

# Transaction Confirmation

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This Transaction Confirmation (“*Confirmation*”), regarding the purchase and sale of electric energy and Environmental Attributes, is entered into on the Effective Date, between the Salt River Project Agricultural Improvement and Power District (“*Seller*” or “*SRP*”) and the City of Los Angeles Department of Water and Power (“*Purchaser*” or “*LADWP*”) (collectively, Seller and Purchaser, the “*Parties*” and each a “*Party*”). This Confirmation supplements, forms part of, and is subject to, the WSPP Agreement (the “*Agreement*”) effective as of the Effective Date. All provisions contained in the Agreement shall govern this Confirmation, except as expressly stated below. Notwithstanding any contrary provisions in the Agreement, in the event of any conflict between this Confirmation and the Agreement, the terms of this Confirmation shall control. Capitalized terms used but not defined herein have the meanings assigned to them in the Agreement. All times or hours specified in this Confirmation refer to Pacific Prevailing Time, unless expressly provided otherwise.

Purchaser: City of Los Angeles Department of Water and Power.

Seller: Salt River Project Agricultural Improvement and Power District.

Term: October 25, 2016 through October 23, 2021.

Project: 55 MW Hudson Ranch geothermal plant in Imperial County, California (the “Project”).

Delivery Point: Mead 230 kV substation.

Delivery Rate: Up to 55 MW per hour for 24 hours a day, seven days a week.

Contract Quantity: Up to 2,409,000 MWh and related Environmental Attributes.

Type of Service: Unit Contingent: Seller shall deliver and Purchaser shall receive WSPP Schedule B Unit Commitment Service at the Delivery Point.

Contract Price: For energy and associated Environmental Attributes delivered by Seller to Purchaser during each hour of the Term, Purchaser shall pay:

\$85.29 per MWh from October 25, 2016 through December 31, 2019; and

\$90.00 per MWh from January 1, 2020 through October 23, 2021, subject to the following:

If not already implemented as of the Effective Date, Purchaser and Seller shall reasonably cooperate with one another, in good faith, to implement a dynamic signal for the Project, as soon as reasonably practicable following the Effective Date. Until the Project is scheduled dynamically:

(a) Seller shall statically schedule to Purchaser the forecasted plant output minus 4MW, which will account for 3% transmission losses delivered

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to Imperial Irrigation District at the plant switchyard and an additional nominal amount that accounts for minor variations in the plant output; and

- (b) If actual generation is less than scheduled generation, then for every MWh between the actual and scheduled energy, the Contract Price will equal 100% of the Intercontinental Exchange (ICE) Daily Weighted Average Palo Verde Day Ahead Index (“ICE Index”), either on-peak or off-peak, depending on the time of delivery (the “Index Price”). If actual generation is greater than scheduled generation, Purchaser will accept and pay for scheduled generation and related Environmental Attributes only.

Scheduling: Purchaser shall be responsible for scheduling the receipt of the energy.

Outages: Seller shall promptly notify Purchaser of any outages, scheduled or forced, at the Project.

Transmission: Delivery of energy by Seller to Purchaser at the Delivery Point shall be on Seller’s transmission rights from the Project to Blythe 161kV to Liberty 230kV to Mead 230kV. Any interruption of the delivery of the energy on any segment of the foregoing transmission path shall be considered an Uncontrollable Force. Seller is responsible for all losses between the Project and the Mead 230 kv substation.

Accounting,  
Transfer,  
and Delivery: The accounting and transfer of the Environmental Attributes will be facilitated by the Western Renewable Energy Generation Information System or any successor renewable energy tracking program (WREGIS). Each party will be responsible for maintaining active WREGIS accounts and for their own costs associated with maintaining the accounts, and Seller shall use WREGIS Forward Certificate Transfers to transfer all Environmental Attributes. Forward Certificate Transfers will occur based on the certificate creation timeline established by the WREGIS operating rules. Purchaser shall be responsible for all WREGIS expenses associated with transfer of the certificates to Purchaser’s WREGIS account. Seller shall be responsible for validating and disputing data with WREGIS prior to certificate creation each month. If the parties do not elect to use WREGIS or if WREGIS is discontinued, then the Environmental Attributes will be delivered by Seller to Purchaser, on a monthly basis, in an Environmental Attribute Attestation and Bill of Sale or other legal form to be agreed on between the parties. The Hudson Ranch geothermal plant

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meter data must be provided to LADWP to verify energy and REC generation.

**Credit:** Purchaser and Seller agree that Section 27 of the Agreement shall not apply to this Confirmation. All implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived.

If a Credit Event occurs at any time after the Effective Date, LADWP shall provide to SRP, within ten (10) Business Days after the occurrence of the Credit Event (or if the Term has not commenced as of the date of the Credit Event, then on or before the Term commencement date), a Letter of Credit in the amount sufficient to cover 60 days of receivables owed to SRP. Any Letter of Credit must be from a U.S. bank (or a domestic branch of a foreign bank) with a rating of not less than A/A1, in a form reasonably acceptable to SRP.

**Damages:** If Purchaser fails to schedule or receive, in any hour of the Term, less than the applicable hourly Contract Quantity (or, if less, the quantity that Seller has made available at the Delivery Point), then for purposes of calculating Purchaser's liability for damages under Section 21.3(a)(1) of the Agreement, the "Resale Price" will be deemed to equal the Index Price. If the ICE Index is unavailable, Seller may, for purposes of any applicable provision of this Confirmation, designate a comparable index, in its reasonable discretion.

**Uncontrollable Force:** If, due to an Uncontrollable Force, Purchaser cannot schedule or receive the Contract Quantity, Seller will, at Purchaser's request, re-purchase from Purchaser, at the Index Price, the energy not scheduled or received (but not the Environmental Attributes). Such re-purchase shall not relieve Purchaser from its obligation to pay the Contract Price for all energy delivered by Seller to the Delivery Point.

**Definitions:** "Credit Event" means that the rating of LADWP's Power System Revenue Bonds, without credit support, falls below either A- (S&P) or A3 (Moody's), or is withdrawn.

"Effective Date" means the date on which both Parties have executed and delivered this Confirmation.

"Environmental Attributes" means any and all fuel, emissions, air quality, and other environmental characteristics, including green energy tags, renewable energy credits or certificates (REC) (including as defined in any legislation applicable in the WECC region), credits, benefits, reductions,

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offsets, set asides, and allowances, howsoever entitled or named, resulting from the use of renewable generation or the avoidance of the emission of any gas, chemical, or other substance to the air, soil or water associated with electricity generation by the Hudson Ranch geothermal plant or its purchase, sale or use, including whether presently available or becoming available in the future any of the same arising out of any Law concerned with oxides of nitrogen, sulfur, or carbon, with particulate matter, soot, or mercury, or implementing the United Nations Framework Convention on Climate Change (the "UNFCCC") or the Kyoto Protocol to the UNFCCC, California's greenhouse gas legislation (including but not limited to California Assembly Bill 32 (Global Warming Solutions Act of 2006)) or any similar international, federal, state or local program or crediting "early action" with a view thereto, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency, and all Environmental Attribute Reporting Rights, but specifically excluding Production Tax Credits, Investment Tax Credits, ITC Grants, and any other tax deduction, tax credit, tax allowance or other tax benefit related to the ownership of the Hudson Ranch geothermal plant or the sale or delivery of the output thereof. To the extent that Environmental Attributes are measured in MWh, one MWh of energy from the Hudson Ranch geothermal plant corresponds to one MWh of Environmental Attribute.

[Signature page follows]

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

MAY 19 2015

BY

  
VAUGHN MINASSIAN  
DEPUTY CITY ATTORNEY

## PURCHASER:

Los Angeles Department of Water and Power

By: Marcie L. Edwards

Its: General Manager

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

And: Barbara E. Moschos, Board Secretary

## SELLER:

Salt River Project Agricultural Improvement and Power  
District

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

Its: \_\_\_\_\_

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