

## ATTACHMENT A

### STRAW PROPOSAL—FOR DISCUSSION ONLY CONTRACTING PROCEDURES

The Company agrees to adhere to the following contract procedures for the purchase of output from Customers who own Qualifying Facilities for which this tariff applies and that is delivered to the Company's system. These contracting procedures are adjusted periodically and are on file with the Washington Utilities and Transportation Commission.

#### (1) Procedures

A. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. General information regarding a Qualifying Facility shall include:

- i) Qualifying Facility owner name, organizational structure and chart, and contact information;
- ii) generation and other related technology applicable to the Qualifying Facility;
- iii) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to the Company's electric system by the Qualifying Facility;
- iv) schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format, including (to the extent applicable) any expected generation degradation per year;
- v) ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;
- vi) map of Qualifying Facility location, electrical interconnection point, and point of delivery;
- vii) proposed commencement date for delivery of electric output;
- viii) list of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;
- ix) demonstration of ability to obtain Qualifying Facility status;
- x) fuel type(s) and source(s);
- xi) plans to obtain, or actual, fuel and transportation agreements, if applicable;
- xii) where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual, electricity transmission agreements with the interconnected system;
- xiii) interconnection agreement status (including interconnection queue number; and
- xiv) proposed contracting term and pricing provisions for the sale of electric output to the Company (i.e., term in years, fixed price, market indexed price).

B. Where the Company determines that the Customer has not provided sufficient information as required by Section (1)A, the Company shall, within ten (10) business days of the date that Customer provides information to the Company pursuant to Section (1)A, notify the Customer in writing of any deficiencies.

C. Following satisfactory receipt of all information required in Section (1)A, the Company shall, within thirty (30) business days of such receipt of information, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Washington Utilities and Transportation Commission's eligibility requirements, the Company will provide such indicative pricing proposal within ten (10) business days of the Company's receipt of the information required in Section (1)A.

D. The indicative pricing proposal provided to the Customer pursuant to Section (1)C will not be final or binding on either party. Prices and other terms and conditions will become final and binding on the parties under only two conditions:

- i) The prices and other terms contained in a power purchase agreement shall become final and binding upon full execution of such power purchase agreement by both parties, or
- ii) The applicable prices that would apply at the time a complaint is filed by a Qualifying Facility with the Washington Utilities and Transportation Commission shall be final and binding upon a final non-appealable determination that:
  - a. a "legally enforceable obligation" has arisen and, but for the conduct of the Company, there would be a contract, and
  - b. the Qualifying Facility can deliver its full electrical output within 365 days of such determination.

E. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal, within sixty (60) days of receipt of such indicative pricing proposal, it shall request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the Customer shall provide the Company with any additional information that the Company reasonably determines necessary for the preparation of a draft power purchase agreement, which shall include:

- i) updated information of the categories described in Section (1)A;
- ii) evidence of site control for the entire contracting term;
- iii) anticipated timelines for completion of key Qualifying Facility milestones, to include:
  - a. licenses, permits, and other necessary approvals;

- b. funding;
- c. Qualifying Facility engineering and drawings;
- d. significant equipment purchases;
- e. construction agreement(s);

- iv) an executed interconnection agreement or at least one interconnection study that reasonably demonstrates that the Qualifying Facility can deliver its full output on or before the commencement date provided by Customer in Section (1)A; and
- v) where applicable, an executed transmission agreement or transmission study agreement that reasonably demonstrates that the Qualifying Facility can deliver its full output to the point of delivery on or before the commencement date, each as provided by Customer in Section (1)A; and
- vi) additional information as explained in the Company's indicative pricing proposal.

F. If the Company determines that the Customer has not provided sufficient information as required by Section (1)E, the Company shall, within ten (10) business days of the date that Customer provides information to the Company pursuant to Section (1)E, notify the Customer in writing of any deficiency.

G. Following satisfactory receipt of all information required in Section (1)E, the Company shall, within fifteen (15) business days of the Company's receipt of the information required in Section (1)E, provide the Customer with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions. The draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company. The Company shall not be obligated to provide the Customer with a draft power purchase agreement until all information required pursuant to Section (1)E has been received by the Company.

H. Within ninety (90) calendar days after its receipt of the draft power purchase agreement from the Company pursuant to Section (1)G, the Customer shall review the draft power purchase agreement and shall: a) notify the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and is ready to execute a contract with same or similar terms and conditions as the draft contract; or b) prepare an initial set of written comments and proposals based on the draft, and provide them to the Company. The Company shall not be obligated to commence negotiations with a Customer or draft a final contract unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section (1)H.

I. After Customer has met the provisions of Section (1)H above, Customer shall contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties.

J. In connection with any contract negotiations between the Company and the Customer, the Company:

- i) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Customer;
- ii) may request to visit the site of the proposed Qualifying Facility if such a visit has not previously occurred;
- iii) shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed Qualifying Facility or proposed terms of the draft power purchase agreement;
- iv) may request any additional information from the Customer necessary to finalize the terms of the power purchase agreement and to satisfy the Company's due diligence with respect to the Qualifying Facility.

K. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, including the price paid for delivered power, and the Customer provides evidence that all relevant interconnection studies are complete and that interconnection is to occur on or prior to the requested first delivery date, the Company shall prepare and forward to the Customer, within ten (10) business days, a final, executable version of the power purchase agreement.

L. The Customer shall, within ten (10) business days of its receipt of a final, executable version of the power purchase agreement, execute and return the final power purchase agreement to the Company.

M. Where the Customer timely executes and returns the final power purchase agreement to the Company in accordance with Section (1)L, the Company will, within ten (10) business days of its receipt of the power purchase agreement executed by the Customer, execute such power purchase agreement.

N. Failure of the Customer to meet any timelines set forth in this Section relieves the Company of any obligation under this tariff until such time as the Customer resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final power purchase agreement per Section (1)L, such final power purchase agreement shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

## (2) Interconnection and Transmission Agreements

A. Where the Qualifying Facility will not be physically located within the Company's electrical system, the Customer will need to consummate an interconnection agreement with the 3rd-party electrical system. Additional or different requirements may apply to Washington QFs seeking to make sales to third-parties or out-of-system QFs seeking to wheel power to Washington for sale to the Company.

B. Where the Qualifying Facility will be interconnected to a 3rd-party electrical system and is requesting either Published Rates, or rates based on firm delivery of its electrical output, the Company's obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm transmission agreement or agreements to deliver all electrical output to the Company's system. Such agreement(s) shall have minimum terms equal to the lesser of: a) the term of the agreement being requested by the Qualifying Facility in Section (1)(A)(xiv), or b) the minimum term required by the 3rd-party transmission entity to ensure firm roll over transmission rights.