate its damages and shall be entitled to recover its Loss from the Defaulting Party plus other amounts due under this Letter Supplement. "Loss" means the amount that the Non-Defaulting Party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with termination of this Letter Supplement or, at the election of such Party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). A Party will determine its Loss as of the relevant termination date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A Party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets. Under no circumstances will a Non-Defaulting Party be obligated to pay amounts to a Defaulting Party as a result of the calculation of the Losses.

8.2  Termination. Notwithstanding any termination or amendment provisions of the Agreement, the Parties do not have the right to terminate this Letter Supplement except as expressly stated in this Letter Supplement or as otherwise mutually agreed in writing. In the event of expiration or termination of the Agreement, those provisions of the Agreement necessary for the Parties to continue to perform under this Letter Supplement shall survive such termination with respect to this Letter Supplement.

Section 9  Change in Applicable Program. If there is a change in the Applicable Program such that Seller must incur costs or expenses that are, in the aggregate, in excess of fifty thousand dollars ($50,000.00) in order to comply with such changes and allow the Facility to Qualify under the Applicable Program (the "Compliance Cost Threshold"), Seller shall provide thirty (30) days’ notice to Customer of the expected amount of the increased costs, provide documentation and calculations to support such amount, and notify Customer that such amount will be included in the calculation of Actual Revenue set forth in Section 5.3 above. The increased costs for amounts in excess of the Compliance Cost Threshold and up to one hundred thousand dollars ($100,000) will be allocated to Customer in proportion to its Customer Percentage. The increased costs for amounts in excess of one hundred thousand dollars ($100,000) will be shared between Seller and Customer, with Customer responsible for its Customer Percentage of fifty percent (50%) of such increased costs. Customer shall have forty-five (45) days after receipt of such notice to notify Seller that Customer is challenging the increased costs. If Customer elects to challenge the increased costs, the Parties will meet and confer, acting reasonably and in good faith, to confirm the validity of the increased costs. Notwithstanding the foregoing, if Customer does not agree to pay the increased costs and the Facility fails to qualify as a renewable energy resource under the Applicable Program or is unable to generate Renewable Energy Certificates, then Seller shall have no further obligation to qualify the Facility as a renewable energy resource under the Applicable Program or to deliver Renewable Energy Certificates. If Customer fails to respond to the notice within the forty-five (45) day period, then Customer shall be deemed to have accepted the increased costs. If the Applicable Program in effect on the Effective Date is discontinued, eliminated or changed such that Renewable Energy Certificates are no longer produced by the Facility, the "Applicable Program" shall become a similar program, selected by Seller in Seller’s sole discretion after good faith discussions with Customer; provided, that any actual and reasonable additional expenses for implementing such change shall be the responsibility of Customer, and Customer shall reimburse Seller for any such additional expense incurred by Seller, subject to the Compliance Cost Threshold. To the extent such expenses impact the entire Project, the costs will be prorated based on the Customer Share.
Section 10 Miscellaneous.

10.1 Interpretation. Unless expressly stated otherwise, references to a person or entity includes its successors and permitted assigns and, in the case of a governmental authority, any person or entity succeeding to its functions and capacities. Where a word or phrase is specifically defined, other grammatical forms of such word or phrase have corresponding meanings; the words “herein,” “hereunder,” “hereof” and “this Letter Supplement” refer to this Letter Supplement, taken as a whole, and not to any particular provision of this Letter Supplement; “including” means “including, for example and without limitation,” and other forms of the verb “to include” are to be interpreted similarly; the word “or” is intended to be inclusive (i.e., “and/or”) and not exclusive. All references to a given agreement, instrument or other document shall be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made. Any term defined, or provision incorporated in this Letter Supplement by reference to another document, instrument or agreement shall continue to have the meaning or effect ascribed thereto whether or not such other document, instrument or agreement is in effect.

10.2 Notices. Any notice or other communication in respect of this Letter Supplement may be given in any manner set forth below to the address or number or in accordance with the electronic messaging system details provided on the Letter Supplement and will be deemed effective as follows: if in writing and delivered in person or by courier, on the date it is delivered; if sent by facsimile transmission, on the date that transmission is received by the responsible employee listed as Notice contact on the oversheet attached hereto, and in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender’s facsimile machine); if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered, or its delivery is attempted; or if sent by electronic messaging system, on the date that electronic message is sent to the recipient and no delivery failure message is received by the sender, unless the date of that delivery (or attempted delivery) or receipt, as applicable, is not a business day that communication is delivered (or attempted) or received, as applicable, after the close of business on a business day, in which case that communication shall be deemed given and effective on the first following day that is a business day. Either Party may by notice to the other change the address or facsimile number or electronic messaging system details at which notices, or other communications are to be given to it.

10.3 FOIA and Confidentiality. The Parties hereby acknowledge and agree that the Customer is subject to the Virginia Freedom of Information Act, §§ 2.2 – 3700 et seq. of the Code of Virginia, 1950, as amended, (the “Act”) and must comply with its provisions, and that the Letter Supplement may be subject to mandatory disclosure under the Act; however, the Parties also acknowledge that the publication of any confidential commercial information or confidential financial information related to this Letter Supplement could cause financial and reputational harm to the Parties. Therefore, to the extent that Customer receives a request for information related to this Letter Supplement and the subject matters discussed herein under the Act or under an equivalent law or legal authority, the Customer hereby agrees to promptly notify Seller of the request and to produce only that information which Customer determines it is legally obligated to produce.

10.4 Governing Law. THIS LETTER SUPPLEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HERUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

10.5 Limitation of Liability. To the maximum extent permitted by law, no party shall be required to pay or be liable for punitive, exemplary, consequential, special, incidental or indirect damages, losses, or costs (whether or not arising from its negligence or strict liability) to any other party, even if the parties have knowledge of the possibility of such damages or costs and whether or not such damages or costs are foreseeable; provided, however, that nothing in this provision shall affect the enforceability of any section of this Letter Supplement that requires payment of specified amounts. If and to the extent any payment required to be made pursuant to this Letter Supplement is deemed to constitute liquidated damages, the parties acknowledge and agree that such damages are difficult or impossible to determine and that such payment is intended to be a reasonable approximation of the amount of such damages and not a penalty. The parties agree that the foregoing limitations will not in any way limit liability or damages under any third-party claims. Statutory damages awarded will be deemed to be direct and compensatory, and not punitive or exemplary damages.
10.6 Assignment. Neither Party may assign this Letter Supplement in whole or in part without the prior written consent of the other Party, which consent may not be unreasonably withheld, delayed, or conditioned; provided, however, that Seller may assign this Letter Supplement to any affiliate on written notice to Customer.

10.7 Waiver. No delay or omission by the Parties in exercising any right or remedy provided for herein shall constitute a waiver of such right or remedy nor shall it be construed as a bar to or waiver of any such right or remedy on any future occasion. Each Party, in its sole discretion, shall have the right, but shall have no obligation, to waive, defer or reduce any of the requirements to which the other Party is subject under this Letter Supplement at any time; provided, however, that neither Party shall be deemed to have waived, deferred or reduced any such requirements unless such action is in writing and signed by the waiving Party. A Party’s exercise of any rights in this Letter Supplement shall apply only to such requirements and on such occasions as such Party may specify and shall in no event relieve the other Party of any requirements or other obligations not so specified.

10.8 Entire Agreement; Amendments. This Letter Supplement and the Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and thereof and supersedes all prior and contemporaneous discussions, agreements and commitments between the Parties with respect hereto and thereto, and any prior and contemporaneous confidentiality agreements executed by the Parties in respect of the transactions contemplated by this Letter Supplement. There are no agreements or understandings between the Parties respecting the subject matter hereof or thereof, whether oral or written, other than those set forth herein or therein, and neither Party has relied upon any representation, express or implied, not contained in this Letter Supplement and the Agreement. This Letter Supplement may be modified or amended only by an instrument in writing signed by the Parties.

10.9 Status of the Parties. Seller is an independent contractor, and nothing contained herein shall be construed as constituting any relationship with Customer other than that of purchaser and independent contractor, nor shall it be construed as creating any relationship whatsoever between the Parties, including employer/employee, partners or joint venture parties.

10.10 Survival. All provisions of this Letter Supplement that either expressly by their terms survive or, by their nature are to survive or come into or continue in force and effect after the termination of this Letter Supplement shall remain in effect and be enforceable following such termination.

10.11 Further Assurances. Each Party agrees to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Letter Supplement and which do not involve the assumptions of obligations other than those provided for in this Letter Supplement, in order to give full effect to this Letter Supplement and to carry out the intent of this Letter Supplement.

10.12 Headings. The headings to Articles, Sections and Exhibits of this Letter Supplement are for ease of reference only and in no way define, describe, extend or limit the scope of intent of this Letter Supplement or the intent of any provision contained herein.

10.13 No Rights in Third Parties. This Letter Supplement and all rights in this Letter Supplement are intended for the sole benefit of the Parties hereto and shall not imply or create any rights on the part of, or obligations to, any other Person.

10.14 Severability. The invalidity of one or more phrases, sentences, clauses, Sections or Articles contained in this Letter Supplement shall not affect the validity of the remaining portions of this Letter Supplement so long as the material purposes of this Letter Supplement can be determined and effectuated.

10.15 Joint Effort. Preparation of this Letter Supplement has been a joint effort of the Parties and the resulting document shall not be construed more severely against one of the Parties than against the other. Any rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Letter Supplement, or any amendments or Exhibits hereto.

10.16 Remedies Cumulative. Except as provided in this Letter Supplement, the rights, powers, remedies and privileges provided in this Letter Supplement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by applicable law.

10.17 Contract for Physical Delivery. As of the Effective Date, the Parties agree the transaction contemplated in this Agreement is a physical forward contract and falls within the forward contract exclusion for the “swap” and “future delivery” definition in the Commodity Exchange Act, and that the Parties are not treating this transaction as a hedge or a derivative.

[End of General Terms and Conditions]
Letter Supplement Exhibit B
Example of Forecast Annual Billing

The following is an example calculation of the Annual Rider Rate and True-up described in Section 5. The Parties acknowledge and agree that these are hypothetical numbers only and do not represent anticipated, estimated, or guaranteed results for any period.

<table>
<thead>
<tr>
<th>First Contract Year</th>
<th>Second Contract Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecasted Production (kWh)</td>
<td>80,352,000</td>
</tr>
<tr>
<td>Agreement Price ($/kWh)</td>
<td>$0.0325</td>
</tr>
<tr>
<td>Forecasted Market Price ($/kWh)</td>
<td>$0.0340</td>
</tr>
<tr>
<td>Forecasted Account Usage (kWh)</td>
<td>88,000,000</td>
</tr>
<tr>
<td>Forecasted Contract Revenue</td>
<td>$2,691,792</td>
</tr>
<tr>
<td>Forecasted Production</td>
<td>$2,691,792</td>
</tr>
<tr>
<td>Forecasted Market Price</td>
<td>$2,691,792</td>
</tr>
<tr>
<td>Forecasted Net Amount</td>
<td>$2,731,968</td>
</tr>
<tr>
<td>Forecasted Contract</td>
<td>$2,731,968</td>
</tr>
<tr>
<td>Forecasted Market Price</td>
<td>$2,731,968</td>
</tr>
<tr>
<td>Annual Rider Rate ($/kWh)</td>
<td>0.0045655</td>
</tr>
<tr>
<td>Forecasted Net Amount</td>
<td>$37,122.6</td>
</tr>
<tr>
<td>Forecasted Account Usage</td>
<td>88,000,000</td>
</tr>
</tbody>
</table>

Next Contract Year's Rider Rate:

| Actual Production | $80,352,000 |
| Actual Market Price ($/kWh) | $0.0325 |
| Actual Account Usage (Arlington kWh) | $67,500,000 |
| Actual Collected Revenue ($19,917.79) | $79,900,000 |
| Actual Rider Rate ($/kWh) | 0.0045655 |
| Actual Contract Revenue ($2,691,792) | $2,691,792 |
| Actual Market Revenue ($3,329,640) | $3,329,640 |
| Actual Net Amount ($433,690) | $433,690 |
| True-up Amount ($393,642) | $393,642 |
| Next Year Forecasted Net Amount ($219,916) | $219,916 |
| Annual Rider Rate ($/kWh) | 0.0045655 |