



April 11, 2024

Mr. Dean Allen
Manager
Spokane Eco District 1, LLC
5005 3rd Ave South
Seattle WA 98134

Re: Letter Agreement for Battery Shaping Services

Dear Mr. Allen:

Spokane Eco District 1, LLC (“**SED1**”), owns a 248 kW solar facility (“**Solar Facility**”) located on (i) the Catalyst Building located at 601 E Riverside Ave in Spokane, WA, which is owned by South Landing Building A, LLC (the “**Catalyst Building**”) and (ii) the Morris Center Building located at 12 N Sheridan St in Spokane, WA, which is owned by 611 E Sprague, LLC (the “**Morris Center Building**”). The Catalyst Building and the Morris Center Building (collectively, the “**Buildings**”) are located in the South Landing Eco-District (the “**Site**”). Avista Corporation (“**Avista**”) owns a 660 kW/1320 kWh battery electric storage system and associated conversion equipment including isolation transformer, inverter, DC bus, DC/DC converter, and control system (collectively, the “**Battery**”) located at or near the Site. SED1 desires Avista to use the Battery to shape the output of SED1’s Solar Facility as provided in this Letter Agreement. Avista agrees to allow the use of its Battery to provide shaping services for SED1’s Solar Facility pursuant to the terms of this Letter Agreement. Avista and SED1 may be referred to individually as a “Party”, or collectively as the “Parties”.

Avista intends to use its Battery to, among other things, perform certain tests to enhance overall grid usage and reliability. Using the Battery to provide shaping services is consistent with, and furthers, Avista’s intended use of the Battery. Accordingly, Avista will at its expense configure and integrate (including training) the Battery to operationally be part of SED1’s Solar Facility. The Battery will be used only for the purposes described in this Letter Agreement. SED1 shall operate, or cause the operation of, the Solar Facility and the Battery (“**Combined Facility**”) in accordance with this Agreement. Any output from the Combined Facility that is not used behind the meter at the Site will be sold to Avista on an as-available basis pursuant to a power purchase agreement (the “**PPA**”) entered into between SED1 and Avista in accordance with the Public Utility Regulatory Policy Act of 1978 (the “**PURPA**”).

SED1 shall, for the term of this Letter Agreement, operate, or cause the operation of the Battery, as follows:

1. **Default Mode of Operation**

In default mode, the Battery controller shall be configured to operate the Battery to store solar generation from the Solar Facility to the extent the generation exceeds the load behind the meter at the Site (the “**Default Mode**”, also commonly referred to as “solar following”). Except as otherwise directed by Avista, SED1 shall operate the Combined Facility in Default Mode. The Battery state-of-charge will be operated between pre-configured minimum and maximum state of charge limits. During periods of

time the Solar Facility is generating energy in excess of the Buildings' load, the energy production will be utilized to first offset the load. If the Solar Facility generation is in excess of the Buildings' load, the surplus energy will be used to charge the Battery. To provide Battery storage for the next day, the Battery will be discharged to offset Buildings' load when the Solar Facility is not generating energy. If the Solar Facility generation exceeds the Buildings' load and charge limit of the Battery, the Solar Facility will deliver electricity to Avista in accordance with the PPA. During winter months, when the Solar Facility is not generating energy for days at a time, the Battery will curtail the availability of energy from the Battery to the Buildings. The Parties anticipate that the Combined Facility will operated primarily in the Default Mode during each calendar year.

2. Enhanced Mode of Operation

The enhanced mode of operation is a potential mode to coordinate the solar generation from the Solar Facility and electric storage and discharge at the Battery to reduce monthly demand charges without compromising the comfort of the Buildings (the "**Enhanced Mode**", also referred to as "demand management"). Avista may from time to time direct SED1 to optimize the Battery in Enhanced Mode. The Battery controller can be configured to limit daily peak demand to a specific set-point. The Parties intend to evaluate the Enhanced Mode during seasons when solar production or storage discharge supports demand offsets.

3. Experimental Mode of Operation

The experimental mode shall be used to support pilot and demonstration projects (the "**Experimental Mode**"). Avista will inform SED1 when the Battery is placed in Experimental Mode. In Experimental Mode, the Battery will support targeted operational scenarios, as defined in each use case.

4. Emergency Mode of Operation

Federal Energy Regulatory Commission regulations allow a Qualifying Facility to use certain otherwise prohibited fuels to, among other things, alleviate or prevent emergencies directly affecting the public health, safety, or welfare, which would result from electric power outages. In the event that Avista determines that it is necessary to charge the Battery from the electrical grid (and thus likely using such otherwise prohibited fuels) in order to alleviate or prevent such an emergency, Avista and SED1 will coordinate and document the causes of and the operational procedures required to support Emergency Mode.

5. Other Modes of Operation

During the term of this Letter Agreement, Avista may develop such other modes of operation as it may deem useful or necessary to conduct tests to enhance overall grid usability and reliability. SED1 shall operate, or cause the operation of the Battery, in such other modes of operation as directed by Avista in good faith. SED1 shall provide Avista access to the Combined Facility and any information regarding the operation of the Combined Facility as is reasonably requested by Avista.

[Signature page follows.]



6. Operations

For the term of this Letter Agreement, SED1 shall operate, or cause the operation of, the Combined Facility in Default Mode or as otherwise directed by Avista and in accordance with all applicable laws and regulations. In consideration for the shaping services to be provided by Avista's Battery, SED1 understands and agrees that, pursuant to this Letter Agreement, Avista may direct that the Battery, Solar Facility, and/or Combined Facility may be operated from time to time in a manner that does not optimize the output of such facilities for use to serve load behind the meter at the Site or for sale to Avista. In no event shall Avista be liable or otherwise responsible for any lost revenues or costs incurred as a result of the operation of the Battery or the Combined Facility in accordance with this Letter Agreement. SED1 shall be responsible for any costs incurred by SED1 for the operation of the Battery in accordance with its operating parameters, the Solar Facility, and/or the Combined Facility; provided that Avista shall not charge SED1 for the use of the Battery, and SED1 will not be responsible for constructing, owning and maintaining the Battery. SED1 will not be required to operate the Combined Facility in a manner that would cause the Combined Facility to cease to be a Qualifying Facility pursuant to the Federal Energy Regulatory Commission's regulations (18 C.F.R. Part 292).

7. Operator

The parties acknowledge and agree that, pursuant to a Memorandum of Understanding between SED1 and McKinstry Essention, LLC dated April 11, 2024 ("McKinstry Essention"), SED1 has engaged McKinstry Essention to serve as the operator of the Combined Facility. Accordingly, Avista shall provide instructions contemplated by this Letter Agreement both to SED1 and McKinstry Essention, with the understanding that McKinstry Essention, in its role as operator of the Combined Facility, will implement such instructions on behalf of SED1.

8. Governing Law

This Letter Agreement shall be governed by the laws of the state of Washington applicable to contracts made and entered into in the state of Washington.

9. Insurance

Each Party shall at all times during the term of this Letter Agreement obtain and maintain in force and effect, at its sole cost, the insurance required to be maintained by Interconnection Customer pursuant to Article 8 of the Surplus Interconnection Agreement (as such terms are defined in the Surplus Interconnection Agreement).

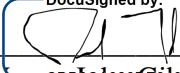
10. Term and Termination

This Letter Agreement shall be effective when executed by both Parties and shall continue until terminated in accordance with its terms. Either Party may terminate this Letter Agreement at any time by providing the other Party at least ninety (90) days prior written notice of termination. Upon receipt of such notice, the Parties shall, to the extent necessary, work cooperatively to electrically disconnect the Battery from the Solar Facility so that SED1 can operate the Solar Facility independent of the Battery effective upon the termination of this Letter Agreement. As of the termination date, SED1 will discontinue any use of the Battery and shall operate its Solar Facility independent of the Battery.

[Signature page follows.]

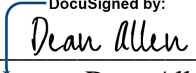


AVISTA CORPORATION

DocuSigned by:

Name: John Gibson
Title: Director, Innovation Lab
Date: Apr-12-2024 | 12:55 PM PDT

Accepted and Agreed to by:

SPOKANE ECO DISTRICT 1, LLC

DocuSigned by:

Name: Dean Allen
Title: Manager
Date: Apr-12-2024 | 8:11 AM PDT

[Signature page follows.]

