

**EXECUTION VERSION**

**(LADWP NO. BP 15-032)**

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**SPRINGBOK 3 SOLAR FARM PROJECT**

**POWER SALES AGREEMENT**

**BETWEEN**

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

**AND**

**THE CITY OF LOS ANGELES ACTING BY AND THROUGH  
THE DEPARTMENT OF WATER AND POWER**

**Dated as of December 17, 2015**

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## TABLE OF CONTENTS

1.	PARTIES .....	1
2.	RECITALS, CONSTRUCTION AND PRELIMINARY MATTERS .....	1
3.	AGREEMENT .....	2
4.	DEFINITIONS .....	3
4.1	Agreement .....	3
4.2	Effective Date .....	3
4.3	Cost of Acquisition .....	3
4.4	Power Costs .....	6
4.5	Monthly Costs .....	9
5.	PURCHASE AND SALE OF FACILITY OUTPUT AND THE OBLIGATIONS OF SCPPA AND THE PURCHASER .....	9
5.1	Purchase and Sale of Facility Output .....	9
5.2	Facility Output and Deliverables .....	10
5.3	Project Manager; Procurement Actions .....	10
5.4	Adoption of Annual Budget .....	11
5.5	Reports .....	11
5.6	Records and Accounts .....	12
5.7	Provide Information .....	12
5.8	Consultants and Advisors Available .....	12
5.9	Deposit of Insurance Proceeds .....	12
5.10	Compliance with Federal Tax Law Requirements .....	12
5.11	Liquidated Damages .....	12
6.	PROJECT MANAGEMENT .....	13
6.1	Project Manager Responsibilities .....	13
6.2	Management Decisions and the Role of Board of Directors .....	15
6.3	Periodic Audits .....	17
6.4	Additional Committees .....	18
6.5	Costs of Consultants .....	18
6.6	Compliance with Indenture .....	18
7.	CHARGES AND BILLINGS .....	18
7.1	Monthly Costs .....	18
7.2	Billing Statement .....	19
7.3	Adoption of Alternative Billing Statement Procedures .....	19
7.4	Disputed Monthly Billing Statement .....	19
7.5	Reconciliation of Monthly Costs .....	20
7.6	Other or Additional Cost Reconciliation Mechanisms .....	20
7.7	Interest on Late Payments .....	20
7.8	Prepayment of Monthly Costs .....	20
8.	UNCONDITIONAL PAYMENT OBLIGATIONS; RATE COVENANT; AUTHORIZATIONS; CONFLICTS; LITIGATION .....	21
8.1	Unconditional Payment Obligation .....	21
8.2	Source of Payments .....	21
8.3	Rate Covenant .....	21



## TABLE OF CONTENTS

(continued)

	Page
8.4 Authorizations .....	22
8.5 Conflicts .....	22
8.6 Litigation .....	22
9. OTHER TERMS AND SERVICES .....	22
9.1 Delivery Procedures .....	22
9.2 Other Services and Transmission From Point of Delivery .....	22
9.3 Energy Services .....	22
9.4 Actions Respecting Facility Purchase .....	23
9.5 Balancing Agent and Dynamic Scheduling .....	23
9.6 Transfer of Environmental Attributes to Purchaser .....	23
10. FEDERAL TAX LAW REQUIREMENTS .....	24
10.1 Purchaser to Provide Information Relevant to Compliance with Federal Tax Law Requirements .....	24
10.2 Compliance with Federal Tax Law Requirements .....	24
10.3 SCPPA to Issue Rules, Procedures and Protocols .....	24
11. PROJECT SPECIFIC MATTERS AND PURCHASER RIGHTS AND OBLIGATIONS UNDER PROJECT AGREEMENTS .....	24
11.1 Rights and Obligations under the Project Agreements .....	24
11.2 Acquisition of the Facility by SCPPA .....	25
12. PLEDGE OF PAYMENTS .....	25
13. ISSUANCE OF BONDS .....	26
13.1 Issuance of Bonds .....	26
13.2 Additional Bonds .....	26
13.3 Refunding Bonds .....	26
13.4 Opinions of Counsel .....	26
13.5 Redemption or Payment of Bonds .....	26
13.6 Bond-Related Documents .....	26
14. EXCESS BOND PROCEEDS .....	26
15. NONPERFORMANCE AND PAYMENT DEFAULT .....	27
15.1 Nonperformance by Purchaser .....	27
15.2 Notice of Payment Default .....	27
15.3 Cured Payment Default .....	28
15.4 Failure to Cure Payment Default .....	28
15.5 Treatment of the Defaulting Purchaser's Project Rights and Obligations upon Payment Default .....	28
15.6 Elimination or Reduction of Payment Obligations .....	29
15.7 Use of Operating Reserve Account .....	29
15.8 Use and Replenishment of Debt Service Reserve Fund(s) .....	30
15.9 Application of Moneys Received from a Default Invoice .....	30
15.10 Application of Moneys Received from Compliance Payments .....	30
15.11 Application of Moneys Received from Sale of Facility Output .....	30

## TABLE OF CONTENTS

(continued)

	Page
15.12 Limitation on Cure Period.....	30
16. CHARACTER, CONTINUITY OF SERVICE.....	30
16.1 Outages, Interruptions and Curtailment of Energy Deliveries .....	30
16.2 Outages, Interruptions and Curtailment of Energy from the Facility .....	31
16.3 Uncontrollable Forces .....	31
17. LIABILITY .....	31
17.1 No Liability of SCPPA or Purchaser, Their Directors, Officers, Etc.; SCPPA, Purchaser's and Project Manager's Directors, Officers, Employees Not Individually Liable .....	31
17.2 Extent of Exculpation; Enforcement of Rights .....	32
17.3 Determination or Enforcement of Rights .....	33
17.4 No Relief From Insurer's Obligations.....	33
17.5 No General Liability of SCPPA .....	33
17.6 Indemnification of Purchaser .....	33
17.7 Indemnification of Project Manager .....	34
17.8 Separate Legal Capacities .....	34
18. RESTRICTIONS ON DISPOSITION.....	34
18.1 Limitations Concerning Private Use .....	34
18.2 Restrictions on Elimination of Payment Obligations.....	35
18.3 Restrictions on Disposition of Purchaser's Entire System.....	35
18.4 Successors and Assigns.....	36
19. REIMBURSEMENT OF PROJECT DEVELOPMENT COSTS .....	36
20. EFFECTIVE DATE, TERM AND EXPIRATION .....	36
20.1 Effective Date; Execution in Counterparts .....	36
20.2 Termination Conditions .....	36
20.3 Expiration.....	37
20.4 Transfer of SCPPA Interest.....	37
20.5 Termination of Agreement before Expiration Date .....	37
21. RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS .....	38
21.1 Agreement Subject to the Indenture.....	38
21.2 Comply With the Indenture.....	38
22. SEVERABILITY .....	38
23. CONDITIONS TO TERMINATION OR AMENDMENT .....	38
23.1 No Adverse Effect.....	38
23.2 Continuing Compliance with Federal Tax Law Requirements.....	38



**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
24. REPRESENTATION AND GOVERNING LAW .....	38
25. ARBITRATION AND ATTORNEYS' FEES .....	39
26. NOTICES .....	39
27. AMENDMENTS .....	39

**APPENDICES**

A - DEFINITIONS .....	A-1
B - OPINION OF COUNSEL TO PURCHASER .....	B-1
C - OPINION OF COUNSEL TO SCPA .....	C-1
D - POWER PURCHASE AGREEMENT BETWEEN SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY AND 64KT 8ME LLC DATED AS OF December 17, 2015 .....	D-1



## SPRINGBOK 3 SOLAR FARM PROJECT

### POWER SALES AGREEMENT

1. **PARTIES.** This Springbok 3 Solar Farm Project Power Sales Agreement (this "Agreement"), is dated for convenience as of the 17th day of December 2015, by and between the SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, a joint powers agency and a public entity organized under the laws of the State of California, hereinafter designated as "SCPPA," created under the provisions of the Act, and the CITY OF LOS ANGELES acting by and through the Department of Water and Power, a California municipality. The CITY OF LOS ANGELES is also periodically designated in this Agreement as "LADWP" or as "Purchaser." LADWP and SCPPA are also sometimes herein referred to individually as a "Party" and together as the "Parties."

2. **RECITALS, CONSTRUCTION AND PRELIMINARY MATTERS.** The Recitals set forth herein and the facts, which follow, are incorporated into this Agreement by reference for all purposes. The facts and the circumstances of the Parties contained in the Recitals, among others, represent the background and framework for this Agreement, the aim and purpose of this Agreement and the intent of the Parties with respect thereto. This Agreement has been reviewed by attorneys for both Parties and shall not be interpreted with reference to the rules of construction providing for construction against a Party responsible for drafting or creating a particular provision or section, but should instead be interpreted in a manner which broadly carries forth the goals and objectives of the Parties as expressed herein. References to "Sections," and "Appendices," shall be to Sections, and Appendices as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose nor given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. This Agreement is made with reference to the following facts among others:

2.1 SCPPA was created pursuant to provisions contained in the Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of California, as amended from time to time (the "Act" as defined in Appendix A), by its members, which are municipalities and an irrigation district that supply, among other things, electrical energy in the State of California, for the purpose of jointly and cooperatively undertaking the planning, financing, development, acquisition, construction, improvement, betterment, operation, and maintenance of projects for the generation or transmission of electric energy, including the development and implementation of systems and frameworks for the acquisition and delivery of secure, long-term reliable supplies of renewable electric energy.

- 2.2 Pursuant to the terms of the Act, SCPPA has the power, for the purpose of promoting, maintaining and operating electric generation and transmission, to plan, develop, contract for, finance, acquire, design, undertake, own, construct, manage, operate, maintain and administer projects involving systems, methodologies and programs for the acquisition, supply procurement and delivery of secure, long-term reliable supplies of renewable electric energy, including solar energy, and to cause such projects to be planned, developed, contracted for, financed, acquired, designed, undertaken, constructed, managed, operated, maintained and administered and to provide by agreement for the performance and carrying out of any such activities.
- 2.3 Purchaser is a chartered California municipality which provides electric energy to its citizens through its municipally-owned electric system. Purchaser is one of the parties to the SCPPA Joint Powers Agreement and is one of the eleven founding member municipalities which formed SCPPA. Since the initial creation of SCPPA pursuant to the Joint Powers Agreement, Purchaser has acted, in part, through SCPPA's Board of Directors to carry out generation, transmission and other projects through SCPPA.
- 2.4 In pursuit of potential renewable electric resources to address SCPPA member renewable energy needs, SCPPA issued a request for proposals to acquire renewable energy resources. As a result of the response by 8minutenergy Renewables, LLC on behalf of its affiliate 64KT 8ME LLC, SCPPA and Purchaser have identified and investigated the feasibility of a potential photovoltaic based solar energy generation resource to be located in Kern County, California. The solar energy project denominated as the Springbok 3 Solar Farm Project is to be developed by 64KT 8ME LLC, a Delaware limited liability company.
- 2.5 Purchaser has participated with SCPPA in the negotiation of an agreement and related arrangements for purchase of the electric output of the Springbok 3 Solar Farm Project (the "Project" as defined in Appendix A), and SCPPA is to enter into a Power Purchase Agreement, which is incorporated herein by this reference, with 64KT 8ME LLC providing for purchase of the electric output and associated rights, benefits and credits from the Project and also providing certain acquisition alternatives under which SCPPA may have opportunities to purchase and acquire ownership of the Project.
- 2.6 Purchaser has a need for the electric output and associated rights, benefits and credits of the Project which comply with environmental and energy procurement laws, and has determined to enter into this Power Sales Agreement with SCPPA to purchase the electric output and associated rights, benefits and credits of the Project from SCPPA.

3. **AGREEMENT.** For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and in order to pay SCPPA for its costs of the Facility Output, the Parties agree as herein set forth.



4. **DEFINITIONS.** Appendix A to this Agreement sets forth definitions of certain terms used in this Agreement. The terms defined in Appendix A and this Section 4, whether in the singular or plural, unless specifically provided otherwise, when used herein or in the Appendices hereto and initially capitalized, shall have the meaning ascribed thereto in said Appendix A or as set out below:

4.1 Agreement. This Agreement, as it may be amended, modified or supplemented from time to time.

4.2 Effective Date. The date described in Section 20.1 hereof.

4.3 Cost of Acquisition. The Cost of Acquisition shall equal the sum of the amounts described in Sections 4.3.1 through 4.3.18. SCPPA shall apply, as a credit against the Cost of Acquisition, receipts, revenues and other moneys received by it from the sale, if any, of surplus equipment, materials and supplies, all if and to the extent held in or paid into (without duplication) Funds, and as provided for in the Indenture, as well as such other payments or amounts to be applied as a credit against the Cost of Acquisition pursuant to this Agreement.

4.3.1 All costs associated with Acquisition of the Facility or the ownership interests therein and its resources pursuant to the Power Purchase Agreement and acquiring the Facility and its associated resources pursuant to any purchase option or pursuant to the purchase of rights and interests in and to any applicable credit agreement or any other agreement, including, if applicable, any other agreement relating to any security in the Facility or any assignment or consent to assignment, including the purchase of the Facility pursuant to any provisions in any of the Power Purchase and Security Agreements, including without limitation the following costs, as applicable: (i) the cost of acquiring the Facility pursuant to the Power Purchase and Security Agreements, (ii) the cost of planning, designing, acquiring, constructing, mitigating impacts, installing, and developing the Project including any Capital Improvements, (iii) the cost of the exercise of cure rights or enforcement of SCPPA's rights with respect to any defaults by the Power Purchase Provider or any other counterparty under any agreements, deeds of trust, leases or other instruments relating to or affecting the Project, (iv) the cost, where applicable, of contracting for and facilitating the delivery of the output of the Project at the prescribed Point of Delivery or other prescribed location, (v) the cost, where applicable, of placing the Project into operation, concluding, terminating and decommissioning (as applicable) the Project, obtaining governmental approvals, certificates, permits, assurances, entitlements and licenses relating to the Project, including, where necessary, environmental entitlements, clearances or credits, heretofore or hereafter paid or incurred by SCPPA, (vi) all costs, expenses, obligations and liabilities associated with exercising all performance rights, options, benefits, entitlements, duties, liabilities and obligations under the Project



Agreements, (vii) to the extent deemed appropriate by the Project Manager, the cost of procurement of rights associated with interconnection, transmission, and the dispatching, scheduling and delivery of energy and for otherwise facilitating the sale, disposition, movement, taking and accounting for energy (including planning and design costs) and (viii) the cost of those measures taken for the benefit of, and in connection with, the Project that the Project Manager determines shall be included within this Section 4.3.1.

- 4.3.2 All costs and expenses for investigation and development of the Project, for performance studies, for feasibility, economic, and meteorological modeling and planning, for examination of legal, environmental and regulatory issues and for securing of legal, environmental or regulatory approvals, services for energy cost modeling, project modeling or projections, economic analyses, diurnal, barometric and meteorological forecasts and weather analyses, as well as costs for land, land rights, land options, resources, facilities, regulatory developments, geographic, diurnal, barometric and meteorological investigation and analysis, and, if applicable, engineering, consultants, experts' fees, contractors' fees, processing fees, labor, materials, equipment, utility services and supplies, and legal fees and financing costs relating to and in connection with the Project.
- 4.3.3 The costs and expenses incurred in the issuance and sale of bonds, notes, certificates of participation, commercial paper or other evidences of indebtedness (tax-exempt or taxable) from time to time issued, the proceeds of which will have been used or will be required to be applied to one or more purposes for which Bonds could be issued, including, without limitation, legal, accounting, engineering, consulting, financing, technical, fiscal agent and underwriting costs, fees and expenses, bond discount, insurance, rating agency fees, and all other costs and expenses incurred in connection with the authorization, sale and issuance of the Bonds.
- 4.3.4 Interest accruing in whole or in part on Bonds for such period as SCPPA may reasonably determine to be necessary in accordance with the provisions of the Indenture.
- 4.3.5 To the extent not included in Power Costs, the cost of any administrative, regulatory or judicial proceeding or any litigation associated with the Power Purchase and Security Agreements or other Project Agreement, or any aspect of the operation, management or administration of the Project or in connection therewith.
- 4.3.6 To the extent not included in Power Costs, all costs incurred by SCPPA related to the acquisition of resources, agreements, facilities and supplies for solar energy acquisition, procurement, interconnection, transmission, sale, dispatching, scheduling,

movement and delivery and all other incidental costs necessary for and in connection with the Project.

- 4.3.7 Training and testing costs which are properly allocable to the cost of acquisition and development of the Project.
- 4.3.8 All costs of insurance, if any, applicable to the development of and in connection with the Project.
- 4.3.9 All costs relating to injury or damage claims or judgments paid by SCPPA in connection with the acquisition, development or implementation of the Project, less proceeds of insurance, if any.
- 4.3.10 To the extent not included in Power Costs, legally required or permitted federal, state and local taxes relating to the Project.
- 4.3.11 All other costs incurred by SCPPA and properly allocable to the planning, design, acquisition and development of the Project, including, without limitation, all legal fees relating to the Project (including, but not limited to, legal fees incurred by SCPPA in the enforcement of any provision or provisions of the Project Agreements).
- 4.3.12 The working capital requirements and reserves in such amounts as shall be required during development of the Project and for placing the Project in operation as deemed reasonably necessary by the Board of Directors, and as may be provided or required in the Indenture, and such additional amounts of working capital and reserves, as may be established pursuant to the Indenture.
- 4.3.13 Interest accrued in whole or in part on Bonds prior to and during development of the Project or during any time period as SCPPA may reasonably determine necessary for placing the Project or any component thereof in operation in accordance with the provisions of the Indenture.
- 4.3.14 The deposit or deposits from the proceeds of Bonds issued to finance such costs in any Fund established pursuant to the Indenture to meet the Debt Service reserve requirements for the Bonds.
- 4.3.15 Without duplication with respect to amounts otherwise provided in this Section 4.3, the deposit or deposits from the proceeds of Bonds issued to finance such costs in any other Funds established pursuant to the Indenture which deposit or deposits are required or permitted by the Indenture.
- 4.3.16 The payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption) of any note or other evidence of indebtedness, if



any should exist, which is issued in anticipation of Bonds for the purpose of financing the Cost of Acquisition.

- 4.3.17 All costs required to be paid to the Project Manager pursuant to any applicable agreement for project management which are applied or are to be applied thereunder to the payment of the Cost of Acquisition.
- 4.3.18 Without duplication, all other costs (including incidental financing costs and the costs of issuance of Bonds) financed by the issuance of Bonds (i) pursuant to Section 13 of this Agreement, (ii) for procurement of rights associated with the acquisition, production, generation, transmission, interconnecting, balancing, firming and delivery and for otherwise facilitating the dispatching, scheduling, disposition, movement, taking and accounting for Facility Output (including planning and design costs) relating to, or for the benefit of, the Project that the Board of Directors reasonably determines shall be included within this Section 4.3.18, (iii) for the acquisition of the Facility or the rights and interests under any of the Power Purchase and Security Agreements; and (iv) for any amounts required to be paid pursuant to section 148 of the Internal Revenue Code.

- 4.4 Power Costs. All of SCPPA's costs to the extent not paid from the proceeds of Bonds, certificates of participation, commercial paper, notes or other evidences of indebtedness issued in anticipation of Bonds, resulting from SCPPA's contracting for, providing for, accommodating, acquiring, and facilitating the Project, and from its administration, ownership, operation and maintenance of and renewal and replacement of any facility, service or other element or component of the Project, including costs arising under any of the Power Purchase and Security Agreements or other Project Agreements. SCPPA shall apply, as a credit against Power Costs, any receipts, revenues and other moneys received by SCPPA from surplus equipment, materials, supplies or assets relating to the Project sold prior to the date of Commercial Operation for the benefit of SCPPA (not otherwise applied as a credit against the Cost of Acquisition as provided in Section 4.3), as well as such other amounts to be applied as a credit against Power Costs pursuant to this Agreement or the Indenture. Power Costs shall consist of, as applicable (i) an Operating cost component (described in Section 4.4.1), (ii) a Supplementary Services cost component to the extent SCPPA incurs such costs (described in Section 4.4.2), (iii) a Reserve Fund cost component (described in Section 4.4.3), (iv) an Indenture cost component (described in Section 4.4.4), and (v) a Power Purchase and Security Agreements cost component (described in Section 4.4.5), and shall include, but not be limited to, the items of cost and expense referred to in the Power Purchase and Security Agreements and this Section 4.4 that are accrued or paid by SCPPA during each Month of each Power Supply Year. In the event any Power Supply Year shall consist of fewer than twelve Months, the fraction set forth in Sections 4.4.1 and 4.4.4(c) shall be adjusted accordingly and, in the event of



any revision of the Annual Budget after the commencement of any Power Supply Year, the amount determined pursuant to said Sections shall be appropriately adjusted so that any increase or decrease in the portion of the Annual Budget applicable to said Sections shall be evenly apportioned over the remaining Months of such Power Supply Year.

4.4.1 The Operating cost component of Power Costs for each Month shall, as applicable, consist of: one-twelfth of the costs of all Operating Work, operating expenses, and all costs relating to, contracting for, providing for, managing, administering, producing, procuring, transporting and delivering of the Facility Output during such Power Supply Year, including, but not limited to (i) ordinary operation and maintenance costs (including any Operating Insurance premiums and Taxes and any other operation and maintenance costs payable by SCPPA under the Power Purchase Agreement), costs of repairs, replacements, reconstitution and reconstruction of the Project (that are not included in any Cost of Acquisition), administrative and general costs, legal fees, costs relating to litigation (including disbursements and other amounts paid as a result of such litigation), insurance costs (including amounts to fund any self-insurance program), overhead costs, Taxes required to be paid by SCPPA with respect to the Project, and any other costs payable by SCPPA in connection with Facility Output, (ii) all expenses incurred in enforcing the Power Purchase Agreement and other Power Purchase and Security Agreements and the other Project Agreements and the expenses of enforcing the applicable covenants and provisions of the easements, estates and other interests in real property, associated with the Facility, including all expenses of foreclosure or otherwise perfecting any property interests or security interest in the Facility, (iii) all costs of compliance by SCPPA with its indemnification obligations under Section 17.7 of this Agreement and (iv) all costs related to the conducting of the business of SCPPA with respect to the Project, including the applicable portion of salaries, fees for legal, engineering, financial and other services, all other costs attributable to miscellaneous and incidental expenses in connection with the administration of the Project, all costs, expenses and payment and performance obligations of SCPPA under the Springbok 3 Solar Agency Agreement, including without limitation, any and all payments, costs and expenses with respect to compliance with its indemnification obligations under Section 17 of the Springbok Solar 3 Agency Agreement, or under any other agreement with the Project Manager, and all other expenses properly related to the conduct of such affairs of SCPPA and shall include all operating costs so incurred by SCPPA to provide the Facility Output.

4.4.2 The Supplementary Services cost component of Power Costs for a Month shall consist of all costs for such Month of SCPPA, if any, to the extent not included in Section 4.4.1, in connection with services for transmission, dispatching, scheduling, tagging, firming,

balancing, swapping, exchanging or delivery and for otherwise facilitating the disposition, movement, taking, receiving, crediting and accounting for the Facility Output provided for under this Agreement. The Supplementary Services cost component of Power Costs shall also entail all monthly costs incurred by SCPPA, if any, which are necessary to move or otherwise handle delivery of the Facility Output from the Point of Delivery to one or more specified delivery point(s) as determined by Purchaser pursuant to Sections 9.2 and 9.5.

4.4.3 The Reserve Fund cost component of Power Costs for a Month shall consist of the cost for such Month necessary to establish and maintain the Reserve Funds at the level deemed prudent and appropriate by Purchaser and the Board of Directors; provided, however, that to the extent such a Reserve Fund cost component of Power Costs is paid by Purchaser pursuant to the Indenture cost component of Power Costs, Purchaser shall be credited for that amount of the monthly Reserve Fund cost component so paid by Purchaser which is contained in such monthly Indenture cost component.

4.4.4 The Indenture cost component of Power Costs shall consist of:

- (a) The amount, without duplication, which SCPPA is required under the Indenture to pay with respect to Debt Service or to pay or deposit during such Month into Funds established by the Indenture for Debt Service and for any reserve requirements for the Bonds or reserve requirements recommended by the Project Manager and approved by Board of Directors, including replenishment (the timing of which shall be in accordance with the provisions of this Agreement and the Indenture) of any reserves drawn down as a result of any failure of Purchaser to pay all or any portion of Monthly Costs.
- (b) The amount which SCPPA is required to pay or deposit during such Month into any Fund or account established by the Indenture for the payment of interest on notes or on other evidences of indebtedness issued in anticipation of the issuance of the Bonds.
- (c) One-twelfth of the amount (not otherwise included under any item in this Section 4.4.4 or in Section 4.4.1, 4.4.2, 4.4.3, or 4.4.5 hereof) which SCPPA is required under the Indenture to pay or deposit during such Power Supply Year into any other Fund established by the Indenture, including, without limitation, any amounts required to make up a deficiency in any Fund required or permitted by the Indenture, whether or



not resulting from a default in payments by LADWP of amounts due under this Power Sales Agreement.

(d) The amount of fees, expenses or other charges incurred or payable by SCPPA under the Indenture; and

(e) Any rebate amount owed to the Federal Government.

4.4.5 The Power Purchase and Security Agreements cost component of Power Costs shall consist of costs for a Month, to the extent not otherwise included under this Section 4.4, associated with the Power Purchase and Security Agreements, including all costs for such Month incurred by SCPPA in connection with its enforcement of the Power Purchase and Security Agreements or the performance required of SCPPA under any of the Power Purchase and Security Agreements. Power Purchase and Security Agreement costs shall include, without duplication, SCPPA's monthly payment of any applicable associated ancillary costs under the Power Purchase and Security Agreements, and, to the extent not otherwise included under this Section 4.4, all Direct Reimbursable Costs and any costs SCPPA is required to pay for the Facility Output, including, where applicable, the costs of Startup and Test Energy and Excess Energy.

4.5 Monthly Costs. The costs payable by Purchaser as described in Section 7.1 hereof.

## **5. PURCHASE AND SALE OF FACILITY OUTPUT AND THE OBLIGATIONS OF SCPPA AND THE PURCHASER.**

5.1 Purchase and Sale of Facility Output. In accordance with the terms and conditions of this Agreement, commencing on the earliest of (i) the date SCPPA is obligated to pay any portion of the costs of the Project, (ii) the date upon which SCPPA first incurs or accrues costs associated with the issuance of the Bonds, (iii) the effective date of the Power Purchase Agreement, or (iv) the date of the first delivery of energy to Purchaser pursuant to this Agreement, and continuing through the term of this Agreement, except as otherwise provided herein, SCPPA shall provide Purchaser any and all products, rights, and benefits, whether tangible or intangible received or obtained by SCPPA with respect to the Project, including without limitation Facility Output, or, if applicable, Replacement Energy, and Purchaser shall be responsible for and pay any and all costs, liabilities and obligations associated with the acquisition of such products, rights, and benefits, which shall include without limitation all costs, liabilities and obligations associated with Facility Output, or Replacement Energy, as applicable, under the Power Purchase Agreement and any other applicable Project Agreement, or associated with the purchase and operation of the Facility upon any purchase or acquisition of the Facility by SCPPA, including purchase or acquisition of any rights pursuant to the Power Purchase and Security Agreements and any other



applicable Project Agreement, and all costs, credits, liabilities and obligations under the Indenture, any Cost of Acquisition, or any Capital Improvements.

5.2 Facility Output and Deliverables. SCPPA shall provide and Purchaser shall purchase and receive the Facility Output or Replacement Energy pursuant to the terms of this Agreement. To the extent permitted by the Power Purchase and Security Agreements, the applicable Project Agreements, or otherwise determined by the Project Manager or Board of Directors, SCPPA will endeavor to take such actions or implement such measures as may be necessary or desirable for the utilization, maintenance or preservation of the rights and interests of Purchaser in the Project including, if appropriate, such enforcement actions or other measures as the Project Manager or Board of Directors deems to be in Purchaser's best interests. To the extent not inconsistent with the Power Purchase and Security Agreements or other applicable Project Agreements, SCPPA may also be reposed with responsibilities for planning, designing, financing, developing, acquiring, insuring, contracting for, administering, operating and maintaining the Project to effectuate the delivery and sale of the Facility Output to Purchaser. To the extent such services are available and can be carried forth in accordance with the Power Purchase and Security Agreements or other applicable Project Agreements, SCPPA shall also provide such other services, as approved by the Project Manager or Board of Directors, as may be deemed necessary to secure the benefits and/or satisfy the obligations associated with the Power Purchase and Security Agreements or other applicable Project Agreements. SCPPA shall use its best efforts, on behalf of Purchaser, to secure the benefits of the transactions contemplated under the Power Purchase and Security Agreements or other applicable Project Agreements including, if applicable, SCPPA's acquisition of the Facility and its associated resources, as well as the delivery of the Facility Output or Replacement Energy, as applicable, contemplated by this Agreement, and shall endeavor to maintain and secure the rights and benefits accruing to SCPPA through the Power Purchase and Security Agreements and the other applicable Project Agreements. SCPPA is authorized to exercise the powers vested in SCPPA pursuant to the Act, its Joint Powers Agreement and this Agreement, as agent for Purchaser to fully carry forth Purchaser's objectives in the Project as set forth herein.

5.3 Project Manager; Procurement Actions. The Project Manager shall develop, operate, maintain and administer the Project, or cause the Project to be developed, operated, maintained and administered, as provided in the Springbok 3 Solar Agency Agreement, or, if LADWP is no longer Project Manager, as provided in any other development, operating, project management or agency agreement or, as applicable, through the Power Purchase Agreement. So long as LADWP is not in default under this Agreement, procurement actions shall be authorized by way of LADWP procurement rules and policies unless otherwise agreed to by LADWP and the Board of Directors.

5.4 Adoption of Annual Budget. The Annual Budget and any amendments to the Annual Budget shall be prepared and approved in accordance with Sections 5.4.1 or 5.4.2, respectively.

5.4.1 SCPPA will prepare and submit to Purchaser a proposed Annual Budget at least 60 days prior to the beginning of each Power Supply Year. In connection with the preparation of the Annual Budget, SCPPA shall incorporate therein the Operating Budget (including an energy production costs budget and where appropriate a provision for the payment of costs of renewals, replacements or other costs of acquisition and development which are not being financed by proceeds of Bonds or other sources) for such Power Supply Year as prepared by the Project Manager and approved by the Board of Directors. Purchaser may then submit to SCPPA, at any time until the Annual Budget is adopted, any matters or suggestions relating to the Annual Budget. SCPPA shall adopt the Annual Budget not less than 30 nor more than 60 days prior to the beginning of such Power Supply Year and shall cause copies of such adopted Annual Budget to be delivered to Purchaser; provided, however, the Annual Budget for the first Power Supply Year shall be prepared, considered, adopted and delivered in the most practicable manner available prior to Commercial Operation of the Facility. As required from time to time during any Power Supply Year after seven days written notice to Purchaser, SCPPA may, pursuant to the foregoing provisions for adopting the Annual Budget, adopt an amended Annual Budget for and applicable to such Power Supply Year for the remainder of such Power Supply Year. The Annual Budget shall establish the basis for monthly Billing Statements to be sent to Purchasers, as provided in Section 7 hereof.

5.4.2 Any adjustment, and any other or further mechanism for adjustment, as may be required to address the variability of costs of operation of the Project at any time during the Power Supply Year or the variability of or addition to any other Annual Budget component, may be incorporated into the Annual Budget as provided above, or any amendment to an Annual Budget at any time during any Power Supply Year upon seven days' written notice to Purchaser as set forth in Section 5.4.1.

5.5 Reports. SCPPA will prepare and issue to Purchaser the following reports each quarter of a Power Supply Year:

5.5.1 Financial and operating statement relating to the Project.

5.5.2 Variance report comparing the costs in the Annual Budget versus actual costs, and the status of other cost-related issues with respect to the Project.



- 5.6 Records and Accounts. SCPPA will keep, or cause to be kept, accurate records and accounts of each of the properties and facilities comprising the Project as well as of the operations relating to the Project, all in a manner similar to accepted accounting methodologies associated with similar projects. All transactions of SCPPA relating to the Project with respect to each Fiscal Year shall be subject to an annual audit. Purchaser shall have the right at its own expense to examine and copy the records and accounts referred to above on reasonable notice during regular business hours.
- 5.7 Provide Information. Purchaser agrees to supply SCPPA, upon request, with such information, documentation and certifications as SCPPA shall reasonably determine to be requisite to and necessary or desirable for the design, financing, refinancing, development, operation, administration, maintenance and ongoing activities of the Project, including information reasonably available to allow SCPPA to respond to requests for such information from any federal, state or local regulatory body or other authority.
- 5.8 Consultants and Advisors Available. SCPPA shall make available to the Project Manager all consultants and advisors, including financial advisors and legal counsel including Bond Counsel and Tax Counsel, that are retained by SCPPA, and such consultants, counsel and advisors shall be authorized to consult with and advise the Project Manager on Project matters.
- 5.9 Deposit of Insurance Proceeds. Except as otherwise may be required by any of the Project Agreements and unless otherwise provided by the Board of Directors, SCPPA promptly shall deposit with the Project Trustee or Lender any insurance proceeds received by SCPPA as a result of injury or damage to any insured interest attributable to any component or all or any portion of the Project. All insurance proceeds collectible by SCPPA as a result of an insured event affecting the Project shall be applied as directed by SCPPA (which directions shall be in accordance with any applicable provisions of the Indenture).
- 5.10 Compliance with Federal Tax Law Requirements. Notwithstanding anything to the contrary in this Agreement, SCPPA and Purchaser shall each take all actions necessary to comply in all respects with the Federal Tax Law Requirements applicable to any Bonds and shall refrain from taking any action that would result in or cause non-compliance with the Federal Tax Law Requirements applicable to any Bonds.
- 5.11 Liquidated Damages. Any amounts paid to SCPPA by the Power Purchase Provider as and for Daily Delay Damages for failure, among others, to achieve any Key Milestone (as defined in the Power Purchase Agreement), including Commercial Operation, or as and for Shortfall Liquidated Damages for failure to generate the Guaranteed Generation as provided under the Power Purchase Agreement shall be remitted to Purchaser.



**6. PROJECT MANAGEMENT.**

6.1 Project Manager Responsibilities. The Project Manager shall have the following responsibilities:

- 6.1.1 If any Project design, feasibility or planning studies or activities which are to be completed by SCPPA have not been completed by the Effective Date of this Agreement, oversee, as appropriate, the continuation and completion of such Project design, feasibility or planning studies or activities.
- 6.1.2 Review, develop and, if appropriate, recommend all budgets and revisions thereof prepared and submitted by SCPPA pursuant to any applicable agreement.
- 6.1.3 Review, develop, and, if appropriate, recommend any systems or procedures for adjustment of the Annual Budget or any alternative methodologies for budgeting or billing as set forth in Section 5 and Section 7 of this Agreement.
- 6.1.4 Make recommendations to the Board of Directors or to the counterparties to any of the Project Agreements, as appropriate, with respect to the development, operation and ongoing administration of the Project.
- 6.1.5 Review, develop, and if appropriate, modify rules, procedures and protocols for the administration of the Project or Project Agreements, including rules, procedures and protocols for the management of the costs of the Facility and the scheduling, handling, tagging, dispatching and crediting of Facility Output and the handling and crediting of Environmental Attributes associated with the Facility.
- 6.1.6 Review, develop, and if appropriate modify rules, procedures and protocols for the monitoring, inspection and the exercise of due diligence activities in connection with the Acquisition relating to the Project and the operation of the Facility.
- 6.1.7 Review, and, if appropriate, modify or otherwise act upon, the form or content of any written statistical, administrative, or operational reports, solar energy related data, electric generation information, solar energy production data, diurnal, barometric and meteorological information, solar photovoltaic, metallurgic, chemical and technical information, facility reliability data, transmission information, forecasting scheduling, dispatching, tagging, parking, firming, exchanging, balancing, movement, or other delivery information, climate and weather related matters, cloud conditions, regulatory matters or requirements, and other information and other similar records or matters pertaining to the Project which are furnished to the

Project Manager, the counterparties to Project Agreements, experts, consultants or others.

- 6.1.8 In coordination with the Board of Directors, review, and, if appropriate, recommend, modify or approve rules, procedures, and protocols as provided in Section 10.3.
- 6.1.9 Review, formulate and, if appropriate, modify, or otherwise act upon, practices and procedures to be followed by Purchaser for, among other things, the production, scheduling, tagging, transmission, delivery, firming, balancing, exchanging, crediting, tracking, monitoring, remarketing, sale or disposition of Facility Output.
- 6.1.10 Review, formulate and modify, if necessary, the schedule of planned activities with respect to the performance of any Project Agreement, including the policies for selection and utilization of contractors and consultants included in the budgets with respect to the Project. In formulating and approving such schedules, consideration may be given, if possible, to Purchaser's electric system conditions, which may prevail during such planned activities.
- 6.1.11 Review, and if appropriate, recommend, or otherwise act upon any matters or issues associated with Operating Work and any other matters or issues which may arise in the operation, maintenance or administration of the Project.
- 6.1.12 Review and act upon any matters involving the Development Security or the Performance Security and any guarantee or other letter of credit delivered to or for the benefit of SCPA by the Power Purchase Provider or any other counterparty to any Project Agreement in connection with the Project and take such actions or make such recommendations as may be appropriate or desirable in connection therewith.
- 6.1.13 Review, and, if appropriate, recommend, modify, or approve policies or programs formulated by the Project Manager or any counterparty under any Project Agreement for determining or estimating solar energy resources or the values, quantities, volumes or costs of renewable energy from the Facility.
- 6.1.14 Review, and, if appropriate, recommend Cost of Acquisition and costs of Operating Work and submit to the Board of Directors any budget revisions or other provisions for the payment or financing thereof.
- 6.1.15 Review, and, if appropriate, recommend SCPA's insurance program with respect to the Project (as applicable) including, without limitation, the establishment of any self-insurance program and the maximum amount or amounts of any uninsured claim.



- 6.1.16 Review, and where appropriate, recommend the implementation of metering technologies and methodologies appropriate for the delivery, accounting for, transferring and crediting of Facility Output to the Point of Delivery.
- 6.1.17 Review, examine, modify and where appropriate, recommend or approve the implementation of methods for addressing curtailments or other interruptions having a tendency to cause Deemed Delivered Energy.
- 6.1.18 Review, and where appropriate, recommend the implementation of practices and procedures to carry forth the provisions of Section 9 herein.
- 6.1.19 Identify, or develop criteria to identify, contracts or agreements relating to work or Operating Work that shall be deemed to be Major Contracts under any applicable project management or operating agreement.
- 6.1.20 Review, and to the extent permitted by this Agreement or any other relevant agreement relating to the Project, modify and approve or disapprove the specifications, vendors' proposals, bid evaluations, form of final agreement, or any other matters with respect to Major Contracts.
- 6.1.21 Review, and make recommendations with respect to actions, disposition or use, if any, relating to Acquisition activities.
- 6.1.22 Make recommendations to the Board of Directors with respect to the application of the payments, if any, received by SCPPA from the Development Security and Performance Security and the amounts, if any, received by SCPPA as a result of a Default by the Power Purchase Provider under the Power Purchase Agreement, provided that, subject to compliance with the terms and provisions of the Indenture, such payments or amounts shall, in any event, be applied to one or more of the following purposes: (i) the payment, redemption or defeasance of Bonds, (ii) the payment of or a credit against the Cost of Acquisition, (iii) a credit against Power Costs, or (iv) the distribution to Purchaser.
- 6.1.23 Perform such other functions and duties as may be provided for under this Agreement, the Power Purchase Agreement, the Power Purchase and Security Agreements, the Ancillary Documents, or any other applicable Project Agreement, or as may otherwise be appropriate or beneficial to the Project.

6.2 Management Decisions and the Role of Board of Directors. The rights and obligations of SCPPA under the Project Agreements shall be subject to the ultimate control at all times of the Board of Directors. Purchaser shall be

entitled to participate in the decisions of the Board of Directors with respect to SCPPA's rights and interests in the Facility and the Project as provided in Section 6.1 herein. SCPPA through the Board of Directors shall have, in addition to the duties and responsibilities set forth elsewhere in this Agreement, the following duties and responsibilities, among others:

- 6.2.1 Dispute Resolution. The Board of Directors shall endeavor to review, discuss and attempt to resolve any disputes among SCPPA, Purchaser and the counterparties under the Project Agreements relating to the Project, the operation and management of the Facility and SCPPA rights and interests in the Facility.
- 6.2.2 Scheduling procedures. When recommended by the Project Manager, or when otherwise appropriate, the Board of Directors shall act upon and approve or modify the practices and procedures to be followed by Purchaser for the scheduling, delivering, controlling and allocating Facility Output associated with the Project.
- 6.2.3 Project Agreements. The Board of Directors shall have the authority to approve the Project Agreements and to review modify and approve, as appropriate, all amendments, modifications and supplements to the Project Agreements.
- 6.2.4 Capital Improvements. The Board of Directors shall review, modify and approve if appropriate all Capital Improvements and Acquisitions undertaken with respect to the Project and all financing arrangements for such Capital Improvements or Acquisitions. The Board of Directors shall approve those budgets or other provisions for the payments associated with the Project and the financing for any development or Acquisitions associated with the Project.
- 6.2.5 Bond Issuance. The Board of Directors shall have authority to approve any and all of the following: (1) each issuance of SCPPA indebtedness relating to the Project, (2) each supplement or amendment to the Indenture relating to the Project, (3) the Bonds issued to finance the purchase or acquisition of the Facility or Capital Improvements of the Facility or costs related to the exercise or enforcement by SCPPA of its rights with respect to any agreements, deeds of trust, leases or other Power Purchase and Security Agreements relating to or affecting the Project, or the purchase of rights and interests under the Power Purchase and Security Agreements, or other Acquisitions to carry out the objectives of the Project, (4) the selection of underwriters for each series of Bonds, (5) the manner and timing of marketing (including of the manner of sale), amount, interest rates and other terms and conditions of each series of SCPPA indebtedness associated with the Project, and (6) any other action necessary or appropriate to carry forth Section 13 of this Agreement.



6.2.6 Budgeting. The Board of Directors shall review, modify and approve each Annual Budget and the revisions thereto in accordance with Section 5.4 of this Agreement.

6.2.7 Federal Tax Law Requirements. With respect to any Bonds, the Board of Directors, in consultation with Bond Counsel or Tax Counsel, shall develop and promulgate rules, procedures, and protocols, including the development and maintenance of relevant information and reporting procedures, and shall provide direction to Purchaser with respect to the Federal Tax Law Requirements.

6.2.8 Application of Certain Payments Under the Power Purchase Agreement. The Board of Directors shall review, modify and approve the recommendations of the Project Manager, made pursuant to Section 6.1.22 of this Agreement as to the application of any payments or amounts received by SCPPA from the Development Security and Performance Security or as a result of a Default by the Power Purchase Provider under the Power Purchase Agreement; provided that, subject to compliance with the terms and provisions of the Indenture, such payments and amounts shall be applied to one or more of the purposes set forth in Section 6.1.22.

6.2.9 Supervening Authority of the Board. The Board of Directors is reposed with complete and plenary supervening power and authority to act upon any matter which is capable of being acted upon by the Project Manager or which is specified as being within the authority of the Project Manager pursuant to the provisions of this Agreement, including those matters enumerated in Section 6.1 of this Agreement.

6.2.10 Other Matters. The Board of Directors is authorized to perform such other functions and duties, including oversight of those matters and responsibilities addressed by the Project Manager, as may be provided for under this Power Sales Agreement and under the other Project Agreements, or as may otherwise be appropriate.

6.3 Periodic Audits. The Board of Directors may arrange for the annual audit under Section 5.6 of this Agreement by certified accountants, selected by SCPPA and experienced in electric generation or electric utility accounting, of the books and accounting records of SCPPA, and where deemed appropriate the Project Manager (if other than SCPPA), the Power Purchase Provider (to the extent provided under any of the Power Purchase and Security Agreements) and any other counterparty under any Project Agreement to the extent allowable, and any cost reimbursable consultant or cost reimbursable contractor relevant to the Acquisition, development, administration or operation of the Project, and such audit shall be completed and submitted to SCPPA as soon as reasonably practicable after the close of the Fiscal Year. SCPPA shall promptly furnish to Purchaser copies of all audits. No more frequently than once every calendar year, Purchaser may, at its sole cost and expense, audit or cause to be audited the books and cost

records of SCPPA, the Project Manager (if other than SCPPA), the counterparty under any Project Agreement to the extent so provided in the applicable Project Agreement, and any cost reimbursable consultant or cost reimbursable contractor relevant to the Acquisition, development, administration or operation of the Project.

- 6.4 Additional Committees. The Board of Directors may establish as needed subcommittees including, but not limited to, auditing, legal, financial, engineering, mechanical, weather, geologic, diurnal, barometric, meteorological, operating, insurance, governmental relations, environmental and public information subcommittees. The authority, membership, and duties of any subcommittee shall be established by the Board of Directors; provided, however, such authority, membership or duties shall not conflict with the provisions of any of the Project Agreements.
- 6.5 Costs of Consultants. Costs (or the applicable portion thereof) of consultants and others employed or appointed by the Board of Directors to perform the duties required hereunder shall be included in the Cost of Acquisition or Power Costs, as appropriate, and shall be billed to SCPPA or the Project Manager (if other than SCPPA).
- 6.6 Compliance with Indenture. It is recognized by SCPPA and Purchaser that the planning, financing, development, acquisition, operation and maintenance of, and insurance programs relating to, the Project must comply in all respects with requirements of the Indenture and all licenses, permits and regulatory provisions necessary for such planning, financing, development, acquisition, operation and maintenance and it is therefore agreed that, notwithstanding any provision of this Agreement, no action by the Project Manager (if a designee other than SCPPA) shall require SCPPA to act in any manner inconsistent with any such requirements or to refrain from acting as required by this Agreement and the Power Purchase Agreement and if the Project Manager (if a designee other than SCPPA) shall fail to make recommendations or act with respect to any matter in connection with an action that is required to be taken pursuant to any of the foregoing, SCPPA shall take such action as is appropriate to assure compliance with the foregoing.

## **7. CHARGES AND BILLINGS.**

- 7.1 Monthly Costs. The amount of Monthly Costs which shall be paid by Purchaser for a particular Month shall be the sum of the following:
  - 7.1.1 The Operating cost component of Power Costs (as provided in Section 4.4.1 hereof) for such Month.
  - 7.1.2 The Supplementary Services cost component of Power Costs (as provided in Section 4.4.2 hereof) for such Month.



- 7.1.3 The Reserve Fund cost component of Power Costs (as provided in Section 4.4.3 hereof) for such Month.
- 7.1.4 The Indenture cost component of Power Costs (as provided in Section 4.4.4 hereof) for such Month as the Indenture cost component has been reduced by interest earned on investments of amounts held under the Indenture if and to the extent not credited against the Cost of Acquisition or has been off-set or reduced by other amounts made available therefor as provided in the Indenture.
- 7.1.5 The Power Purchase and Security Agreements cost component of Power Costs (as provided in Section 4.4.5 hereof) for such Month.
- 7.2 Billing Statement. By the fifth calendar day of each Month during each Power Supply Year, SCPPA shall bill Purchaser for the amount of Monthly Costs to be paid by Purchaser for the current Month by providing Purchaser with a Billing Statement in accordance with the charges established pursuant to the provisions of this Agreement; provided, however, that such Billing Statement, with respect to Debt Service and other obligations payable from the Debt Service Fund under the Indenture, shall instead include the amount, if any, to be paid by Purchaser with respect to the applicable Bonds and the other obligations payable from the Debt Service Fund that is due and payable in the immediately succeeding Month or as otherwise provided under the Indenture, and provided further, that such Billing Statement, with respect to the cost of Facility Output provided by SCPPA to Purchaser under this Agreement, shall also include with respect to the performance by SCPPA or the counterparty under and pursuant to applicable Project Agreements, a charge or credit to Purchaser with respect to the costs or revenues attributable to Purchaser pursuant to and under any applicable Project Agreement. Such Billing Statement shall detail the costs described in Section 7.1 hereof and shall set forth, among other things, the amounts due for such Month by Purchaser with respect to the items of Monthly Costs set forth in Section 7.1, as such Monthly Costs may be adjusted from time to time in accordance with Section 5 and this Section 7. Such Billing Statement shall be paid by Purchaser on or before 20 days after receipt of such Billing Statement.
- 7.3 Adoption of Alternative Billing Statement Procedures. The Project Manager may recommend the adoption of an alternative Billing Statement billing methodology in connection with Purchaser's Billing Statement with respect to the Power Costs and the costs associated with any Project Agreement. Such alternative Billing Statement procedures may be placed into effect with the approval of the same by resolution of the Board of Directors. Any such alternative Billing Statement billing methodology shall satisfy all requirements of the Indenture and shall be fiscally prudent, financially sound and shall assure coverage of all potential and actual costs and obligations of SCPPA.
- 7.4 Disputed Monthly Billing Statement. In case any portion of any Billing Statement received by Purchaser from SCPPA shall be in bona fide dispute,

Purchaser shall pay SCPPA the full amount of such Billing Statement and, upon determination of the correct amount, the difference between such correct amount and such full amount, if any, including interest at the rate received by SCPPA on any overpayment, will be credited to Purchaser by SCPPA after such determination; provided, however, that such interest shall not accrue on any overpayment that is acknowledged by SCPPA and returned to Purchaser by the fifth calendar day following the receipt by SCPPA of the disputed overpayment. In the event such Billing Statement is in dispute, SCPPA will give consideration to such dispute and will advise Purchaser with regard to SCPPA's position relative thereto within 30 days following receipt of written notification by Purchaser of such dispute.

- 7.5 Reconciliation of Monthly Costs. As soon as practicable after the end of each Power Supply Year, SCPPA will submit to Purchaser a detailed statement of the actual aggregate Monthly Costs and other amounts payable hereunder, including any credits thereto, for all of the Months of such Power Supply Year, and the adjustments of the aggregate Monthly Costs and other amounts payable hereunder, if any, for any prior Power Supply Year, based on the annual audit of accounts provided for in Section 6.3. If, on the basis of the statement submitted as provided in this Section 7.5, the actual aggregate Monthly Costs and other amounts payable by Purchaser for any Power Supply Year exceed the amount thereof which Purchaser has been billed, Purchaser shall pay SCPPA, within 20 days of receipt of SCPPA's invoice, the amount to which SCPPA is entitled. If, on the basis of the statement submitted pursuant to this Section 7.5, the actual aggregate Monthly Costs or other amounts payable by Purchaser for any Power Supply Year are less than the amount for which Purchaser has been billed, SCPPA shall, unless otherwise directed by Purchaser with respect to moneys owed to it, credit such excess against Purchaser's next monthly Billing Statement.
- 7.6 Other or Additional Cost Reconciliation Mechanisms. The Board of Directors may, by resolution, authorize or prescribe other billing, payment, costing and cost reconciliation mechanisms to address such billing, payment, costing and cost reconciliation issues as may from time to time arise with respect to the Project.
- 7.7 Interest on Late Payments. If Purchaser fails to pay any Billing Statement when due, interest shall accrue, to the extent permitted by law, at a rate equal to the lesser of (i) one percent per Month (12% per annum) on the unpaid amount of the bill or (ii) the monthly equivalent of the "prime" rate of interest as noticed in the Federal Reserve's HR 15 weekly bulletin (or the subsequent equivalent thereof) as of the date of nonpayment on the unpaid amount of the bill, until such Billing Statement is paid.
- 7.8 Prepayment of Monthly Costs. Purchaser may, at any time, pay moneys to SCPPA or utilize any credits due or amounts owed by SCPPA to Purchaser with respect to the Project for the purpose of prepaying its monthly Billing Statement. Such moneys and amounts owed by SCPPA under any Project Agreement shall be deposited into an account established by, or at the



direction of, SCPPA. Consistent with SCPPA's investment policy, moneys in such account shall be invested pursuant to instructions provided to SCPPA by Purchaser and all investment income shall be credited to such account. Payment of the amount of any monthly Billing Statement or Default Invoice shall be made from moneys available in such account to the extent set forth in written directions from Purchaser to SCPPA received at least five business days prior to the due date of such payment. Any credit or prepayment with respect to its monthly Billing Statement shall not relieve or reduce Purchaser's other obligations under this Agreement.

**8. UNCONDITIONAL PAYMENT OBLIGATIONS; RATE COVENANT; AUTHORIZATIONS; CONFLICTS; LITIGATION.**

- 8.1 Unconditional Payment Obligation. Beginning with the earliest of (i) the date SCPPA is obligated to pay any portion of the costs of the Project, (ii) the date upon which SCPPA first incurs or accrues costs associated with the issuance of the Bonds, (iii) the date of Commercial Operation of the Facility, or (iv) the date of the first delivery of Facility Output to Purchaser and continuing through the term of this Agreement, Purchaser shall pay SCPPA the amounts of Monthly Costs set forth in the Billing Statements submitted by or on behalf of SCPPA to Purchaser in accordance with the provisions of Section 7 hereof and, without duplication, any amount set forth in any Default Invoice received by Purchaser as a result of the operation of Section 15 hereof, whether or not this Agreement has been terminated, or the Project or any part thereof has been completed, is functioning, producing, operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.
- 8.2 Source of Payments. Purchaser hereby represents and warrants that the obligations of Purchaser to make the payments to SCPPA under this Agreement shall constitute a cost of purchased power and an operating expense of Purchaser payable solely from its power revenue fund, including any and all legally available power system reserves. Purchaser will annually in each and every fiscal year of Purchaser during the term of this Agreement include in its power system budget, whether or not any other items are included, an appropriation from the revenues of its power system (including moneys derived from sales to third parties) sufficient to satisfy all the payments required to be made in such year under this Agreement until all payments required under this Agreement have been paid in full.
- 8.3 Rate Covenant. Purchaser will establish, maintain and collect rates and charges for the electric service of its power system each year so as to provide revenues sufficient, together with any legally available power system reserves, to enable Purchaser to pay to SCPPA all amounts payable when due under this Agreement and to pay all other amounts payable from, and all lawful charges against or liens on, the revenues of its power system.

- 8.4 Authorizations. Purchaser hereby represents and warrants that no order, approval, consent or authorization of any governmental or public agency, authority or person, is required on the part of Purchaser for the execution and delivery by Purchaser of this Agreement, or the performance by Purchaser of its obligations under this Agreement except for such as have been obtained.
- 8.5 Conflicts. Purchaser represents and warrants to SCPPA as of the Effective Date and as of the date of the opinion of counsel referenced in Section 13.4, that, to Purchaser's knowledge, the execution and delivery of this Agreement by Purchaser, and Purchaser's performance thereunder will not constitute a default under any agreement or instrument to which it is a party, or any order, judgment, decree or ruling of any court that is binding on Purchaser, or a violation of any applicable law of any governmental authority, which default or violation would have a material adverse effect on the financial condition of Purchaser's power revenue fund.
- 8.6 Litigation. Purchaser represents and warrants to SCPPA as of the Effective Date and as of the date of the opinion of counsel referenced in Section 13.4 that, to Purchaser's knowledge, except as disclosed, there are no actions, suits or proceedings pending against Purchaser (service of process on Purchaser having been made) in any court that questions the validity of the authorization, execution or delivery by Purchaser of this Agreement, or the enforceability on Purchaser of this Agreement.

## 9. OTHER TERMS AND SERVICES.

- 9.1 Delivery Procedures. Prior to the time at which any Energy will be delivered to Purchaser from the Facility, Purchaser will schedule and shall be obligated to take delivery of the Energy to be delivered under this Agreement. The Facility Output generated and produced from the Project shall be scheduled and delivered to Purchaser at the Point of Delivery under the practices and procedures approved pursuant to Section 6.2, as applicable.
- 9.2 Other Services and Transmission From Point of Delivery. It is the obligation of Purchaser to receive the Facility Output and to arrange for delivery of such Facility Output to its ultimate destination or destinations after having reached the Point of Delivery, as determined by Purchaser. However, to the extent specified by Purchaser, and to the extent practicable for SCPPA to do so, SCPPA shall assist in arranging for Supplementary Services and for such additional transmission, interconnection arrangements, energy management, firming, shaping, swaps, exchanges or other services associated with the transmission, use or disposition of Facility Output to be utilized by Purchaser and to provide for delivery, accounting for, transferring and crediting the ownership and transfer of Facility Output from the Point of Delivery to any other points or destinations, as determined by Purchaser.
- 9.3 Energy Services. Except as otherwise provided in this Agreement and subject to Section 18.1, nothing herein shall prevent or restrict Purchaser from providing for its own transmission, energy management services, firming,



balancing, or exchanging services or otherwise using or dispatching its Energy under this Agreement; provided, however, that such services, use or activities shall not affect any of the obligations of Purchaser under this Agreement or, if applicable, result in or cause non-compliance with the Federal Tax Law Requirements, and shall at all times conform to the applicable requirements of Section 10 of this Agreement.

9.4 Actions Respecting Facility Purchase. SCPPA shall endeavor to take those actions and carry forth those measures necessary to maintain and preserve SCPPA's rights with respect to any purchase obligation or purchase or purchase option contained in the Power Purchase and Security Agreements and, if so determined pursuant to the terms of this Agreement, to facilitate any such purchase or acquisition of the Facility pursuant to the terms of the Power Purchase and Security Agreements or under or pursuant to any consents, assignments or any agreements relating thereto. SCPPA's services in connection with any such purchase obligation or purchase option may include but is not limited to determining the advisability of such purchase, preparing such documents and instruments, carrying forth any diurnal, barometric or meteorological reporting, prepare any facility efficiency reports, economic, modeling or appraisal studies as may be desirable to facilitate any proposed transaction and to obtain any necessary or appropriate information in connection with any such potential purchase or acquisition of the Facility.

9.5 Balancing Agent and Dynamic Scheduling. Upon the request of Purchaser, and to the extent practicable for SCPPA to do so, SCPPA shall either (i) retain an agent to maintain and balance Purchaser's hourly Energy schedules in accordance with WECC protocols ("Balancing Agent"), including the provision or absorption of imbalance energy to accommodate intra-hour fluctuations of Facility Output as compared to Purchaser's Energy schedule and maintaining a balancing account of accumulated imbalance energy to be settled by adjusting future Purchaser Energy schedules, (ii) arrange for Dynamic Scheduling from the Point of Delivery to Purchaser's control area or electric system, including the procurement and installation of scheduling hardware, software, and communications equipment necessary to effectuate Dynamic Scheduling, (iii) procure, contract for or otherwise arrange for any available solar integration services to address any of the above referenced imbalances, fluctuations, variability, intermittency, or like conditions or (iv) address the costs, charges or consequences of such imbalances, fluctuations, variability, intermittency, or like conditions through other mechanisms or methodologies which are mutually agreeable to Purchaser and SCPPA.

9.6 Transfer of Environmental Attributes to Purchaser. SCPPA shall transfer all Environmental Attributes received by SCPPA either under the Power Purchase Agreement or with respect to Facility Output following its purchase or acquisition of the Facility to Purchaser in the same manner by which SCPPA receives Environmental Attributes.

## **10. FEDERAL TAX LAW REQUIREMENTS.**

- 10.1 Purchaser to Provide Information Relevant to Compliance with Federal Tax Law Requirements. At such times and through such means as prescribed by the rules, procedures and protocols promulgated by SCPPA to address compliance with the applicable Federal Tax Law Requirements with respect to any Bonds, or pursuant to any request by SCPPA, Purchaser shall provide SCPPA with a tax certificate relating to such Bonds, and such additional information and representations as necessary to establish Purchaser's compliance with the Federal Tax Law Requirements, including, to the extent applicable, information and representations concerning the disposition or use of electric energy provided under this Agreement or the disposition or use of any assets acquired with the proceeds of such Bonds.
- 10.2 Compliance with Federal Tax Law Requirements. With respect to any Bonds, Purchaser agrees that it will promptly act in accordance with written instructions which SCPPA may reasonably require from time to time in connection with the Federal Tax Law Requirements, and in addition Purchaser will not at any time take any action, or fail to take any action, if such action or failure to take action would result in or cause non-compliance with Federal Tax Law Requirements. Purchaser agrees to execute new or revised tax certificates or provide such information or other assurance respecting past and future compliance with the Federal Tax Law Requirements applicable to any Bonds as may be reasonably requested by SCPPA. In connection therewith, Purchaser shall cooperate with and provide to SCPPA such other information, representations and certifications as necessary for Bond Counsel or Tax Counsel to render an opinion or advise to the effect that any applicable Federal Tax Law Requirements are met.
- 10.3 SCPPA to Issue Rules, Procedures and Protocols. SCPPA shall develop and promulgate such reasonable rules, procedures and protocols, together with amendments thereto, as necessary, in consultation with Bond Counsel or Tax Counsel, to ensure compliance with any applicable Federal Tax Law Requirements, including to establish expectations regarding future compliance under applicable laws and regulations existing from time to time with respect to any Bonds, and shall include, without limitation, the appropriate reporting, documentation and certifications to establish and maintain compliance with the provisions of this Section 10.

## **11. PROJECT SPECIFIC MATTERS AND PURCHASER RIGHTS AND OBLIGATIONS UNDER PROJECT AGREEMENTS.**

- 11.1 Rights and Obligations under the Project Agreements. Notwithstanding anything to the contrary contained herein: (i) the obligation of SCPPA to deliver to Purchaser the Facility Output during the Delivery Term of this Agreement is limited to the Facility Output which SCPPA receives from the Facility (or the Power Purchase Provider, as applicable) for redelivery to Purchaser hereunder during such time; (ii) the obligation of SCPPA to pay any amount to Purchaser hereunder or to give credits against amounts due



from Purchaser hereunder is limited to amounts SCPPA receives in connection with the transaction to which the payment or credit relates (or is otherwise available to SCPPA in connection with this Agreement for which such payment or credit relates); (iii) any purchase costs, operating costs, energy costs, capacity costs, environmental attribute costs, transmission costs, tax costs, insurance costs, indemnifications, other costs or other charges for which SCPPA is responsible under the Project Agreements shall be considered purchase costs, operating costs, energy costs, capacity costs, environmental attribute costs, transmission costs, tax costs, insurance costs, indemnifications, other costs or other charges incurred by SCPPA and payable by Purchaser; and (iv) any Force Majeure under the Power Purchase Agreement or other event of force majeure affecting the delivery of energy pursuant to applicable provisions of the Project Agreements shall be considered an event caused by Uncontrollable Forces affecting SCPPA with respect to the delivery of energy and/or environmental attributes hereunder and SCPPA forwarding to Purchaser notices and information from the Power Purchase Provider concerning an event of Force Majeure upon receipt thereof shall be sufficient to constitute a notice that Uncontrollable Forces have occurred pursuant to Section 16.3 of this Agreement. Any net proceeds received by SCPPA from the sale of Facility Output by the Power Purchase Provider to any third-party purchaser as a result of a Force Majeure event or failure by SCPPA to accept delivery of Energy pursuant to the Power Purchase Agreement and any reimbursement received by SCPPA for purchase of Replacement Energy shall be remitted by SCPPA to Purchaser.

- 11.2 Acquisition of the Facility by SCPPA. The Parties mutually acknowledge and agree that SCPPA may, under certain circumstances, acquire ownership of the Facility and succeed to the rights and obligations associated with ownership of the Facility pursuant to the provisions of the Power Purchase and Security Agreements, at such time and under such terms as provided in the Power Purchase and Security Agreements or on such other terms as may be agreed upon between SCPPA and the Power Purchase Provider, or otherwise. The Parties also anticipate that any such acquisition of the Facility may be carried out with SCPPA financing. Any such acquisition of the Facility shall require the prior approval of the LADWP Board of Water and Power Commissioners. If SCPPA purchases the Facility pursuant to the Power Purchase and Security Agreements, SCPPA may finance the associated Cost of Acquisition through the issuance of Bonds.

12. **PLEDGE OF PAYMENTS.** All or any portion of the payments required to be made by Purchaser in accordance with or pursuant to any provision of this Agreement may be pledged by SCPPA to secure the payment of the Bonds, and interest thereon, subject to the application thereof to such purposes and on such terms as provided in the Indenture, and as required by the Act. SCPPA may assign, among other rights and security, to the Project Trustee or Lender its rights to receive from Purchaser all or any portion of the payments to be made by Purchaser pursuant to this Agreement. SCPPA may direct Purchaser to make all or any portion of such payments directly to the Project Trustee or Lender for application by the Project Trustee or Lender under the Indenture. Notwithstanding the foregoing or any other provision of this Agreement, SCPPA shall not acquire the Facility unless there shall be

compliance with the applicable provisions of Section 10 and with the provisions of the Indenture applicable to the acquisition of the Facility.

**13. ISSUANCE OF BONDS.**

- 13.1 Issuance of Bonds. Bonds will be issued by SCPPA in accordance with this Agreement, the provisions of the Indenture and the Act for the purpose of financing the Cost of Acquisition, which may entail, among other things, the purchase or acquisition of the Facility and all associated assets, rights and interests under or pursuant to the Power Purchase and Security Agreements, all other Acquisitions and all Capital Improvements.
- 13.2 Additional Bonds. Additional Bonds may be issued by SCPPA in accordance with this Agreement, the provisions of the Indenture and the Act at any time and from time to time in the event funds are required for completion of the Project or for the purpose of financing any further Cost of Acquisition or other Acquisitions or Capital Improvements, including without limitation the cost of acquiring the Facility or the rights and interests otherwise described in Section 11.2, and upon approval of the Board of Directors, SCPPA shall use its best efforts to issue such additional Bonds.
- 13.3 Refunding Bonds. In the event that Monthly Costs may be reduced by the refunding of any of the Bonds or in the event it shall otherwise for Purchaser be advantageous, in the opinion of SCPPA, to refund any Bonds, SCPPA may issue and sell refunding Bonds in accordance with the Indenture and the Act.
- 13.4 Opinions of Counsel. In connection with the issuance of Bonds, additional Bonds or Refunding Bonds for the purposes described in this Section 13, Purchaser shall provide an opinion of an attorney or firm of attorneys, or the equivalent thereof, in substantially the form as attached hereto as Appendix B as may be reasonably necessary to facilitate the issuance of such Bonds.
- 13.5 Redemption or Payment of Bonds. SCPPA may issue such bonds, notes, certificates of participation, commercial paper, other evidences of indebtedness or other instruments, in accordance with the Indenture and the Act, as it may deem appropriate to facilitate the redemption or payment of Bonds.
- 13.6 Bond-Related Documents. Purchaser agrees to supply SCPPA, upon written request, with such additional information and documentation as SCPPA shall reasonably determine to be necessary or desirable to facilitate the issuance of Bonds, additional Bonds or refunding Bonds for the purposes described in this Section 13 and to comply with Federal Tax Law Requirements and continuing disclosure requirements including, but not limited to, requirements under the United States Securities and Exchange Commission Rule 15c2-12.

- 14. EXCESS BOND PROCEEDS.** In the event the proceeds derived from the sale of any Bonds exceed the aggregate amount required for the purposes for which such Bonds were issued, the amount of such excess shall be used, after prior consultation with Bond Counsel



or Tax Counsel, to make up any deficiency existing in any Funds under the Indenture in the manner therein provided, and any balance shall (i) be used to retire, by purchase or redemption, Bonds in advance of maturity, (ii) be deposited in any applicable account established in accordance with Section 7.8 hereof, (iii) reduce the payments by Purchaser required pursuant to Section 7 hereof, and in such event SCPPA will reduce the monthly Billing Statements of Purchaser as necessary and appropriate, or (iv) be used for other lawful Project expenses or purposes.

**15. NONPERFORMANCE AND PAYMENT DEFAULT.**

15.1 Nonperformance by Purchaser. If Purchaser shall fail to perform any covenant, agreement or obligation under this Agreement or shall cause SCPPA to be in default with respect to any undertaking entered into for the Project or to be in default under the Power Purchase Agreement, or any other Project Agreement, as applicable, or cause a default to occur pursuant to such agreements, SCPPA may, in the event the performance of any such obligation remains unsatisfied after 30 days' prior written notice thereof to Purchaser and a demand to so perform, take any action permitted by law to enforce its rights under this Agreement, including but not limited to termination of this Agreement, and/or (unless SCPPA has already taken action pursuant to the immediately following sentence) bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to recover damages and/or enforce any covenant, agreement or obligation against Purchaser with regard to its failure to so perform. In addition to any other rights SCPPA may have under this Agreement as a result of nonpayment by Purchaser, if Purchaser fails to pay Debt Service in accordance with this Agreement and the result is that SCPPA defaults on the payment of principal of or interest on any Bond or other obligations payable from the Debt Service Fund under the Indenture, SCPPA may, immediately and without delay, take any action permitted by law to enforce its rights under this Agreement and/or bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to recover damages and/or enforce any covenant, agreement or obligation against Purchaser with regard to its failure to so perform.

15.2 Notice of Payment Default. On or promptly following the Initial Payment Default Date by Purchaser, SCPPA shall issue a Default Invoice and shall provide written notice to Purchaser that as a result of a Payment Default it is in default under this Agreement and has assumed the status of the Defaulting Purchaser and that Purchaser's Project Rights are subject to discontinuance, termination and disposal in accordance with Sections 15.4 and 15.5 of this Agreement. Notice of such Payment Default shall be provided promptly by SCPPA to the Project Trustee or Lender. In addition to the foregoing, the notice of Payment Default shall specify that five days after the issuance of the written notice of Payment Default by SCPPA, deliveries of Facility Output to Purchaser pursuant to this Agreement shall be thereafter suspended until such time as Purchaser is in Compliance. SCPPA may take any action through or in conjunction with the Power Purchase Provider or any other counterparty under a Project Agreement or with the Project Manager, if applicable, to expeditiously carry forth the provisions of this Section 15.

- 15.3 Cured Payment Default. Except for a Payment Default which causes SCPPA to default on the payment of principal of or interest on Bonds or other obligations payable from the Debt Service Fund under the Indenture, which shall be subject to and addressed as provided in Section 15.4 and the other applicable sections of this Agreement, and except as provided in Sections 15.2 and 15.12, if after a Payment Default, Purchaser cures such Payment Default within 30 days (the Cure Period) its Project Rights shall not be subject to discontinuance, termination or disposal as provided for in Sections 15.4 and 15.5 of this Agreement as a result of any Payment Default associated with such Cured Payment Default.
- 15.4 Failure to Cure Payment Default. If at any time 30 days after an uncured Payment Default by Purchaser, Purchaser fails to be in Compliance, or if at any time SCPPA defaults on the payment of principal of or interest on any Bond, or other obligations payable from the Debt Service Fund under the Indenture, due to the failure of the Defaulting Purchaser to pay its share of Debt Service in a timely manner in accordance with this Agreement, Purchaser's Project Rights shall immediately be discontinued and terminated and its Project Rights and Obligations shall be disposed of by SCPPA in accordance with Section 15.5 hereof; provided, however, the Defaulting obligation to make payments under this Agreement shall not be eliminated or reduced except to the extent provided in Section 15.6. SCPPA shall provide to the Defaulting Purchaser a separate monthly invoice of any such payment obligations under this Agreement. SCPPA shall immediately notify the Project Manager, and the Project Trustee or Lender, and such others as SCPPA deems appropriate, of such discontinuance and termination of a Defaulting Purchaser's Project Rights.
- 15.5 Treatment of the Defaulting Purchaser's Project Rights and Obligations upon Payment Default. In the event Defaulting Purchaser's Project Rights are discontinued and terminated pursuant to Section 15.4 hereof, SCPPA shall undertake or cause to be undertaken the following actions in the order indicated:
- 15.5.1 SCPPA shall, to the extent SCPPA in its discretion determines it appropriate, offer to convey, transfer and assign, on a temporary or permanent basis as determined by SCPPA, the Defaulting Purchaser's Project Rights and Obligations to third parties, all in accordance with applicable law; provided, however, that SCPPA shall not offer or permit the conveyance, transfer or assignment of Defaulting Purchaser's Project Rights and Obligations in such a manner or in such an amount as would, in the opinion of Bond Counsel or Tax Counsel, result in or cause non-compliance with the Federal Tax Law Requirements relating to (if applicable) the Bonds. Each such requesting third party shall assume all, but not less than all, Project Rights and Obligations so conveyed, transferred and assigned to it by SCPPA.



15.5.2 If, at any time or from time to time, any of the Project Rights and Obligations of the Defaulting Purchaser are not conveyed, transferred and assigned as provided in Section 15.5.1 hereof, SCPPA shall use its best efforts, to the extent reasonably possible and economically beneficial, to offer third parties for long-term or short-term sale as determined by SCPPA, Facility Output associated with such Project Rights and Obligations or to remarket or resell such Facility Output, or cause the same to be remarketed or resold; provided, however, that SCPPA shall not offer or permit the sale or remarketing of such Facility Output associated with the Defaulting Purchaser's Project Rights in such a manner or in such an amount as would, in the opinion of Bond Counsel or Tax Counsel, result in or cause non-compliance with the Federal Tax Law Requirements relating to (if applicable) the Bonds; and provided further, however, that without eliminating the Defaulting Purchaser's obligation to make payments under this Power Sales Agreement, including payment of SCPPA's costs and expenses related to such default and sale, such payment obligation shall be satisfied to the extent that payments are received by SCPPA from the remarketing or sale of Facility Output associated with Defaulting Project Rights.

Except as provided in this Section 15.5 or otherwise in this Agreement, SCPPA may not convey, transfer or assign any of Purchaser's Project Rights and Obligations.

15.6 Elimination or Reduction of Payment Obligations. Upon termination of Defaulting Purchaser's Project Rights pursuant to Section 15.5 and conveyance, transfer or assignment of Defaulting Purchaser's Project Rights and Obligations pursuant to Section 15.5.1, the Defaulting Purchaser's obligation to make payments under this Agreement (notwithstanding anything to the contrary herein) shall not be eliminated or reduced except to the extent of moneys received by SCPPA as a result of the conveyance, transfer and assignment of the Defaulting Purchaser's Project Rights and Obligations, less SCPPA's related costs and expenses; provided, however, such payment obligations for the Defaulting Purchaser may be eliminated or reduced to the extent permitted by law, if (a) no Bonds are outstanding or adequate provision for the payment thereof has been made in accordance with the applicable provisions of the Indenture and (b) the Board of Directors, by resolution, determines to eliminate or reduce such payment obligations, which determination shall not be unreasonably withheld.

15.7 Use of Operating Reserve Account. With respect to a Payment Default by Purchaser, funds in the operating reserve account, if any, under the Indenture may be used, to the extent necessary and to the extent available and consistent with the Indenture, to cover any deficiency with respect to any payment due by SCPPA attributable to Purchaser's participation in the Project under the Indenture during the period prior to the Operating Reserve Depletion Date. Any replenishing of the operating reserve account under the Indenture shall be in accordance with the Indenture.

- 15.8 Use and Replenishment of Debt Service Reserve Fund(s). SCPPA may maintain Debt Service Reserve Fund(s) which shall be funded and maintained in the amount(s) specified in the Indenture. With respect to a Payment Default by Purchaser, funds (or any surety bond, credit facility or similar instrument) in the Debt Service Reserve Fund(s) under the Indenture shall be used, to the extent necessary and to the extent available, to cover any shortfall in the Debt Service account(s) relating to the Indenture to pay for Debt Service (but, unless otherwise provided in the Indenture, not the payment of other obligations payable from amounts deposited in the Debt Service Fund). The replenishment of the Debt Service Reserve Fund(s) shall be in accordance with the Indenture.
- 15.9 Application of Moneys Received from a Default Invoice. Moneys received by or on behalf of SCPPA from the payment of a Default Invoice shall be forwarded by SCPPA to the Project Trustee or Lender for deposit into the Revenue Fund of the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture.
- 15.10 Application of Moneys Received from Compliance Payments. Moneys received by or on behalf of SCPPA from the Defaulting Purchaser that makes payments to remain in Compliance with respect to a Payment Default shall be forwarded to the Project Trustee or Lender to be deposited into the Revenue Fund under the Indenture or into such other Funds as are appropriate under the Indenture.
- 15.11 Application of Moneys Received from Sale of Facility Output. Moneys received by or on behalf of SCPPA from the sale of Facility Output related to the Defaulting Purchaser's Project Rights and Obligations, as provided in Section 15.5.2 hereof, shall be applied in the following manner in order:
- 15.11.1 SCPPA shall forward or caused to be forwarded such moneys to the applicable Project Trustee or Lender for deposit into the Revenue Fund of the Indenture, as appropriate, or into such other Funds as are appropriate under the Indenture.
- 15.11.2 Unless the Board of Directors determines otherwise, or except as otherwise required by law, the Defaulting Purchaser shall have no claim or right to any such moneys.
- 15.12 Limitation on Cure Period. Notwithstanding anything to the contrary in this Agreement, there shall be no Cure Period with respect to Purchaser's failure to pay those costs constituting Debt Service in a timely manner in accordance with this Agreement, and any such Debt Service not paid by Purchaser when due shall be immediately due and payable to SCPPA.

## 16. CHARACTER, CONTINUITY OF SERVICE.

- 16.1 Outages, Interruptions and Curtailment of Energy Deliveries. The Power Purchase Provider or other counterparty may under certain conditions set



forth in the applicable provisions of a Project Agreement or other applicable operating agreement, interrupt or curtail deliveries of Facility Output to Purchaser under prescribed circumstances pursuant to the applicable provisions of the Power Purchase Agreement, other applicable Project Agreements, or other applicable operating agreement. Should such an interruption or curtailment occur, Purchaser shall be credited with such revenues as are credited or paid to SCPPA on Purchaser's behalf and shall be obligated to pay any costs incurred by SCPPA attributable to Purchaser which are payable by SCPPA pursuant to the Power Purchase Agreement, other applicable Project Agreement or other applicable operating agreement. SCPPA or the Project Manager (if other than SCPPA) or SCPPA's agent will use its best efforts to apprise Purchaser of potential outages, interruptions or curtailments, the reason therefor and the probable duration thereof, when such outages, interruptions or curtailments can be deemed likely to occur.

- 16.2 Outages, Interruptions and Curtailment of Energy from the Facility. Following SCPPA's purchase or acquisition of the Facility, SCPPA or its agent or the Project Manager, as applicable, may temporarily interrupt or curtail deliveries of Facility Output to Purchaser if SCPPA or its agent or the Project Manager, as applicable, shall determine that such interruption or curtailment is necessary in the case of an emergency or in order to take out of service the Facility or any portion thereof; or to install equipment in or make repairs to or replacements, investigations and inspections of or to perform other maintenance work on the Facility or any portion thereof; provided, however, that such interruption or curtailment shall not relieve Purchaser of its obligations to make payments under this Agreement. After informing Purchaser regarding any such planned interruption or curtailment, giving the reason therefor, and stating the probable duration thereof, SCPPA, its agent or the Project Manager, as applicable, will to the best of its ability schedule such interruption or curtailment at a time which will cause the least interference with the system operations of Purchaser.
- 16.3 Uncontrollable Forces. SCPPA shall not be required to provide, and SCPPA shall not be liable for failure to provide, Facility Output or other service under this Agreement when such failure or the cessation or curtailment of or interference with the service is caused by Uncontrollable Forces or by the inability of SCPPA, the Power Purchase Provider(to the extent allowed under the Power Purchase Agreement) or other applicable counterparty to obtain any required governmental permits, licenses or approvals to enable SCPPA or the Power Purchase Provider, as applicable, to acquire, administer or operate the Project; provided, however, that Purchaser shall not thereby be relieved of its obligations to make payments under this Agreement except to the extent SCPPA is so relieved pursuant to the Indenture and/or other applicable Project Agreements.

## 17. LIABILITY.

- 17.1 No Liability of SCPPA or Purchaser, Their Directors, Officers, Etc.; SCPPA, Purchaser's and Project Manager's Directors, Officers, Employees Not

Individually Liable. Both Parties agree that neither SCPPA, Purchaser, the Project Manager, nor any of their past, present or future directors, officers, employees, board members, agents, attorneys or advisors (collectively, the "Released Parties") shall be liable to any other of the Released Parties for any and all claims, demands, liabilities, obligations, losses, damages (whether direct, indirect or consequential), penalties, actions, loss of profits, judgments, orders, suits, costs, expenses (including attorneys' fees and expenses) or disbursements of any kind or nature whatsoever in law, equity or otherwise (including, without limitation, death, bodily injury or personal injury to any person or damage or destruction to any property of Purchaser, SCPPA, the Project Manager or third persons) suffered by any Released Party as a result of the action or inaction or performance or non-performance by the Power Purchase Provider or any of the Released Parties under this Agreement or any Project Agreement (excluding gross negligence and willful misconduct which, unless otherwise agreed by the Parties, which are both to be determined and established by a court of competent jurisdiction in a final, nonappealable order). Each Party shall release each of the other Released Parties from any claim or liability that such Party may have cause to assert as a result of any actions or inactions or performance or non-performance by any of the other Released Parties under this Agreement or any Project Agreement (excluding gross negligence and willful misconduct which, unless otherwise agreed by the Parties, which are both to be determined and established by a court of competent jurisdiction in a final, nonappealable order). Notwithstanding the foregoing, no such action or inaction or performance or non-performance by any of the Released Parties shall relieve SCPPA or Purchaser from their respective obligations under this Agreement, including, without limitation, Purchaser's obligation to make payments required under Section 8.1 of this Agreement and SCPPA's obligation to make payments under Section 17.6 of this Agreement, or under any other Project Agreement. The provisions of this Section 17.1 shall not be construed so as to relieve the Project Manager or the Power Purchase Provider from any obligation (or liability in the case of the Power Purchase Provider) under this Agreement, the Power Purchase and Security Agreements or any other applicable Project Agreement. It is also hereby recognized and agreed that no member of the Board of Directors, the Project Manager or Purchaser, nor their officers, employees, board members, agents, attorneys or advisors, or member of SCPPA in its capacity as a member of SCPPA, shall be individually liable in respect of any undertakings by any of the Released Parties under this Agreement or any Project Agreement. Nothing in this Section 17.1 or in any other provision of this Agreement shall affect Purchaser's obligation to make any payment in accordance with Section 8.1 of this Agreement or to pay any other amounts or costs required to be paid by it under this Agreement.

- 17.2 Extent of Exculpation; Enforcement of Rights. The exculpation provision set forth in Section 17.1 hereof shall apply to all types of claims or actions including, but not limited to, claims or actions based on contract or tort. Notwithstanding the foregoing, either Party may protect and enforce its rights under this Agreement by a suit or suits in equity for specific performance of



any obligations or duty of the other Party, and each Party shall at all times retain the right to recover, by appropriate legal proceedings, any amount determined to have been an overpayment, underpayment or other monetary damages owed by the other Party in accordance with the terms of this Agreement.

- 17.3 Determination or Enforcement of Rights. Notwithstanding Section 17.1 and 17.2 hereof, Purchaser or SCPPA may determine, protect and enforce its rights under this Agreement or any Project Agreement by a suit(s) in equity for specific performance of, or declaratory action with respect to, any obligation or duty hereunder or thereunder.
- 17.4 No Relief From Insurer's Obligations. Notwithstanding any provision in this Agreement to the contrary, including but not limited to the provisions in this Section 17, the provisions of this Section 17 shall not be construed or applied so as to relieve any insurer of its obligation to pay any insurance claims in accordance with any applicable insurance policy.
- 17.5 No General Liability of SCPPA. The undertakings under this Agreement by SCPPA, or the Project Manager in its capacity as such, shall never constitute a debt or indebtedness of SCPPA or the Project Manager within the meaning of any provision or limitation of the Constitution or statutes of the State of California, and shall not constitute or give rise to a charge against its general credit.
- 17.6 Indemnification of Purchaser. SCPPA undertakes and agrees, to the extent permitted by law, to indemnify and hold harmless Purchaser, its directors, board members, officers, employees, agents, attorneys and advisors, past, present or future (collectively, "Purchaser Indemnitees"), from and against any and all claims, demands, liabilities, obligations, losses, damages (whether direct, indirect or consequential), penalties, actions, loss of profits, judgments, orders, suits, costs, expenses (including attorneys' fees and expenses) or disbursements of any kind or nature whatsoever in law, equity or otherwise (collectively, "Losses"), which Losses include, without limitation, death, bodily injury or personal injury to any person or damage or destruction to any property of Purchaser, SCPPA or third persons, that may be imposed on, incurred by or asserted against Purchaser arising by manner of any breach of this Agreement by SCPPA, or the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement on the part of SCPPA or any of SCPPA's directors, board members, officers, employees, agents and advisors, past, present or future. At Purchaser's option, SCPPA shall defend Purchaser Indemnitees from and against any and all Losses. If SCPPA, with Purchaser's consent, defends any Purchaser Indemnitee, Purchaser and Purchaser's City Attorney shall approve the selection of counsel, and Purchaser shall further approve any settlement or disposition, such approval not to be unreasonably withheld. Nothing in this Section 17.6 or in any other provision of this Agreement shall affect Purchaser's obligation to make any payment in accordance with Section 8.1 of this Agreement or to

pay any other amounts or costs required to be paid by it under this Agreement.

- 17.7 Indemnification of Project Manager. The Parties acknowledge that SCPPA is obligated, as provided under Section 17 of the Springbok 3 Solar Agency Agreement, to indemnify and hold harmless LADWP, as Project Manager, the LADWP Board of Water and Power Commissioners and LADWP's officers, employees agents and advisors, past, present or future, when acting for LADWP as Project Manager (collectively, the "Project Manager Indemnitees"), from and against any and all Losses, which Losses include, without limitation, death, bodily injury or personal injury to any person or damage or destruction to any property of LADWP, SCPPA or third persons, arising by reason of any actions, inactions, errors or omissions incident to the performance of the Springbok 3 Solar Agency Agreement (excluding gross negligence and willful misconduct which, unless otherwise agreed by the Parties, which are both to be determined and established by a court of competent jurisdiction in a final, nonappealable order) on the part of any of the Project Manager Indemnitees, when acting for LADWP as Project Manager. It is further acknowledged by the Parties that all payments, costs and expenses of SCPPA with respect to compliance with such indemnification obligations under Section 17 of the Springbok 3 Solar Agency Agreement shall be payable as Monthly Costs by Purchaser in accordance with the terms of this Agreement. Notwithstanding any provision of this Agreement which might be construed to the contrary, nothing in this Section 17.7 or in any other provision of this Agreement shall affect LADWP's obligation, as Purchaser to make any payment or to pay any cost required of it in accordance with Section 8.1 of this Agreement or to pay any other amounts or costs under this Agreement, or SCPPA's obligation to make any payment or to pay any cost required of it under the Springbok 3 Solar Agency Agreement.
- 17.8 Separate Legal Capacities. The Parties acknowledge that LADWP, as Project Manager under the Springbok 3 Solar Agency Agreement, acts in a legal capacity that is separate from its capacity as Purchaser and a Party under this Agreement. Accordingly, for purposes of this Agreement and applicable Project Agreements, the rights, entitlements, obligations and liabilities of LADWP, as Purchaser, and a Party under this Agreement, shall not apply to or otherwise be affected by, and shall be legally separate from, the rights, entitlements, obligations and liabilities of LADWP in its capacity as Project Manager.

## 18. RESTRICTIONS ON DISPOSITION.

- 18.1 Limitations Concerning Private Use. Purchaser recognizes that certain Federal Tax Law Requirements, if applicable, limit the arrangements permitted with respect to the purchase, sale, assignment or other disposition of Purchaser's Project Rights and Obligations. Purchaser shall comply with the rules, procedures and protocols promulgated by SCPPA pursuant to Section 10.3 with respect to compliance with the Federal Tax Law



Requirements applicable to any Bonds. Except as provided in Section 15 hereof, no sale, assignment or other disposition of all or any portion of Purchaser's Project Rights and Obligations, including the Facility Output produced by the Project, shall be effective until (i) Purchaser shall have given prior written notice thereof to SCPPA, and (ii) unless waived by the Board of Directors after consultation with Bond Counsel or Tax Counsel, Bond Counsel or Tax Counsel shall have rendered an opinion that such sale, assignment or other disposition will not result in or cause non-compliance with any applicable Federal Tax Law Requirements and will not be inconsistent with this Agreement. Notwithstanding the immediately preceding sentence, Purchaser may (without giving such notice or obtaining such opinion) contract to provide or otherwise sell or dispose of the Facility Output in a transaction which complies with guidelines established by SCPPA and approved by SCPPA's Bond Counsel or Tax Counsel from time to time.

- 18.2 Restrictions on Elimination of Payment Obligations. No sale, assignment or other disposition of Purchaser's Project Rights and Obligations to any Person ("Assignee") that occurs when any Bonds are outstanding shall release Purchaser from its payment obligations under this Agreement; provided, however, such payment obligations may be eliminated or reduced if no Bonds are outstanding or adequate provisions for the payment thereof have been made in accordance with the provisions of the Indenture if (i) such Assignee shall assume and agree to fully perform and discharge the Project Rights and Obligations under this Agreement, (ii) such Assignee shall have a corporate or long-term senior unsecured credit rating of "A-" or higher by S&P or "A3" or higher by Moody's, and (iii) the Board of Directors, by resolution, determines to eliminate or reduce such payment obligations, which determination shall not be unreasonably withheld.
- 18.3 Restrictions on Disposition of Purchaser's Entire System. Purchaser shall not sell, lease or otherwise dispose of all or substantially all of its electric system to any Person ("Acquiring Entity") unless the following conditions shall be met: (A) in the event that Bonds are outstanding then (i) Purchaser shall assign its Project Rights and Obligations hereunder to such Acquiring Entity and such Acquiring Entity shall assume and agree to fully perform and discharge the Project Rights and Obligations under this Agreement, (ii) such sale, lease or other disposition shall not, in and of itself, cause the rating of any Bonds to be downgraded, suspended or withdrawn (which fact shall be evidenced by letters of the rating agencies then rating the Bonds), and (iii) such sale, lease or other disposition will not adversely affect the value of this Agreement as security for the payment of the Indenture cost component; (B) in the event that no Bonds are outstanding or adequate provisions for the payment thereof have been made in accordance with the provisions of the Indenture then (i) such Acquiring Entity shall assume and agree to fully perform and discharge the Project Rights and Obligations under this Agreement, and (ii) such Acquiring Entity shall have a corporate or long-term senior unsecured credit rating not less than investment grade; and (C) in all cases, unless waived by SCPPA after consultation with Bond Counsel or Tax

Counsel, Bond Counsel or Tax Counsel shall have rendered an opinion that such sale, lease or other disposition will not result in or cause non-compliance with any applicable Federal Tax Law Requirements with respect to any Bonds.

- 18.4 Successors and Assigns. Subject in all respects to Sections 15 and 18 hereof, the Project Rights and Obligations under this Agreement shall inure to the benefit of and shall be binding upon the respective successors and assigns of the Parties to this Agreement.

19. **REIMBURSEMENT OF PROJECT DEVELOPMENT COSTS.** Within 90 days after the issuance of the first Bonds all of the following project development costs and expenses and other applicable costs for Development Work paid by Purchaser prior to the date of such issuance, to the extent reimbursable under applicable tax law and regulations, shall be reimbursed to Purchaser by SCPPA from the proceeds of the Bonds (in an amount determined by the Project Manager or Board of Directors, as appropriate): costs of planning and development of the Project; costs relating to any acquisition of the Project; costs of investigation and feasibility studies; technical, legal and financing expenses; legal costs including but not limited to the costs of Bond Counsel, Tax Counsel, electric utility counsel, secured transaction and real estate specialists, solar energy counsel, environmental counsel, bankruptcy counsel, and counsel experienced in securing and facilitating this transaction under California and Federal law, costs of obtaining permits, clearances, licenses, entitlements and approvals or other governmental authorizations, options or rights therein; costs of preparing agreements or other documents; and other costs relating to the Project in amounts determined by the Board of Directors.

20. **EFFECTIVE DATE, TERM AND EXPIRATION.**

- 20.1 Effective Date; Execution in Counterparts. This Agreement shall become effective on the first day when each and all of the following shall have occurred: (i) this Agreement shall have been duly executed and delivered by SCPPA and Purchaser, and (ii) the Power Purchase Agreement shall have been duly executed and delivered by SCPPA and the Power Purchase Provider. Once the Power Purchase Agreement has been executed and delivered as set forth above, SCPPA shall deliver a copy of the same to Purchaser. This Agreement may be executed in any number of counterparts, each of which shall constitute an original.
- 20.2 Termination Conditions. This Agreement shall be effective upon satisfaction of the conditions set forth in Section 20.1 and shall extend for the term specified in Section 20.3 unless earlier terminated pursuant to an express provision of this Agreement, or by operation of the Indenture or of law; provided, however, that (i) any obligation to make payments to SCPPA or any outstanding liability of Purchaser hereunder which either exists or may exist as of the date of termination of this Agreement, or which comes into existence at any future time as a result of any activity or transaction carried forth under this Agreement, shall survive such termination and (ii) any obligation of SCPPA or Purchaser hereunder to comply with the Federal Tax Law Requirements shall continue until such time as provided in Section 23.2.



- 20.3 Expiration. The term of this Agreement shall begin on the day this Agreement becomes effective pursuant to Section 20.1 hereof. Unless terminated earlier pursuant to Sections 20.4 or 20.5 and subject to Section 23 hereof, the term of this Agreement shall expire on the later of: (i) the date SCPPA's Joint Powers Agreement (including any extensions thereof) expires or (ii) the date on which all Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made and the Bonds are no longer outstanding; provided, however, that in no event shall the term of this Agreement expire so long as the Power Purchase Agreement is of any force or effect.
- 20.4 Transfer of SCPPA Interest. Except as provided in Section 20.5 hereof, and subject to any applicable provisions of any associated operating agreements, upon the expiration of the term of this Agreement pursuant to Section 20.3 hereof, in the event SCPPA shall have purchased or acquired the Facility, SCPPA shall transfer to Purchaser and Purchaser shall assume any right, title and interest in the Facility (including all rights and obligations of SCPPA under any Project Agreement), unless otherwise agreed to by SCPPA and Purchaser. The purchase price and consideration to be paid to SCPPA by Purchaser for such transfer shall consist of the payments made by Purchaser pursuant to this Agreement prior to the date of such transfer plus any remaining costs or obligations incurred by SCPPA in connection with the Facility.
- 20.5 Termination of Agreement before Expiration Date. Notwithstanding the expiration date set forth in Section 20.3 hereof, this Agreement shall terminate, subject to Section 23 hereof, on the date, if any, by which each and all of the following have occurred:
- 20.5.1 All Bonds and the interest thereon shall have been paid in full or adequate provision for such payment shall have been made and the Bonds are no longer outstanding under the Indenture;
- 20.5.2 This Agreement shall be superseded as a result of Purchaser having (i) succeeded to SCPPA's rights through another agreement or agreements, or (ii) entered into a replacement power sales agreement or other agreement with SCPPA. The purchase price and consideration to be paid to SCPPA by Purchaser with respect to any such superseding arrangement shall consist of the payments and satisfaction of all obligations by Purchaser under and pursuant to this Agreement prior to the effective date of the superseding arrangement plus any remaining costs or obligations incurred by SCPPA in connection with the Facility; and
- 20.5.3 The Power Purchase Agreement shall no longer be of any force or effect.

**21. RELATIONSHIP TO AND COMPLIANCE WITH OTHER INSTRUMENTS.**

21.1 Agreement Subject to the Indenture. It is recognized by the Parties hereto that SCPPA, in undertaking the planning and financing, development, acquisition, operation and maintenance of the Project, must comply with the requirements of the Indenture and all conditions, permits and approvals or other governmental authorizations necessary for such planning, financing, development, acquisition, operation and maintenance and it is therefore agreed that this Agreement is made subject to the provisions of the Indenture and all such conditions, permits, approvals and governmental authorizations.

21.2 Comply With the Indenture. SCPPA covenants and agrees for the benefit of Purchaser to comply in all material respects with all terms, conditions and covenants of the Indenture and all conditions, permits, approvals and governmental authorizations relating to the Project, provided that SCPPA shall not be prevented from contesting the validity or applicability of any such conditions, permits, approvals and governmental authorizations in good faith by appropriate proceedings.

**22. SEVERABILITY.** In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, it is the intention of each of the Parties hereto that such illegality or invalidity shall not affect any other provision hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein unless a court holds that the provisions are not separable from all other provisions of this Agreement.

**23. CONDITIONS TO TERMINATION, AMENDMENT OR EXTENSION OF INTIAL TERM.**

23.1 No Adverse Effect. So long as any of the Bonds are outstanding under the Indenture, this Agreement shall not be terminated, amended, modified or otherwise altered in such a manner (i) as will materially reduce the payments pledged as security for the Bonds or extend the time of such payments provided herein, (ii) as will materially impair or materially adversely affect the rights of the owners from time to time of any Bonds, or (iii) as would be prohibited by any applicable provision of the Indenture.

23.2 Continuing Compliance with Federal Tax Law Requirements. Notwithstanding anything contained in this Agreement to the contrary, all obligations of SCPPA and Purchaser with respect to compliance with Federal Tax Law Requirements with respect to any Bonds shall survive any termination of this Agreement until such time as all Bonds to which such Federal Tax Law Requirements shall apply shall have been fully paid or redeemed and discharged, or such earlier time as SCPPA shall determine upon consultation with Bond Counsel or Tax Counsel, or Bond Counsel or Tax Counsel shall have rendered an opinion to the effect that such Federal Tax Law Requirements shall no longer be applicable.



23.3 Exercise of Option to Extend the Power Purchase Agreement. The exercise of the option to extend the Power Purchase Agreement from 27 years to 30 years by SCPPA shall require the prior approval of the LADWP Board of Water and Power Commissioners.

24. **REPRESENTATION AND GOVERNING LAW.** The Parties acknowledge that each Party was represented by counsel in the negotiation and execution of this Agreement. This Agreement was made and entered into in the County of Los Angeles and shall be governed by, interpreted and enforced in accordance with the laws of the State of California. All litigation arising out of, or relating to this Agreement, shall be brought in a State or Federal court in the County of Los Angeles in the State of California. The Parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens*.

25. **ARBITRATION AND ATTORNEYS' FEES.** If a dispute arises between the Parties which the Board of Directors is unable to resolve, the Parties may by mutual agreement submit the dispute to mediation or non-binding arbitration. With respect to any such dispute the Parties agree that each Party shall bear its own attorneys' fees and costs. Notwithstanding the foregoing, Purchaser and SCPPA recognize and agree that SCPPA's attorneys' fees associated with any matter relating to the Project or this Agreement, including any dispute relating thereto, shall constitute a Project cost which shall be allocated and billed as set forth in Sections 4 and 7 of this Agreement.

26. **NOTICES.** Any notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

Southern California Public Power Authority  
Attention: Executive Director  
1160 Nicole Court  
Glendora, California 91740

Los Angeles Department of Water and Power  
Attention: General Manager  
RE: Power System Contracts  
111 N. Hope Street, Room 921  
Los Angeles, California 90012

27. **AMENDMENTS.** The Parties acknowledge and agree that any amendment to this Agreement shall be in writing and duly executed by the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have duly caused this Agreement to be executed on their respective behalves by their duly authorized representatives.

SOUTHERN CALIFORNIA PUBLIC  
POWER AUTHORITY

By: \_\_\_\_\_  
FRED H. MASON  
President

Attest: \_\_\_\_\_  
BILL D. CARNAHAN  
Assistant Secretary

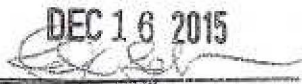
CITY OF LOS ANGELES acting by and through its  
DEPARTMENT OF WATER AND POWER

By: \_\_\_\_\_  
MARCIE L. EDWARDS  
General Manager

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

And: \_\_\_\_\_  
BARBARA E. MOSCHOS  
Board Secretary

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

BY  DEC 16 2015  
FELIX LEBRON  
DEPUTY CITY ATTORNEY



## APPENDIX A

### DEFINITIONS

The following terms, whether in the singular or the plural, and initially capitalized, shall have the meanings specified below:

1. Acquisition. Acquisition shall entail the procurement of SCPPA's rights and obligations pursuant to the Power Purchase Agreement and applicable Project Agreements, any purchase of the Facility, including the purchase of rights and interests under any of the Power Purchase and Security Agreements, SCPPA financing arrangements for the foregoing, and all rights and entitlements associated with the acquisition, development and implementation of the Project, including those resources, contracts, rights, benefits, entitlements and arrangements as may be necessary, desirable or appropriate to the Project to further SCPPA's and Purchaser's goals and those associated structures and services procured, retained or acquired by and on behalf of Purchaser as part of the Project and which, where applicable, have been approved by the Board of Directors. Acquisition also includes the rights and interests under any consents to assignment and related agreements, and taking foreclosure action (or a deed in-lieu-of foreclosure) under and pursuant to any of the Power Purchase and Security Agreements, and, if and as applicable, associated financing, and all rights and entitlements of SCPPA under the Power Purchase and Security Agreements or other Project Agreements associated with the development and implementation of the Project.
2. Act. All of the provisions contained in the California Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, beginning at California Government Code Section 6500 et seq., as amended from time to time.
3. Ancillary Documents. "Ancillary Documents" shall have the definition set forth in the Power Purchase Agreement.
4. Annual Budget. The budget adopted by SCPPA pursuant to Section 5.4.1 of this Agreement not less than 30 days nor more than 60 days prior to the beginning of each Power Supply Year, including any amendments thereto, which shall show a detailed estimate of Power Costs under this Agreement and all credits, charges, revenues, income, or other funds to be applied to such costs, for and applicable to such Power Supply Year.
5. Balancing Agent. "Balancing Agent" shall have the meaning set forth in Section 9.5.
6. Billing Statement. The written statement prepared or caused to be prepared each Month by, or on behalf of, SCPPA which shall be based upon certain of the information in the Annual Budget and shall show for such Month the amount to be paid to SCPPA by Purchaser in accordance with the provisions of Section 7 of this Agreement.
7. Board of Directors. The Board of Directors of the Southern California Public Power Authority.

8. Bond Counsel. Nationally recognized legal counsel having background and experience in the issuance of municipal bonds, including the Federal Tax Law Requirements relating thereto, and selected by SCPPA to evaluate and advise regarding the Bonds with respect to specified cases, transactions and matters from time to time.
9. Bonds. The bonds, notes, bond anticipation notes, certificates of participation, commercial paper or other evidences of indebtedness issued or incurred by SCPPA and outstanding pursuant to the provisions of the Indenture to finance or refinance the Cost of Acquisition and any Capital Improvements and, where applicable, the purchase of the Facility or any part, portion or component thereof, including purchase of the rights and interests under any applicable Project Agreement. Bonds shall include but not be limited to the taxable and/or tax-exempt bonds, notes, bond anticipation notes, certificates of participation, commercial paper or other evidences of indebtedness issued or incurred by SCPPA to finance any purchase of the Facility, including purchase of the rights and interests under any applicable Project Agreement, or bonds, notes, certificates of participation, commercial paper or other evidences of indebtedness issued to redeem or refund such bonds, notes, certificates of participation, commercial paper or evidences of indebtedness, and any and all other obligations which SCPPA issues or incurs relating to the Project. Bonds shall also include any additional Bonds authorized by the Indenture or any supplement thereto and issued or incurred pursuant to the provisions of Section 13.2 of this Agreement and any refunding of Bonds issued pursuant to the provisions of Sections 13.3 or 13.5 of this Agreement. Bonds may constitute other categories of bonds eligible for certain tax benefits under the Internal Revenue Code, including but not limited to tax-exempt bonds, tax credit bonds, "new clean renewable energy bonds" within the meaning of Section 54C of the Internal Revenue Code or "qualified energy conservation bonds" within the meaning of Section 54D of the Internal Revenue Code.
10. Capacity. The ability or potential to generate, produce or transfer electricity, expressed in kilowatts ("kW") or megawatts ("MW"), including, when feasible, ancillary or regulating services or other valuable non-energy products or services from a generating facility.
11. Capacity Rights. "Capacity Rights" shall have the definition set forth in the Power Purchase Agreement.
12. Capital Improvements. Any unit of property, property right, land or land right which is a replacement, repair, addition, improvement or betterment to the Project or any transmission facilities relating to, or for the benefit of, the Project, the betterment of land or land rights or the enlargement or betterment of any such unit of property constituting a part of the Project or related transmission facilities which is (i) consistent with Prudent Utility Practices and determined necessary and/or desirable by the Board of Directors or (ii) required by any governmental agency having jurisdiction over the Project.
13. Commercial Operation. "Commercial Operation" shall have the definition set forth in the Power Purchase Agreement.
14. Compliance. Following a Payment Default, the Defaulting Purchaser shall be in compliance with its payment obligations under this Agreement if it (i) no later than the last day of the



Cure Period fully pays all amounts owed as reflected in any Default Invoice; (ii) pays any monthly Billing Statement which comes due during the Cure Period; and (iii) replenishes any reduction made to the applicable operating reserve account, Debt Service reserves or other Reserve Fund as a result of any Payment Default.

15. Consent Agreements. All consents to assignments and all agreements relating thereto entered into with any lender, financial institution or other Person for the purpose of consenting to the assignment of the rights or securing the obligations of the Power Purchase Provider under the Power Purchase Agreement, including, but not limited to, the Consent and Agreement.
16. Consent and Agreement. "Consent and Agreement" shall have the definition set forth in the Power Purchase Agreement.
17. Cost of Acquisition. "Cost of Acquisition" is defined in Section 4.3
18. Cure Period. That period of time beginning on the date of a Payment Default and concluding thirty (30) days thereafter.
19. Cured Payment Default. A Payment Default which has been cured in accordance with Section 15.3 of this Agreement. If at any time during the Cure Period the Defaulting Purchaser is in Compliance, then the requirements of a Cured Payment Default shall be deemed to have been satisfied as of the date of receipt of such payments by SCPPA and the Cure Period shall expire.
20. Daily Delay Damages. Daily Delay Damages shall have the definition set forth in the Power Purchase Agreement.
21. Debt Service. The debt service payable with respect to the Indenture pertaining to any category of Bonds, any Bonds issued pursuant to Section 13 of this Agreement, or other applicable series of Bonds, as determined by the context; provided that in the case of any Bonds, Debt Service may, to the extent provided in the Indenture, be reduced by the amount of any applicable cash grant or rebate payable by the Federal Government to SCPPA (or to the trustee under the Indenture) with respect to interest on such Bonds. Debt Service shall also include any payments required to be deposited into the Debt Service Fund under the Indenture to pay, for example, amounts due under any interest rate swap agreements or other derivative agreements.
22. Debt Service Fund. The Debt Service Fund or account, or similar fund or account, established by the Indenture to pay Debt Service. The Debt Service Fund shall not include the Debt Service Reserve Fund(s) under the Indenture.
23. Deemed Delivered Energy. "Deemed Delivered Energy" shall have the definition set forth in the Power Purchase Agreement.
24. Default. "Default" shall have the definition set forth in the Power Purchase Agreement.
25. Default Invoice. An invoice during the Payment Default Period and the Cure Period issued to the Defaulting Purchaser pursuant to Section 15 of this Agreement that identifies the total

defaulted amount owed, including late payment interest, to achieve a Cured Payment Default. During the Cure Period, the Default Invoice shall also include the amount that must be paid to achieve Compliance.

26. Defaulting Purchaser. In the event that Purchaser causes a Payment Default which has not been remedied and where Purchaser has not effected a Cured Payment Default.
27. Delivered Energy. "Delivered Energy" shall have the definition set forth in the Power Purchase Agreement.
28. Delivery Term of the Power Purchase Agreement. The time period for the delivery of Energy pursuant to the Power Purchase Agreement as set forth therein.
29. Development Security. "Development Security" shall have the definition set forth in the Power Purchase Agreement.
30. Development Work. All work and activities in connection with the development of the Project, including, without limitation, all planning, designing, acquiring (by purchase or otherwise), mitigating impacts, constructing, installing, investigating, cost monitoring and control activities, negotiating and administering contracts, purchasing, environmental monitoring, scheduling, protecting, erecting, supervising, expediting inspecting, testing and training activities, recruitment and training of technical, operational and administrative personnel, insuring, accounting, budgeting, public information services and activities, services of consultants and legal counsel, preparing of manuals and reports, and activities relating to securing requisite actions, permits, licenses, approvals and certificates from governmental agencies and authorities.
31. Direct Reimbursable Costs. "Direct Reimbursable Costs" shall include Operating Insurance premiums and Taxes.
32. Dynamic Scheduling. "Dynamic Scheduling" shall mean the automated scheduling of Energy from the Point of Delivery to Purchaser's control area or electric system, provided that said dynamic schedules adjust at four second intervals, or other intervals as specified by WECC, to match the amount of Energy actually delivered to the Point of Delivery from the Facility.
33. Energy. "Energy" shall include both Energy and any Replacement Energy, as those terms are defined in the Power Purchase Agreement.
34. Environmental Attributes. "Environmental Attributes" shall have the definition set forth in the Power Purchase Agreement.
35. Excess Energy. "Excess Energy" shall have the definition set forth in the Power Purchase Agreement.
36. Facility. "Facility" means all of the facilities and real and personal properties and resources and rights and interests, all as described or defined as the Facility in the Power Purchase Agreement and all of the Acquisitions, related assets and accompanying rights and



obligations associated therewith and all rights, interests and obligations associated with such facilities, including the rights interests and obligations under the Ancillary Documents and shall also include all Capital Improvements.

37. Facility Output. All output, rights, and other tangible or intangible benefits derived from the Facility whatsoever, including without limitation all Energy (including Replacement Energy as defined in the Power Purchase Agreement), Capacity Rights and Environmental Attributes, whether received by SCPPA under or pursuant to the Power Purchase Agreement or other applicable Project Agreement or derived from the Facility by SCPPA as owner following SCPPA's purchase of the Facility.
38. Federal Tax Law Requirements. "Federal Tax Law Requirements" shall mean, with respect to the issuer of Bonds, any and all requirements and limitations to which any specified type or category of Bonds are subject under the Internal Revenue Code or related Treasury regulations in order that such specified Bonds initially qualify and maintain qualification as that type or category of Bonds.
39. Financing Agreement. "Financing Agreement" shall have the definition set forth in the Power Purchase Agreement.
40. Fiscal Year. The twelve-month period commencing at 12:01 a.m. on July 1 of each year and ending at 12:01 a.m. on the following July 1, or such other time frame as determined by the Board of Directors.
41. Force Majeure. "Force Majeure" shall have the definition set forth in the Power Purchase Agreement.
42. Fund or Funds. Any fund or account created under the Indenture.
43. Generator Interconnection Agreement. Means that certain large generator interconnection agreement and associated documents as defined in the Power Purchase Agreement.
44. Guaranteed Generation. "Guaranteed Generation" shall have the meaning provided in the Power Purchase Agreement.
45. Indenture. The indenture of trust, trust agreement, credit or loan agreement and other similar agreements with respect to the Bonds, between SCPPA and a Project Trustee or Lender, as from time to time amended and supplemented in conformity with its provisions and of this Agreement. Under such agreements, SCPPA may enter into, or authorize the entering into of, interest rate swap agreements, other derivative agreements, and such other agreements as are authorized or permitted under such agreements. Indenture shall include, but not be limited to, any and all indentures in connection with any bridge loans, bond anticipation notes or other notes, or draw down bonds or with respect to any other type of bonds, and the indentures of trust, trust agreements or other similar agreements entered into between SCPPA and the Project Trustee or Lender to effect the redemption or refunding of any bridge loans, bond anticipation notes or other notes, draw down bonds or other bonds, as from time to time

amended and supplemented in conformity with their provisions and the provisions of this Agreement.

46. Indenture cost component. "Indenture cost component" is defined in Section 4.4.4.
47. Initial Payment Default Date. The earlier of (i) the end of the fifth day following the first Payment Default for that no remedy in payment has occurred and been received by SCPPA, or (ii) the last day of the Month in which the first Payment Default has occurred for which no remedy in payment has occurred and been received by SCPPA.
48. Interconnection Contracts. The contracts providing for the interconnections and associated facilities which interconnect the Facility with the transmission system and substations and provide for the delivery of Facility Output. Interconnection Contracts shall include, without limitation the Generator Interconnection Agreement as well as any other contracts related to interconnection of the Facility or Transmission System.
49. Internal Revenue Code. The Internal Revenue Code of 1986, as amended.
50. Joint Powers Agreement. The "Southern California Public Power Authority Joint Powers Agreement" dated as of November 1, 1980, as amended and modified from time to time, entered into pursuant to the provisions of the Act, among SCPPA and its members.
51. LADWP. The City of Los Angeles acting by and through the Department of Water and Power.
52. Major Contracts. The Project Agreements and, to the extent not finalized or effective on the effective date of this Agreement, any other contract or agreement so identified by the Board of Directors, as such contracts or agreements may be amended or supplemented from time to time.
53. Month. A calendar month.
54. Monthly Costs. "Monthly Costs" is defined in Section 7.1.
55. Moody's. "Moody's" shall mean Moody's Investor Services, Inc.
56. Operating Budget. The operating budget approved by the Board of Directors which shall show a detailed estimate of all Project operating costs, including all revenues, income or other funds to be applied to such operating costs for and applicable to a Power Supply Year.
57. Operating cost component. "Operating cost component" is defined in Section 4.4.1.
58. Operating Insurance. "Operating Insurance" shall have the meaning set forth in the Power Purchase Agreement.
59. Operating Reserve Depletion Date. The date that is two Months prior to the date on which SCPPA anticipates, assuming continued Payment Defaults by the Defaulting Purchaser, that the moneys in the operating reserve account of the Indenture will be fully depleted; provided,



however, if as of the date on which a Payment Default occurs SCPPA determines that the moneys in the operating reserve account will be fully depleted in less than two Months (or currently are fully depleted), then the Operating Reserve Depletion Date shall be deemed to have occurred when such a Payment Default occurs.

60. Operating Work. All work and activities in connection with the administration, operation and maintenance of the Project, including without limitation, negotiating and administering contracts, planning, mitigating impacts, purchasing, repairing, inspecting, maintaining, investigating and monitoring all aspects of the Project, performing modeling functions, economic analysis, quality control, testing and evaluating, recruitment and training of operating entities and personnel, electric energy and environmental attribute procurement, regulatory efforts, tagging, interconnecting, transmission, dispatching, firming, balancing, exchanging and scheduling activities, supervising, expediting, budgeting, insuring, accounting, tracking, registering, protecting, operating and managing activities, public information services and services of consultants, operators, engineers, contactors and legal counsel, renewals, replacements, reconstruction, and improvements, and activities related to securing requisite permits, franchises, licenses, approvals, entitlements, credits and certificates from governmental agencies and authorities.
61. Option Agreement. "Option Agreement" shall have the definition set forth in the Power Purchase Agreement.
62. Payment Default. A failure by Purchaser to pay when due all of its Billing Statement for any Month.
63. Payment Default Period. That period of time during which a Payment Default exists.
64. Performance Security. "Performance Security" shall have the definition set forth in the Power Purchase Agreement.
65. Permit. "Permit" shall have the definition set forth in the Power Purchase Agreement.
66. Person. "Person" means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization, entity, government or other political subdivision.
67. Point of Delivery. The point at which Energy is to be delivered to Purchaser pursuant to the Power Purchase Agreement or any other agreement with the Power Purchase Provider or, if SCPPA shall purchase or acquire the Facility, the same point of delivery of the Energy or such other point of delivery as authorized and determined by the Board of Directors.
68. Power Costs. "Power Costs" has the meaning described in Section 4.4.
69. Power Purchase Agreement. The Power Purchase Agreement between Southern California Public Power Authority and 64KT 8ME LLC, dated as of December 17, 2015, attached hereto as Appendix D, as the same may be amended from time to time.

70. Power Purchase and Security Agreements. The Power Purchase Agreement, the Option Agreement, the Ancillary Documents, the Consent and Agreement, the Financing Agreement, and all other agreements associated with the Facility, and any other consent to assignment or other agreement with any financial institution or Person relating to the Project or any loan or other credit agreement associated with the Facility, or any other agreement under which SCPPA might acquire or otherwise purchase or obtain the Facility or related resources and assets or the output of the Facility or carry forth any Acquisition all as and to the extent applicable to any particular Project matter or matters. The Power Purchase and Security Agreements shall also include any instrument or form of security which affords any opportunity for the purchase of the Facility or Acquisition, whether through foreclosure or otherwise, including any deed or deed of trust, mortgage, lease, assignment, beneficial interest, collateral instrument or other device or mechanism providing for the ability to acquire the Facility.
71. Power Purchase and Security Agreements cost component. "Power Purchase and Security Agreements cost component" is defined in Section 4.4.5.
72. Power Purchase Provider. 64KT 8ME LLC, as the counterparty to SCPPA under the Power Purchase Agreement, and any other entity named under any applicable operating agreement to operate or otherwise run or manage the Facility along with each of their successors, or any successors or assigns to the rights of these entities.
73. Power Supply Year. The Fiscal Year, except that the first Power Supply Year shall begin on the first to occur of (i) the date SCPPA is obligated to pay any portion of the costs of the Project, (ii) the date upon which SCPPA first incurs or accrues costs associated with the issuance of the Bonds, (iii) 90 days before the scheduled date for issuance of the Bonds, (iv) the date of Commercial Operation of the Facility, or (v) the date of the first delivery of Energy to Purchaser pursuant to this Agreement. Further, the first Power Supply Year shall end on the last day of the then current Fiscal Year.
74. Project or Springbok 3 Solar Farm Project. The term "Project" or "Springbok 3 Solar Farm Project" shall be broadly construed to entail the aggregate of rights, liabilities, interests and obligations of SCPPA pursuant to the Power Purchase Agreement, the Power Purchase and Security Agreements and the other Project Agreements, including but not limited to all rights, liabilities, interests and obligations associated with the Facility Output, or, upon purchase or acquisition by SCPPA, all rights, liabilities, interests and obligations associated with the Facility, and including all aspects of the operation and administration of the Facility and the Project Agreements and the rights, liabilities, interests and obligations associated therewith. The term Project shall also include those rights, liabilities, interests or obligations necessary or appropriate to carry out the functions specified in Section 6 and to utilize or deliver the energy of the Facility as specified in Section 9.
75. Project Agreements. Any project management agreement, the Indenture, this Agreement (Power Sales Agreement), each of the Power Purchase and Security Agreements, Real Property Agreements (as defined in the Power Purchase Agreement), the Interconnection Contracts, the Ancillary Documents, Springbok 3 Solar Power Agency Agreement or any other agreement of SCPPA with the Project Manager, other contracts and leases, easements,



rights of way and other real property arrangements or agreements associated with the Facility, if any, any other Acquisition agreement or agreement for the purchase, procurement, delivery or transmission of Facility Output, including all agreements connected or associated with any purchase of the Facility or passing to SCPPA in connection with any purchase of the Facility, and including the rights and interests under the Financing Agreement or any other consents to assignments or agreements for assignment, any operating agreements, any maintenance agreements, any warranty agreements, any participation agreements, any agreements for scheduling, dispatching, exchanging, tagging, movement or transmission, any agreements relating to any Capital Improvements and the agreements to which SCPPA is a party relating to the project design, development, administration, management or operation of the Facility and for placing of the Facility into operation or maintaining its operation.

76. Project Determination. "Project Determination" means any matter involving a question pertinent to the studying, investigating, planning, financing, developing, acquiring, constructing, reconstructing, operating, maintaining, administering, managing, improving, enlarging, or bettering of the Project.
77. Project Manager. LADWP, in its capacity as agent for and on behalf of SCPPA under the Springbok 3 Solar Farm Project Agency Agreement, dated as of December 17, 2015, between LADWP and SCPPA (the "Springbok 3 Solar Farm Project Agency Agreement" or "Agency Agreement") or if the Springbok 3 Solar Agency Agreement shall no longer be in force and effect, SCPPA or a designee or designees appointed by SCPPA to assist SCPPA to carry out SCPPA's responsibilities under this Agreement.
78. Project Rights. All rights and privileges of Purchaser under this Agreement, including but not limited to its right to receive Facility Output from the Facility.
79. Project Rights and Obligations. Purchaser's Project Rights and obligations under the terms of this Agreement.
80. Project Trustee or Lender. Any bank or other financial firm or institution at any time serving as trustee under the Indenture or any bank or financial firm party to the Indenture as a lender or as agent for a lender or lenders thereunder.
81. Prudent Utility Practices. "Prudent Utility Practices" shall have the meaning provided in the Power Purchase Agreement.
82. Replacement Energy. "Replacement Energy" shall have the definition set forth in the Power Purchase Agreement.
83. Reserve Fund cost component. "Reserve Fund cost component" is defined in Section 4.4.3.
84. Reserve Fund(s). Those reserve accounts deemed appropriate to afford a reliable source of funds for the payment obligations of the Project and, taking into account the variability of costs associated with the Project for the purpose of providing a reliable payment mechanism to address the ongoing costs associated with the Project.
85. S&P. "S&P" shall mean Standard & Poor's Financial Services LLC.

86. Shortfall Liquidated Damages. Shortfall Liquidated Damages shall have the definition set forth in the Power Purchase Agreement
87. Springbok 3 Solar Agency Agreement. "Springbok 3 Solar Farm Project Agency Agreement" shall have the definition set forth in this Appendix A under the definition of "Project Manager."
88. 64KT 8ME LLC. "64KT 8ME LLC" shall mean the limited liability company so named and that is organized and existing under the laws of the State of Delaware, or its successor or successors.
89. Startup and Test Energy. "Startup and Test Energy" shall have the definition set forth in the Power Purchase Agreement.
90. Supplementary Services. Those services in connection with the delivery of Energy involving additional transmission, interconnection arrangements, energy management, firming, shaping, energy balancing, dispatching, tagging, scheduling, Dynamic Scheduling, transmitting, interconnecting, swapping, exchanging or other services associated with the transmission, use or disposition of Facility Output to be utilized by Purchaser under this Agreement, and to otherwise provide for delivery and facilitate the disposition, movement, taking, receiving, accounting for, transferring and crediting the ownership and transfer of Facility Output from the Point of Delivery to any other points or destinations, as determined by Purchaser. Supplementary Services include but are not limited to delivery point swaps, stranded energy/transmission curtailments, tiepoint liquidity improvement, transmission loss savings, tiepoint price spread optimization, on-peak/off-peak exchanges, peak shifting exchanges, seasonal exchanges, and both simultaneous or non-simultaneous green energy exchanges.
91. Supplementary Services cost component. "Supplementary Services cost component" is defined in Section 4.4.2.
92. Tax Counsel. Nationally recognized legal counsel having background and experience in tax-exempt financing and selected by SCPPA to evaluate and advise regarding the Federal Tax Law Requirements with respect to specified cases, transactions and matters from time to time.
93. Taxes. "Taxes" shall have the meaning set forth in the Power Purchase Agreement.
94. Transmission System. "Transmission System" shall have the meaning set forth in the Power Purchase Agreement.
95. Uncontrollable Forces. Any Force Majeure event and any cause beyond the control of any Party, which by the exercise of due diligence such Party is unable to prevent or overcome, including but not limited to, failure or refusal of any other Person to comply with then existing contracts, an act of God, fire, flood, explosion, earthquake, strike, sabotage, pestilence, an act of the public enemy (including terrorism), civil or military authority including court orders, injunctions and orders of governmental agencies with proper



jurisdiction or the failure of such agencies to act, insurrection or riot, an act of the elements, failure of equipment, a failure of any governmental entity to issue a requested order, license or permit, inability of any Party or any Person engaged in work on the Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, or inability of SCPPA to sell or issue its Bonds. Notwithstanding the foregoing, Uncontrollable Forces as defined herein shall also include events of Force Majeure pursuant to the Power Purchase Agreement, as defined therein.

96. WECC. The Western Electricity Coordinating Council, or its successor..

## APPENDIX B

### OPINION OF COUNSEL TO PURCHASER

[Date]

Southern California Public Power Authority  
c/o Executive Director  
1160 Nicole Court  
Glendora, California 91740

[Underwriters for the Bonds]

[Bond Insurer or credit enhancement entity]

Ladies and Gentlemen:

We have acted as counsel to the City of Los Angeles, acting by and through the Department of Water and Power, as Purchaser (the "Purchaser") under the Springbok 3 Solar Farm Project Power Sales Agreement, dated for convenience as of December 17, 2015 (the "Power Sales Agreement"), between Purchaser and Southern California Public Power Authority ("SCPPA").

We have examined originals or copies of those records and documents we considered appropriate for purposes of this opinion. As to relevant factual matters, we have relied upon, among other things, Purchaser's factual representations.

We have assumed the genuineness of all signatures (other than the signatures of persons signing the Power Sales Agreement on behalf of Purchaser), the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. To the extent Purchaser's obligations depend on the enforceability of the Power Sales Agreement against SCPPA, we have assumed that the Power Sales Agreement is enforceable against SCPPA.

From such examination, on the basis of our reliance upon the assumptions in this opinion and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. Purchaser is a municipal corporation organized and existing under the laws of the State of California and authorized under The Los Angeles City Charter to furnish retail electricity within its service area.
2. Purchaser is empowered under The Los Angeles City Charter to enter into the Power Sales Agreement and to perform its obligations thereunder.
3. The Power Sales Agreement has been duly authorized, executed and delivered by Purchaser and, assuming due authorization, execution and delivery by SCPPA of such Power Sales Agreement, constitutes the legal, valid and binding obligation of Purchaser enforceable



in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally and to general principles of equity, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against municipal corporations in the State of California.

Our opinion in paragraph 3 as to enforceability is subject to the unenforceability of provisions waiving a right to jury trial. Also, a court may refuse to enforce a provision of the Power Sales Agreement if it deems that such provision is in violation of public policy.

We express no opinion with respect to your ability to collect attorneys' fees and costs in an action if you are not the prevailing party in that action (we call your attention to the effect of Section 1717 of the California Civil Code, which provides that where a contract permits one party thereto to recover attorneys' fees, the prevailing party in any action to enforce any provision of the contract shall be entitled to recover its reasonable attorneys' fees).

We express no opinion as to any provision requiring written amendments or waivers insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

It is our opinion that no person, other than SCPPA, has setoff rights against payments due from Purchaser. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, severability or waiver provisions contained in the Power Sales Agreement.

We express no opinion as to any agreement or document referred to in the Power Sales Agreement or incorporated into the Power Sales Agreement by reference, or any agreement other than the Power Sales Agreement itself, or the effect of any such agreement or document on the opinions herein stated.

The opinions expressed are matters of professional judgment and are not a guarantee of result. The law covered by this opinion is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction.

This opinion may be relied upon only by the addressees hereto in connection with the issuance of the Bonds (as described in the Power Sales Agreement). It may not be used or relied upon for any other purpose or by any other person, nor may copies be delivered to any other person, without in each instance our prior written consent, except that this opinion may be included in the closing binder memorializing the Power Sales Agreement.

This opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter speaks only as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that arise after the date of this opinion and come to our attention, or any future changes in laws.

Very truly yours,

## APPENDIX C

### OPINION OF COUNSEL TO SCPPA

[Date]

[Purchaser]

[Underwriters of the Bonds]

[Bond Insurer or credit enhancement entity]

Ladies and Gentlemen:

I am acting as counsel to the Southern California Public Power Authority ("SCPPA") under the Springbok 3 Solar Farm Project Power Sales Agreement, dated for convenience as of December 17, 2015, between the City of Los Angeles acting by and through the Department of Water and Power and SCPPA (the "Power Sales Agreement"), and I have acted as counsel to SCPPA in connection with the matters referred to herein. As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of SCPPA, (ii) all necessary documentation of SCPPA relating to the authorization, execution and delivery of the Power Sales Agreement, and (iii) the Power Sales Agreement.

Capitalized terms used herein not otherwise defined shall have the respective meanings ascribed thereto in the Power Sales Agreement.

I am of the opinion that:

1. SCPPA is a joint powers authority duly organized and validly existing under the Act, as amended, and the Joint Powers Agreement dated as of November 1, 1980, among SCPPA's members, as amended, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Power Sales Agreement.

2. The Power Sales Agreement has been duly authorized, executed and delivered by SCPPA, and, assuming due authorization, execution and delivery by the parties thereto, other than SCPPA, the Power Sales Agreement constitutes the legal, valid and binding obligation of SCPPA, enforceable against SCPPA in accordance with its terms.

3. To the best of my knowledge, SCPPA is not in material breach of or default under, and the authorization, execution and delivery of the Power Sales Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under: (i) any instrument relating to the organization existence or operation of SCPPA; (ii) any loan agreement, lease agreement, indenture, bond, note, resolution, commitment, agreement or other instrument to which SCPPA is a party or by which it or its property or assets is bound or affected, and no event has occurred and is occurring which with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument, which breach or default would have a material adverse impact on the Power Sales Agreement or the ability of SCPPA to comply with its obligations under the Power



Sales Agreement; or (iii) any applicable constitutional provision, law, ruling, administrative regulation, ordinance, judgment, order or decree to which SCPPA (or any of its officers in their respective capacities as such) is subject.

4. To the best of my knowledge, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of my knowledge, threatened against or affecting SCPPA or any of its officers in their respective capacities as such (nor to the best of my knowledge is there any basis therefor), which questions the right, power or authority of SCPPA referred to in paragraph 2 above or the validity of the proceedings taken by SCPPA in connection with the authorization, execution or delivery of the Power Sales Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Power Sales Agreement, or which, in any way, would adversely affect the validity or enforceability of the Power Sales Agreement or the ability of SCPPA to comply with its obligations thereunder.

Insofar as the foregoing opinions relate to the legal, valid and binding effect, and the enforceability, of any instrument, such opinions are subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and are subject, as to enforceability, to judicial discretion and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). Also, a court may refuse to enforce a provision if it deems that such provision is in violation of public policy.

The opinions expressed herein are based upon the law and other matters in effect on the date hereof. The opinions expressed are matters of professional judgment and are not a guarantee of result. I assume no obligation to revise or supplement this opinion should such law or other matters be changed by legislative action, judicial decision, or otherwise, or should any facts or other matters upon which I have relied change.

The opinions which are set forth or which are expressed herein are limited to the laws of the State of California.

This opinion is furnished exclusively for the benefit of the recipients to which it is addressed. This opinion may not be provided to, made available to, or relied upon by, any other party without prior written consent, except that this opinion may be included in the closing binder memorializing the transaction.

Very truly yours,

General Counsel  
Southern California Public Power Authority