

Attachment B

NIPPC-REC Proposed Exhibit J

EXHIBIT J

GENERATION SCHEDULING ADDENDUM

(Applicable only to Facilities scheduling deliveries of Net Output to the Point of Delivery over a Transmitting Entity(ies) system)

WHEREAS, Seller's Facility is not located within the control area of Avista;

WHEREAS, Seller's Facility will not interconnect directly to Avista's System;

WHEREAS, Seller and Avista have not executed, and will not execute, an Interconnection Agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from its QF Facility to Avista via one (or more) Transmitting Entities.

WHEREAS, Avista desires that Seller schedule delivery of Net Output to the Point of Delivery;

WHEREAS, Avista does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and Avista do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement and this **Addendum** shall apply to this Generation Scheduling Addendum:

"Day" means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

"Energy Imbalance Accumulation," or **"EIA,"** means the accumulated difference between Seller's Net Output and the energy actually delivered at the Point of Delivery. A positive accumulated difference indicates Seller's net delivery of Surplus Energy to Avista.

"Firm Delivery" means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Point of Delivery pursuant to Seller's Transmission Agreement.

"Settlement Period" means one month.

"Supplemented Output" means any increment of scheduled energy or capacity delivered to the Point of Delivery in excess of the Facility's Net Output during that same hour or sub-hourly scheduling increment.

“**Surplus Energy**” means any energy delivered by the Facility in excess of hourly Net Output that is not offset by the delivery of energy in deficit of hourly Net Output during the Settlement Period.

**SELLER’S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller’s Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to the Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). Whenever Seller fails to provide for Firm Delivery of Net Output, all Net Output delivered via non-firm transmission rights shall be deemed Excess Output, and therefore subject to the payment provision in Section 5.4.

2. **Seller’s Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide Avista with a schedule of scheduled Net Output deliveries in accordance with Section Six of this Power Purchase Agreement.

3. **Seller’s Responsibility to Maintain Interconnection Facilities.** Avista shall have no obligation to install or maintain any interconnection facilities on Seller’s side of the Point of Interconnection. Avista shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller’s Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to Avista, scheduling energy into the Avista system and any other costs associated with delivering the Seller’s Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to Avista.

6. **Seller’s Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each month, Seller shall send a report documenting hourly station service, Excess Output, and Net Output from the Facility during the previous month, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by Avista. For each day Seller is late delivering the certified report, Avista shall be entitled to postpone its payment deadline in this Power Purchase Agreement by one day. Seller hereby grants Avista the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller’s Supplemental Representations and Warranties.** In addition to the Seller’s representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller’s Surplus Energy, if any, results from Seller’s purchase of some

form of energy imbalance ancillary service;

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

(c) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell Avista energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 5, above, Avista agrees to accept and pay for Supplemented Output; *provided, however, that* Seller agrees to make commercially reasonable efforts to achieve an EIA of zero (0) kilowatt-hours during On- Peak Hours and zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Failure to Achieve zero EIA.** In the event Seller does not achieve zero EIA at the end of each Settlement Period, Avista will declare any positive balance to be Surplus Energy, and Seller's EIA will be reset to zero. Avista will include an accounting of Surplus Energy in each monthly statement provided to Seller pursuant to this Agreement.

(b) **Negative Energy Imbalance Accumulations.** Any negative EIA (indicating that the Transmitting Entity has delivered less than Seller's Net Output), will be reset to zero at the end of each Settlement Period without any corresponding compensation by Avista.

(c) **Avista's Option to Change EIA Settlement Period.** In the event Avista reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to Avista, it may elect to enlarge the Settlement Period, up to a maximum of one year. Conversely, if Avista reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to Avista, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month.

ADDENDUM W—Example 1

Example of Seller's Output Reporting Requirement

		A	B	C	D	E
		Meter Reading ^v at Point of Interconnection (MWh)	Meter reading at Station Power Meter* (MWh)	(=A-B) Net Output (MWh)	Facility Capacity Rating (MW)	(=Max (0, C-D)) Excess Output (MWh)
Day	Hour ending (HE)					
1	7:00	0.50	0.01	0.49	1.50	
1	8:00	0.50	0.02	0.48	1.50	
1	9:00	0.50	0.01	0.49	1.50	
1	10:00	0.50	0.01	0.49	1.50	
1	11:00	0.50	0.01	0.49	1.50	
1	12:00	1.60	0.01	1.59	1.50	0.09
1	13:00	1.70	0.01	1.69	1.50	0.19
1	14:00	1.60	0.01	1.59	1.50	0.09
1	15:00	1.50	0.01	1.49	1.50	
1	16:00	1.50	0.01	1.50	1.50	
1	17:00	1.50	0.00	1.50	1.50	
1	18:00	1.50	0.01	1.49	1.50	
1	19:00	0.50	0.02	0.48	1.50	
1	20:00	0.50	0.01	0.49	1.50	

^v Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Interconnection, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.