



Control Number: 35077



Item Number: 173

Addendum StartPage: 0

PUBLIC UTILITY COMMISSION OF TEXAS
Substantive Rule 25.195(e)

Project No. 35077

Interconnection Agreement

Dated as of March 24, 2006

Between

AEP Texas North Company

and

FPL Energy Horse Hollow Wind II, LP

April 28, 2010

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Horse Hollow III - Final

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**INTERCONNECTION AGREEMENT
BETWEEN
AEP TEXAS NORTH COMPANY
AND
FPL ENERGY HORSE HOLLOW WIND II, LP**

Dated March 24, 2006

**Interconnection Agreement
Between
AEP Texas North Company
And
FPL Energy Horse Hollow Wind II, LP**

This Interconnection Agreement is made and entered into this 24th day of March, 2006 between AEP Texas North Company ("Transmission Service Provider") and FPL Energy Horse Hollow Wind II, LP (referred to hereinafter as "Generator"), hereinafter individually referred to as "Party," and collectively referred to as "Parties." In consideration of the mutual covenants and agreements herein contained, the Parties hereto agree as follows:

Transmission Service Provider represents that it is a public utility that owns and operates facilities for the transmission and distribution of electricity. Generator represents that it will own and operate the Plant. Pursuant to the terms and conditions of this Agreement, Transmission Service Provider shall interconnect Generator's Plant with Transmission Service Provider's System consistent with the Facilities Study Agreement executed between FPL Energy Horse Hollow Wind, LP and Transmission Service Provider in a letter agreement dated, November 1, 2005.

This Agreement applies only to the Plant and the Parties' interconnection facilities as identified in Exhibit "C."

This Agreement shall become effective on the date first written above, subject to Governmental Authority approval, if required, and shall continue in full force and effect until terminated in accordance with Exhibit "A."

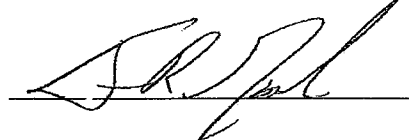
This Agreement will be subject to the following, all of which are incorporated herein:

- A. The "Terms and Conditions of the Interconnection Agreement" attached hereto as Exhibit "A";
- B. The ERCOT Requirements (unless expressly stated herein, where the ERCOT Requirements are in conflict with this Agreement, the ERCOT Requirements shall prevail);
- C. The PUCT Rules (where the PUCT Rules are in conflict with this Agreement, the PUCT Rules shall prevail);
- D. The Time Schedule attached hereto as Exhibit "B";
- E. The Interconnection Details attached hereto as Exhibit "C";
- F. The notice requirements attached hereto as Exhibit "D"; and

G. The Security Arrangement Details attached hereto as Exhibit "E."

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals, each of which shall constitute and be an original effective agreement between the Parties.

FPL Energy Horse Hollow Wind II, LP

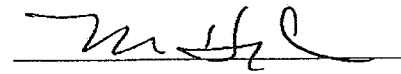


By: Dean Gosselin

Title: Vice-President

Date: MARCH 20, 2006

AEP Texas North Company



By: Michael Heyeck

Title: Vice President

Date: 3/27/2006

EXHIBIT "A"

TERMS AND CONDITIONS OF THE INTERCONNECTION AGREEMENT

ARTICLE 1. DEFINITIONS

Capitalized terms shall have the meanings as set forth below, except as otherwise specified in the Agreement:

1.1 "Affiliate" shall mean any person or entity that controls, is controlled by or is under common control with the Party in question. For purposes of this definition, control shall mean direct or indirect ownership or control of a majority of the voting interests of an entity.

1.2 "Agreement" shall mean this Agreement, all Exhibits or Appendices attached, and all amendments thereto.

1.3 "Applicable Laws and Regulations" shall mean all applicable federal, state and local laws, ordinances, rules and regulations, and all duly promulgated orders and other duly authorized actions of any Governmental Authority having jurisdiction over the Parties and/or their respective facilities. Notwithstanding the foregoing, each Party shall have the right at its sole expense to contest the application of any Applicable Laws and Regulations to such Party before the appropriate authorities.

1.4 "CCN" shall mean a Certificate of Convenience and Necessity issued by the PUCT.

1.5 "Commercial Operation" shall mean the date on which Generator declares that the construction of the last turbine-generator of the Plant has been substantially completed, Trial Operation of the first turbine-generator of the Plant has been completed, and the first turbine-generator of the Plant is ready for dispatch.

1.6 "Control Area" shall have the meaning ascribed thereto in PUCT Rule 25.5 or its successor.

1.7 "ERCOT" shall mean the Electric Reliability Council of Texas, Inc.

1.8 "ERCOT Requirements" means the ERCOT Operating Guides, ERCOT Metering Guidelines, ISO Generation Interconnection Procedures, ERCOT Protocols as well as any other documents adopted by the ISO or ERCOT relating to the interconnection and operation of generators and transmission systems in ERCOT as amended from time to time, and any successors thereto. Any requirement in the foregoing documents imposed upon generation

entities or generation facilities shall become the responsibility of Generator, and any requirements imposed on transmission providers or transmission facilities shall become the responsibility of TSP.

1.9 "Facilities Study" shall have the meaning as described in PUCT Rule 25.198 or its successor.

1.10 "Facilities Study Agreement" shall mean the agreement executed by the Parties relating to the performance of the Facilities Study.

1.11 "FERC" shall mean the Federal Energy Regulatory Commission, or any successor thereto.

1.12 "GIF" shall mean Generator's interconnection facilities as described in Exhibit "C" to this Agreement.

1.13 "Good Utility Practice" shall have the meaning described in PUCT Rule 25.5 or its successor.

1.14 "Governmental Authority(ies)" shall mean any federal, state, local or municipal body having jurisdiction over a Party.

1.15 "In-Service Date" shall be the date, as reflected in Exhibit "B," that the TIF will be ready to connect to the GIF.

1.16 "ISO" shall mean the ERCOT Independent System Operator.

1.17 "Plant" shall mean the electric generation facility that may be comprised of one or more turbine-generators and the collection circuits that connect to GIF that are owned and operated by Generator, as specified in Exhibit "C" to this Agreement.

1.18 "Point of Interconnection" shall mean the location(s) where the GIF connects to the TIF as negotiated and defined by the Parties and as shown on Exhibit "C" of this Agreement.

1.19 "Project Financing" shall mean one or more loans and/or debt issues, together with all modifications, renewals, supplements, substitutions and replacements thereof, the proceeds of which are used to finance or refinance the costs of the Plant, any alteration, expansion or improvement to the Plant, the purchase and sale of the Plant or the operations at the Plant.

1.20 "Project Financing Holder" shall mean any holder, trustee or agent for holders, of any component of the Project Financing.

1.21 "PUCT" shall mean the Public Utility Commission of Texas.

1.22 "PUCT Rules" shall mean the Substantive Rules of the PUCT.

- 1.23 "Reasonable Efforts" shall mean the use of Good Utility Practice and the exercise of due diligence.
- 1.24 "Regulatory Approvals" shall mean all consents, approvals, certifications, filings or orders that may be required by Applicable Laws and Regulations.
- 1.25 "System Protection Equipment" shall mean those facilities located within the TIF and the GIF as described in Section 5.6 and Exhibit "C" to this Agreement.
- 1.26 "System Security Study" shall have the meaning as described in PUCT Rule 25.198 or its successor.
- 1.27 "System Upgrades" shall mean the equipment and facilities described in Paragraph 8 of Exhibit "C" to this Agreement.
- 1.28 "TCOS" shall mean TSP's transmission cost of service as allowed by the applicable Governmental Authority.
- 1.29 "TIF" shall mean TSP's interconnection facilities as described in Paragraph 8 of Exhibit "C" to this Agreement.
- 1.30 "Trial Operation" shall mean the process by which Generator is engaged in on-site test operations and commissioning of the first turbine-generator of the Plant prior to Commercial Operation.
- 1.31 "TSP" shall mean Transmission Service Provider.
- 1.32 "TSP System" shall mean the electric transmission facilities, including the TIF and System Upgrades, and all associated equipment and facilities owned and/or operated by TSP.

ARTICLE 2. TERMINATION

2.1 Termination Procedures. This Agreement may be terminated as follows:

A. Generator may terminate this Agreement after giving TSP thirty (30) days advance written notice; or

B. TSP may terminate this Agreement (subject to Governmental Authority approval, if required) on written notice to Generator if Generator's Plant has not achieved Commercial Operation within one year after the scheduled Commercial Operation date reflected in Exhibit "B"; or

C. Either Party may terminate this Agreement in accordance with Section 10.6.

2.2 Termination Costs. If a Party elects to terminate the Agreement pursuant to Section 2.1 above, Generator shall pay all costs incurred (or committed to be incurred) by TSP, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of Generator under this Agreement. In the event of termination by either Party, both Parties shall use commercially reasonable efforts to mitigate the damages and charges that they may incur as a consequence of termination. The provisions of the Sections 2.2 and 2.3 shall survive termination of the Agreement.

2.3 Disconnection. Upon termination of this Agreement, the Parties will disconnect the GIF from the TIF in accordance with Good Utility Practice and all Applicable Laws and Regulations.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. TSP shall file this Agreement with the FERC (and provide a copy of the filing to the PUCT) within thirty (30) business days of the date first written above. Parties agree to assist one another and use all reasonable efforts in obtaining such approvals or making such filings as promptly as practicable. Any portions of this Agreement asserted by Generator to contain competitively sensitive commercial or financial information shall be filed by TSP identified as "confidential" under seal stating, for TSP's showing of good cause, that Generator asserts such information is confidential information and has requested such filing under seal. If requested by TSP, Generator shall provide TSP, in writing, with Generator's basis for asserting that the information referred to in this Section 3.1 is competitively sensitive information, and TSP may disclose such writing to the appropriate Governmental Authority.

3.2 Regulatory Approvals. Unless exempt, TSP shall timely request and obtain ISO approvals and all Regulatory Approvals necessary for it to carry out its responsibilities under this Agreement. Such approvals shall include any CCN required for the construction of the TIF or System Upgrades.

ARTICLE 4. INTERCONNECTION FACILITIES ENGINEERING, PROCUREMENT, AND CONSTRUCTION

4.1 Options. Generator shall select one of the following options (subsection A or subsection B) and include the selected option in Exhibit "B" for completion of the TIF:

A. TSP shall design, procure, and construct the TIF, using Reasonable Efforts to complete the TIF by the In-Service Date reflected in Exhibit "B." TSP will utilize its own resources and will contract for additional resources, as reasonably necessary, to meet the In-Service Date. Such resources shall include, as TSP believes is reasonable, use of other

contractors, other equipment suppliers, other material suppliers, additional contract personnel, additional payments to contractors for expedited work, and premiums paid to equipment and material suppliers for expedited delivery. TSP shall not be required to undertake any initiative which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, Applicable Laws and Regulations, and ERCOT Requirements. In the event TSP reasonably expects that it will not be able to complete the TIF by the In-Service Date, TSP will promptly provide written notice to Generator and will undertake Reasonable Efforts to meet the earliest date thereafter.

B. (i) TSP shall design, procure, and construct the TIF by the In-Service Date reflected in Exhibit "B." The Parties acknowledge that the In-Service Date was either agreed upon through good faith negotiations or designated by Generator upon failure of the Parties to agree. In the process of negotiating the In-Service Date, Generator will request a date upon which it reasonably expects it will be ready to begin use of the TIF and upon which it reasonably expects to begin doing so. Any date designated by Generator shall in no event be less than fifteen months from the date that all conditions of Sections 4.2 and 4.3 have been satisfied. The designated In-Service Date will be extended day for day for each day that the ISO refuses to grant clearances to install equipment. If TSP fails to complete the TIF by the In-Service Date reflected in Exhibit "B," TSP shall pay Generator liquidated damages in accordance with this Section 4.1.B.

(ii) The Parties agree that actual damages to Generator, in the event the TIF are not completed by the In-Service Date, may include Generator's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. The Parties agree that, because of such uncertainty, any liquidated damages paid by TSP to Generator shall be an amount equal to $\frac{1}{2}$ of 1% of the actual cost of the TIF, per day. However, in no event shall the total liquidated damages exceed 20% of the actual cost of the TIF. The Parties agree that such liquidated damages are less than Generator's actual damages. The Parties agree that the foregoing payments will be made by TSP to Generator as just compensation for the damages caused to Generator, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this Agreement.

(iii) TSP shall apply to have the full costs of the TIF included in TCOS. If the PUCT issues a final, appealable order excluding from TCOS any portion of the TIF costs, including higher contractor and vendor costs due to liquidated damage provisions in those contracts and insurance costs to cover liquidated damages, which costs may have been reasonably incurred but which the PUCT finds should not be recovered through TCOS, Generator shall reimburse TSP for such costs in an amount not to exceed the difference between TSP's estimate of the cost of the TIF under section 4.1.A and TSP's estimate of the cost of the TIF under Section 4.1.B as reflected in Exhibit "C." Such costs shall be estimated using Good Utility Practice.

(iv) No liquidated damages shall be paid to Generator if Generator is not ready to commence use of the TIF for the delivery of power to the Plant for Trial Operation or export of power from the Plant on the In-Service Date, unless Generator would have been able to commence use of the TIF for the delivery of power to the Plant for Trial Operation or export of power from the Plant but for TSP's delay.

(v) If the In-Service Date has been designated by Generator upon a failure of the Parties to agree on the In-Service Date, TSP may, at its option, require Generator to subcontract with TSP for all or part of the design, procurement and construction of the TIF in accordance with TSP's standard subcontractor agreements. In such event, TSP shall be subject to the payment of liquidated damages to Generator only if the In-Service Date is not met solely due to TSP's failure to complete the portion of the TIF for which TSP has retained responsibility. It is the intent of this subsection to give TSP full control of the contents and quality of the TIF. To the extent Generator acts as a subcontractor to TSP, the following will apply: 1) Generator shall engineer, procure equipment, and construct the TIF (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by TSP; 2) In its engineering, procurement and construction of the TIF, Generator shall comply with all requirements of law to which TSP would be subject in the engineering, procurement or construction of the TIF; 3) TSP shall review and approve the engineering design, acceptance tests of equipment, and the construction of the TIF; 4) TSP shall have the right to approve and accept for operation the TIF in accordance with the standards and specifications provided in advance by TSP, such approval and acceptance shall not be unreasonably withheld, conditioned, or delayed; 5) Should any phase of the engineering, equipment procurement, or construction of the TIF, including selection of subcontractors, not meet the standards and specifications provided by TSP, and therefore be deemed unacceptable, then Generator shall be obligated to remedy that portion of the TIF or selection of subcontractors that is deemed unacceptable, TSP's approval of Generator's selection of subcontractors will not be unreasonably withheld, conditioned or delayed; and 6) Once the TIF is accepted for operation by TSP, then TSP shall reimburse Generator for the reasonable and necessary costs incurred by Generator to complete the TIF, not to exceed the amount specified in the subcontract. Such reimbursement shall be made within thirty days after receipt of the invoice, unless otherwise agreed to by the Parties.

4.2 Equipment Procurement. If responsibility for construction of the TIF and System Upgrades is borne by TSP, then TSP shall commence design of the TIF and System Upgrades and shall procure necessary equipment within a reasonable time after all of the following conditions are satisfied:

A. TSP has completed the Facilities Study pursuant to the Facilities Study Agreement;

B. TSP has received written authorization to proceed with design and procurement from Generator by the date specified in Exhibit "B"; and

- C. Generator will provide security to TSP in accordance with Section 8.3.

TSP and Generator agree to work together to procure equipment in the most time and cost efficient manner. Should Generator procure equipment on behalf of the TSP, such equipment will be either specified by the TSP or approved by the TSP prior to procurement. Costs for such procurement shall be reimbursed by the TSP to the Generator upon the achievement of Commercial Operation.

4.3 TIF Construction Commencement. TSP shall commence construction of the TIF as soon as practicable after the following additional conditions are satisfied:

A. Approval of the appropriate Governmental Authority has been obtained for any facilities requiring Regulatory Approval, except for any approval or recommendation from ERCOT staff;

B. Necessary real property rights, if any, have been obtained;

C. TSP has received written authorization to proceed with construction from Generator by the date specified in Exhibit "B"; and

D. Generator has provided security to TSP in accordance with Section 8.3.

4.4 System Upgrades. TSP shall design, procure, and construct any necessary System Upgrades, using Reasonable Efforts to complete the System Upgrades by the System Upgrades In-Service Date reflected in Exhibit "B." TSP will utilize its own resources and will contract for additional resources, as reasonably necessary, to meet the In-Service Date. Such resources shall include, as TSP believes is reasonable, use of other contractors, other equipment suppliers, other material suppliers, additional contract personnel, additional payments to contractors for expedited work, and premiums paid to equipment and material suppliers for expedited delivery. TSP shall not be required to undertake any initiative which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, Applicable Laws and Regulations, and ERCOT Requirements. In the event TSP reasonably expects that it will not be able to complete the System Upgrades by the System Upgrades In-Service Date, TSP will promptly provide written notice to Generator and will undertake Reasonable Efforts to meet the earliest date thereafter.

4.5 System Upgrades Construction Commencement. TSP shall commence construction of the System Upgrades as soon as practicable after the following conditions are satisfied:

A. Approval of the appropriate Governmental Authority has been obtained for any facilities requiring Regulatory Approval, except for any approval or recommendation from ERCOT staff;

B. Necessary real property rights, if any, have been obtained;

C. TSP has received written authorization to proceed with construction from Generator by the date specified in Exhibit "B"; and

D. Generator has provided security to TSP for the System Upgrades in accordance with Section 8.3 by the dates specified in Exhibit "E."

4.6 Work Progress. The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. If, at any time, Generator becomes aware that the completion of the TIF or System Upgrades will not be required until after the specified In-Service Date or System Upgrades In-Service Date, Generator will promptly provide written notice to TSP of a new, later In-Service Date or System Upgrades In-Service Date.

4.7 Conditions Precedent Delay. To the extent this Agreement incorporates a specified In-Service Date or System Upgrades In-Service Date and Generator fails to satisfy conditions precedent under Sections 4.2, 4.3, or 4.5, as applicable, so that TSP may meet the In-Service Date or System Upgrades In-Service Date, the Parties will negotiate in good faith to establish a new schedule for completion of the TIF or System Upgrades.

ARTICLE 5. FACILITIES AND EQUIPMENT

5.1 Information Exchange. The Parties shall exchange information and mutually agree upon the design and compatibility of the Parties' interconnection facilities. The Parties shall work diligently and in good faith to make any necessary design changes to ensure compatibility of the GIF to the TSP System.

5.2 GIF Construction. Generator agrees to cause the GIF to be designed and constructed in accordance with Good Utility Practice, ERCOT Requirements and the National Electrical Safety Code in effect at the time of construction. Within one-hundred and twenty (120) days after Commercial Operation, unless the Parties agree on another mutually acceptable deadline, Generator shall deliver to TSP the following "as-built" drawings, information and documents for the GIF: a one-line diagram, a site plan showing the Plant and the GIF, plan and elevation drawings showing the layout of the GIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Generator's main-power transformers, the facilities connecting the Plant to the main power transformers and the GIF, the impedances (determined by factory tests) for the associated main power transformers and the generators, and the impedance of any transmission voltage lines that are part of the GIF.

5.3 TIF Construction. TSP agrees to cause the TIF to be designed and constructed in accordance with Good Utility Practice, ERCOT Requirements and the National Electrical Safety Code in effect at the time of construction.

5.4 Equipment Changes. For facilities not described in Exhibit "C," if either Party makes equipment changes to the Plant, the GIF, the TIF or the TSP System which it knows will affect the operation or performance of the other Party's interconnection facilities or the Plant, the Parties agree to notify the other Party, in writing, of such changes. Such changes shall be made in accordance with ERCOT Requirements and coordinated between the Parties.

5.5 Metering, Telemetry and Communications Requirements.

A. Metering and telemetry of data will be accomplished in accordance with ERCOT Requirements. The specific metering, telemetry and communications equipment to be installed and data to be telemetered are described in Exhibit "C."

B. At the Point of Interconnection, the metering and telemetry equipment shall be owned by TSP. However, TSP shall provide Generator with metering and telemetry values in accordance with ERCOT Requirements.

C. A minimum set of inputs to the telemetry equipment is specified in Exhibit "C." Additional sets of inputs may be subsequently mutually agreed upon.

D. TSP will notify Generator at least five (5) working days in advance of any planned maintenance, inspection, testing, or calibration of the metering equipment, unless otherwise agreed to in writing. Generator, or its designated representative, shall have the right to be present for these activities and to receive copies of any documents related to the procedures and results.

E. Prior to the connection of the GIF to the TIF, acceptance tests will be performed by the owning Party to ensure the proper functioning of all metering, telemetry and communications equipment associated with the Point of Interconnection and both Parties' interconnection facilities, and to verify the accuracy of data being received by TSP, the Control Area in which the Plant and TSP are located and Generator. All acceptance tests will be performed consistent with ERCOT Requirements.

F. TSP shall, in accordance with Good Utility Practice and ERCOT Requirements, specify communications facilities, including those necessary to transmit data from the metering equipment to TSP, that are necessary for the effective operation of the Plant and the GIF with the TSP System. Such communication facilities shall be included in Exhibit "C." Generator shall make arrangements to procure and bear the cost of such facilities.

G. Any changes to the meters, telemetry equipment, voltage transformers, current transformers, and associated panels, hardware, conduit and cable, which will affect the data being received by the other Party must be mutually agreed to by the Parties.

H. Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct

such error or malfunction as soon as reasonably feasible in accordance with ERCOT Requirements. If a meter is found to be not in compliance with the accuracy standards required by ERCOT Requirements, readings for the prior six months, or from the time the meter was in service since last tested, but not exceeding six months, shall be corrected and adjusted bills shall be rendered.

5.6 System Protection and Other Controls Requirements.

A. Each Party will use Reasonable Efforts to design and operate its respective facilities such that they will isolate any fault, or correct or isolate any abnormality, that would negatively affect the other Party's system or other entities connected to the TSP System.

B. Each Party shall be responsible for protection of its facilities consistent with ERCOT Requirements and Good Utility Practice.

C. Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Section 5.6.F. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and tripping Generator's units.

D. Recording equipment shall be installed to analyze all system disturbances in accordance with ERCOT Requirements.

E. Each Party will test, operate and maintain System Protection Equipment in accordance with ERCOT Requirements. Each Party will provide reasonable notice to the other Party of any testing of its System Protection Equipment allowing such other Party the opportunity to have representatives present during testing of its System Protection Equipment.

F. Prior to the In-Service Date, and again prior to Commercial Operation, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Equipment. At intervals suggested by Good Utility Practice or at intervals described in the ERCOT Requirements if so defined therein, and following any apparent malfunction of the System Protection Equipment, each Party shall perform both calibration and functional trip tests of its System Protection Equipment. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

5.7 No Annexation. Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

ARTICLE 6. OPERATION AND MAINTENANCE

6.1 Operation and Maintenance of Interconnection Facilities. The Parties agree to operate and maintain their systems in accordance with Good Utility Practice, National Electrical Safety Code, the ERCOT Requirements, PUCT Rules and all Applicable Laws and Regulations. Subject to any necessary ISO approval, each Party shall provide necessary equipment outages to allow the other Party to perform periodic maintenance, repair or replacement of the TIF or GIF as the case may be. Such outages shall be scheduled at mutually agreeable times, unless conditions exist which a Party believes, in accordance with Good Utility Practice, may endanger persons or property. Each Party shall use commercially reasonable efforts to minimize the frequency and duration of any outages. No changes will be made in the normal operation of the Point of Interconnection without the mutual agreement of the Parties except as otherwise provided herein. All testing of the Plant that affects the operation of the Point of Interconnection shall be coordinated between TSP, ERCOT, and Generator and will be conducted in accordance with ERCOT Requirements.

6.2 Control Area Notification. At least three months before Trial Operation, Generator shall notify TSP and the Control Area in accordance with ERCOT Requirements. The Parties will diligently cooperate with one another to enable this Agreement to be implemented on a schedule necessary to meet the Trial Operation date specified in Exhibit "B."

6.3 Land Rights and Easements. Terms and conditions addressing the rights of TSP and Generator regarding any facilities located on the other Party's property shall be addressed in a separate, duly executed and recorded easement agreement between the Parties. Prior to Commercial Operation, the Parties will mutually agree upon procedures to govern access to each other's property as necessary for the Parties to fulfill their obligations hereunder.

6.4 Service Interruption. The Parties recognize that the interruption of service provisions of the PUCT Rules give TSP the right to disconnect the TSP System from the Plant under the conditions specified therein. Notwithstanding the PUCT Rules to the contrary, TSP will not disconnect the TSP System from the Plant unless required by Good Utility Practices. In the event of such interruption of service, TSP shall provide prompt notice to Generator of cause of such interruption and an estimation of when the Plant will be re-connected to the TSP.

Generator will promptly disconnect the Plant from the TSP System when required by and in accordance with the PUCT Rules and ERCOT Requirements. The TSP shall use commercially reasonable efforts to minimize the frequency and duration of any service interruptions. The Parties acknowledge and agree that Generator shall have no liability to TSP, its Affiliates, subcontractors and customers for disconnecting the Plant from the TSP when required by and in accordance with the PUCT Rules, ERCOT Requirements or Applicable Laws and Regulations.

6.5 Switching and Clearance.

A. Any switching or clearances needed on the TIF or the GIF will be done in accordance with ERCOT Requirements.

B. Any switching and clearance procedure necessary to comply with Good Utility

Practice or ERCOT Requirements that may have specific application to the Plant shall be addressed in Exhibit "C."

6.6 Start-Up and Synchronization. Consistent with ERCOT Requirements and the Parties' mutually acceptable procedure, Generator is responsible for the proper synchronization of the Plant to the TSP System.

6.7 Routine Operational Communications. On a timely basis, the Parties shall exchange all information necessary to comply with ERCOT Requirements, and shall otherwise reasonably cooperate with each other.

6.8 Blackstart Operations. If the Plant is capable of blackstart operations, Generator will coordinate individual Plant start-up procedures consistent with ERCOT Requirements. Any blackstart operations shall be conducted in accordance with the blackstart criteria included in the ERCOT Requirements and TSP's Blackstart Plan on file with the ISO. Notwithstanding this section, Generator is not required to have blackstart capability by virtue of this Agreement. If Generator will have blackstart capability, then Generator shall provide and maintain an emergency communication system that will interface with TSP during a blackstart condition.

ARTICLE 7. DATA REQUIREMENTS

7.1 Data Acquisition. The acquisition of data to realistically simulate the electrical behavior of system components is a fundamental requirement for the development of a reliable interconnected transmission system. Therefore, TSP and Generator shall be required to submit specific information regarding the electrical characteristics of their respective facilities to each other as described below in accordance with ERCOT Requirements.

7.2 Initial Data Submission by TSP. The initial data submission by TSP shall occur no later than 120 days prior to Trial Operation and shall include transmission system data necessary to allow Generator to select equipment and meet any system protection and stability requirements.

7.3 Initial Data Submission by Generator. The initial data submission by Generator, including manufacturer data, shall occur no later than 90 days prior to the Trial Operation and shall include a completed copy of the following forms contained in the ISO's Generation Interconnection Procedure: (1) Plant Description/Data and (2) Generation Stability Data. It shall also include any additional data provided to the ISO for the System Security Study. Data in the initial submissions shall be the most current Plant design or expected performance data. Data submitted for stability models shall be compatible with the ISO standard models. If there is no compatible model, Generator will work with an ISO designated consultant to develop and supply a standard model and associated data.

7.4 Data Supplementation. Prior to Commercial Operation, the Parties shall supplement their initial data submissions with any and all "as-built" Plant data or "as-tested" performance data

which differs from the initial submissions or, alternatively, written confirmation that no such differences exist. Subsequent to Commercial Operation, Generator shall provide TSP any data changes due to equipment replacement, repair, or adjustment. TSP shall provide Generator any data changes due to equipment replacement, repair, or adjustment in the directly connected substation or any adjacent TSP-owned substation that may affect the GIF equipment ratings, protection or operating requirements. The Parties shall provide such data no later than 30 days after the date of the actual change in equipment characteristics. Also, the Parties shall provide to each other a copy of any additional data later required by the ISO concerning these facilities.

7.5 Data Exchange. Each Party shall furnish to the other Party real-time and forecasted data as required by ERCOT Requirements. The Parties will cooperate with one another in the analysis of disturbances to either the Plant or TSP System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records.

ARTICLE 8. PERFORMANCE OBLIGATION

8.1 Generator's Cost Responsibility.

A. Generator will acquire, construct, operate, test, maintain and own the Plant and the GIF at its sole expense.

B. In addition, Generator may be required to make a contribution in aid of construction payment to TSP in the amount set out for certain TIF described in Exhibit "C," if any, in accordance with PUCT Rules. Such cost will include salaries and wages, including overheads and benefits for TSP personnel, the cost of subcontractors selected by TSP for engineering and construction and the cost of equipment and materials. Generator agrees to reimburse TSP, if required by PUCT Rules, for any federal income tax gross up amount that may be due as a result of such payment by Generator to TSP if TSP is required by Applicable Laws and Regulations to pay federal income tax on this receipt. Generator shall not be responsible for any interest and/or penalties associated with any future gross up requirements.

C. Upon the achievement of Commercial Operation, the TSP will provide the Generator with an invoice(s) for the actual costs of item 8.1 (B) above. Generator agrees to reimburse TSP for all costs required to be paid by PUCT Rules within thirty days of receipt of an invoice(s) therefore. At Generator's request, TSP will provide Generator with supporting documentation and will permit Generator to examine during normal business hours at TSP's office in Tulsa, Oklahoma, relevant books and records reasonably necessary for Generator to verify costs which have been invoiced to Generator.

8.2 TSP's Cost Responsibility. TSP will acquire, own, operate, test, and maintain the TIF and System Upgrades at its sole expense, subject to the provisions of Section 4.1.B and the contribution in aid of construction provisions of Section 8.1 of this Agreement.

8.3 Financial Security Arrangements. TSP requires Generator to pay a reasonable deposit or provide another means of security, to cover the costs of planning, licensing, procuring equipment and materials, and constructing the TIF and the System Upgrades as described in Exhibit "C", Item 8. The required security arrangements shall be specified in Exhibit "E". Within five business days after the Plant achieves Commercial Operation, TSP shall return the deposit(s) or security arrangements to Generator. However, TSP may retain an amount to cover the incremental difference between TSP's actual out of pocket costs associated with the choice of Section 4.1.B over Section 4.1.A, pending a final PUCT Order as contemplated in Section 4.1.B(iii). If the Plant has not achieved Commercial Operation within one year after the scheduled Commercial Operation date identified in Exhibit "B" or if Generator terminates this Agreement in accordance with Section 2.1 and the TIF and System Upgrades are not required, TSP may, subject to the provisions of Section 2.2, retain as much of the deposit or security as is required to cover the costs it incurred in planning, licensing, procuring equipment and materials, and constructing the TIF and System Upgrades that specifically relate to Generator's facilities, including the Plant as described Exhibit "C", Item 8. If a cash deposit is made pursuant to Exhibit "E," any repayment of such cash deposit shall include interest at a rate applicable to customer deposits as established from time to time by the PUCT or other Governmental Authority.

ARTICLE 9. INSURANCE

9.1 Each Party shall, at its own expense, maintain in force throughout the period of this Agreement, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in Texas:

A. Employers Liability and Worker's Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the State of Texas. The minimum limits for the Employer's Liability insurance shall be One Million Dollars (\$1,000,000) each accident bodily injury.

B. Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

C. Comprehensive Automobile Liability Insurance for coverage of owned, non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a

minimum combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

D. Excess Public Liability Insurance over and above the Employer's Liability, Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.

E. The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance, and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and affiliated companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against the Other Party Group and provide thirty (30) days advance written notice to Other Party Group prior to cancellation or any material change in coverage or condition.

F. The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.

G. The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.

H. The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.

I. Within ten (10) days following execution of this Agreement, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this Agreement, executed by each insurer or by an authorized representative of each insurer.

J. Notwithstanding the foregoing, each Party may self-insure to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade, or better, by Standard & Poor's. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by

Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Sections 9.1.A through 9.1.I. In the event that a Party is permitted to self-insure pursuant to this Section 9.1.J, it shall not be required to comply with the insurance requirements applicable to it under Sections 9.1.A through 9.1.I.

K. The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this Agreement.

ARTICLE 10. MISCELLANEOUS

10.1 Governing Law and Applicable Tariffs.

A. This Agreement for all purposes shall be construed in accordance with and governed by the laws of the State of Texas, excluding conflicts of law principles that would refer to the laws of another jurisdiction. The Parties submit to the jurisdiction of the federal and state courts in the State of Texas.

B. This Agreement is subject to all valid, applicable rules, regulations and orders of, and tariffs approved by, duly constituted Governmental Authorities.

C. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

10.2 No Other Services. This Agreement is applicable only to the interconnection of the Plant to the TSP System at the Point of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary for it to receive any other service that it may desire from the other Party or any third party. This Agreement does not address the sale or purchase of any electric energy, transmission service or ancillary services by either Party, either before or after Commercial Operation.

10.3 Entire Agreement. Except for the Agreement for Interim Engineering, Design and Procurement Services between TSP and Generator dated as of October 27, 2005 (the "Interim Agreement"), this Agreement, including all Exhibits, Attachments and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. Except for the Interim Agreement, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement. Notwithstanding the other provisions of this Section the Facilities Study Agreement is unaffected by this Agreement.

10.4 Notices. Except as otherwise provided in Exhibit "D," any formal 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 either registered or certified mail, postage prepaid, overnight mail or fax to the address or number identified on Exhibit "D" attached to this Agreement. Either Party may change the notice information on Exhibit "D" by giving five business days written notice prior to the effective date of the change.

10.5 Force Majeure.

A. The term "Force Majeure" as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party's obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, national emergency, or restraint by any Governmental Authority.

B. Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation hereunder (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

10.6 Default

A. The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Section 10.6.B, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 30 days, the defaulting Party shall commence such cure within 30 days after notice and continuously and diligently complete such cure within 90 days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

B. If a Default is not cured as provided in this Section, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this Section will survive termination of this Agreement.

10.7 Intrastate Operation. The operation of the Plant by Generator shall not cause there to be a synchronous or an asynchronous interconnection between ERCOT and any other transmission facilities operated outside of ERCOT unless ordered by the Federal Energy Regulatory Commission under Section 210 of the Federal Power Act. The Parties recognize and agree that any such interconnection will constitute an adverse condition giving TSP the right to immediately disconnect the TIF from the GIF, until such interconnection has been disconnected. Generator will not be prohibited by this Section from interconnecting the Plant with facilities operated by the Comision Federal de Electricidad of Mexico, unless such interconnection would cause ERCOT utilities that are not "public utilities" under the Federal Power Act to become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

10.8 No Third Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

10.9 No Waiver. The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of obligations, rights, or duties imposed upon the Parties. Termination or Default of this Agreement for any reason by Generator shall not constitute a waiver of Generator's legal rights to obtain an interconnection from TSP under a new interconnection agreement.

10.10 Headings. The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.

10.11 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

10.12 Amendment. This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

10.13 No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right,

power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

10.14 Further Assurances. The Parties agree to (i) furnish upon request to each other such further information, (ii) execute and deliver to each other such other documents, and (iii) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement. Without limiting the generality of the foregoing, TSP shall, at Generator's expense, when reasonably requested to do so by Generator at any time after the execution of this Agreement, prepare and provide such information in connection with this Agreement (including, if available, resolutions, certificates, opinions of counsel or other documents relating to TSP's corporate authorization to enter into this Agreement and to undertake the obligations set out herein) as may be reasonably required by any potential lender to Generator under a proposed loan agreement. TSP will use commercially reasonable efforts to obtain any opinion of counsel reasonably requested by Generator, but TSP shall not be in Default of any obligation under this Agreement if TSP is unable to provide an opinion of counsel that will satisfy any potential lender to Generator. Specifically, upon the written request of one Party, the other Party shall provide the requesting Party with a letter stating whether or not, up to the date of the letter, that Party is satisfied with the performance of the requesting Party under this Agreement.

10.15 Indemnification and Liability. The indemnification and liability provisions of the PUCT Rule 25.202(b) or its successor shall govern this Agreement.

10.16 Consequential Damages. OTHER THAN THE LIQUIDATED DAMAGES HERETOFORE DESCRIBED, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.

10.17 Assignment. This Agreement may be assigned by either Party only with the written consent of the other which consent won't be unreasonably withheld or delayed; provided that either Party may assign this Agreement without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; and provided further that Generator shall have the right to assign this Agreement, without the consent of TSP, for collateral security purposes to aid in providing financing for the Plant, provided that Generator will require any secured party, trustee or mortgagee to notify TSP of any such assignment. Any financing arrangement entered into by Generator pursuant to this Section will

provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify TSP of the date and particulars of any such exercise of assignment right(s). Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

10.18 Lender Security. TSP agrees, if requested by Generator, to enter into an agreement (in a form reasonably acceptable to TSP) with the Project Financing Holders, pursuant to which TSP will acknowledge the creation of security over Generator's rights under this Agreement and agree that, upon breach of this Agreement or breach of any loan documents by Generator or the insolvency of Generator, the Project Financing Holder shall:

- (a) have the right within a reasonable period of time as specified therein to cure any breach of this Agreement complained of, provided the Project Financing Holder agrees to perform Generator's obligations under the Agreement during the cure period; and
- (b) have the right, upon payment of all outstanding amounts due and payable to TSP, to assume all the rights and obligations of Generator under this Agreement.

10.19 Severability. If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement; provided that if Generator (or any third-party, but only if such third-party is not acting at the direction of TSP) seeks and obtains such a final determination with respect to any provision of Section 4.1.B, then none of the provisions of Section 4.1.B. shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by Section 4.1.A.

10.20 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

10.21 Invoicing and Payment. Unless the Parties otherwise agree (in a manner permitted by applicable PUCT Rules and as specified in writing in an Exhibit "E" attached hereto), invoicing and payment rights and obligations under this Agreement shall be governed by PUCT Rules or applicable Governmental Authority. Invoices shall be rendered to the paying Party at the address specified on, and payments shall be made in accordance with the requirements of, Exhibit "D."

10.22 Confidentiality.

A. Subject to the exception in Section 10.22.B, any information that a Party claims is competitively sensitive, commercial or financial information under this Agreement ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a

dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this Agreement or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to the ISO. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subsection, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subsection, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

B. This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a breach of this provision).

Exhibit "B"
TIME SCHEDULE

Interconnection Option chosen by Generator (check one): X Section 4.1.A. or
Section 4.1.B

If Section 4.1.B is chosen by Generator, the In-Service Date(s) was determined by (check one):
(1) good faith negotiations, or (2) Designated by Generator upon failure
to agree.

Date on which Generator provided notice to proceed with design and procurement, as specified
in Section 4.2, so that TSP could maintain schedule to meet the TIF In-Service Date:

October 27, 2005

Date on which Generator provided notice to commence construction as specified in Section 4.3,
so that TSP may maintain schedule to meet the TIF In-Service Date:

December 16, 2005

Date by which Generator must provide prerequisites of Section 4.5, so that TSP may maintain a
schedule to meet the System Upgrades In-Service Date:

Not applicable

TIF In-Service Date(s): April 1, 2006

Scheduled Trial Operation Date: April 1, 2006

Scheduled Commercial Operation Date (subject to extension due to a Force Majeure event):
August 31, 2006

System Upgrades In-Service Date(s): Unknown at the time this Agreement was executed

Due to the nature of the subject of this Agreement, the Parties may mutually agree to change the
dates and times of this Exhibit "B".

EXHIBIT "C" INTERCONNECTION DETAILS

1. **Name:** Horse Hollow III
2. **Point of Interconnection location:** The Point of Interconnection is located at the transmission line dead end structure at the Bluff Creek Switching that terminates the 138 kV transmission line from the Horse Hollow III Substation ("Horse Hollow Substation"). The Bluff Creek Switching Station is in Taylor County approximately 20 miles southwest of the City of Abilene, Texas near the intersection of US Hwy 277 and Farm Road 89 between pole # 20/5 and 20/8 in the South Abilene - Oak Creek 138 kV transmission line. See attached Exhibit "C-1".
3. **Delivery Voltage:** 138 kV
4. **Number and size of Generating Units:** Nominal 224 MW total Plant capacity comprised of 149 units @1.5 MW each
5. **Type of Generating Units:** Wind turbines
6. **Metering and Telemetry Equipment:**
 - (a) The metering equipment described below will be procured, paid for, owned and installed by TSP inside the Horse Hollow Substation.
 - (i) one (1) 138 kV meter panel with one primary meter and one back up meter
 - (ii) three (3) 138 kV billing accuracy metering units: combination potential transformers and current transformers. The metering will be a three phase, four wire system.This metering equipment will be compensated for losses to the Point of Interconnection.
 - (b) The telemetry equipment described below is owned by TSP inside the Horse Hollow Substation.
 - (i) one (1) GE D20 multi-ported remote terminal unit (RTU)
 - (c) Such facilities shall meet the following TSP requirements in addition to ERCOT Requirements. If there is a conflict between the TSP requirements below and the ERCOT Requirements, the ERCOT Requirements shall govern.
 - i) The power transfer at the Point of Interconnection will be metered with bi-directional metering for bi-directional interconnections. Power flow from the TSP System to the Plant will be designated as "Out" MWh. "Out" MWh is considered positive and "In" MWh is considered negative. The same conventions will be observed for the reactive power. Each of these four

- quantities will be recorded separately.
- ii) For a Plant having more than one meter located at the Point of Interconnection (e.g., two lines), bi-directional metering will be used at each meter location. "Out" MWh from each meter will be summed by means of a totalizer, remote computer or other equivalent method. Output of this summed MWh from the totalizer will then be recorded on a digital recorder or similar equipment. The same procedure will be used for the other metered quantities.
 - iii) Meter test results shall be recorded on approved ERCOT meter test report forms or accepted equivalents. All affected parties shall be involved in engineering changes of interconnect metering equipment from project inception. All parties must be notified so a mutually agreeable time can be set for the changes. All parties involved must be satisfied to the making of any changes.
 - iv) Generator shall provide TSP with nameplate and connection information on the current transformers and the voltage transformers ratio, type and accuracy of transducer (3 element). All telemetry equipment will conform to TSP specifications.
 - v) The RTU protocol from TSP's RTU port shall meet TSP's EMS/SCADA requirements. 1200 baud communication is accomplished using Bell 202T modems. Shielded twisted pair wiring is required for analog signal connections.
 - vi) The metering facilities at the Point of Interconnection will measure power flow to the Plant when the Plant is not supplying power for station use. All current and voltage transformers used for billing metering shall conform to $\pm 0.15\%$ metering accuracy class or better.

7. Generator Interconnection Facilities:

- (a) GIF located at the Point of Interconnection include the following:
 - (i) approximately 21 mile long, 138 kV transmission line from the Horse Hollow Substation to, and including, the transmission line dead end structure at the Bluff Creek Switching Station
- (b) GIF located between the Point of Interconnection and Plant include the following:
 - (i) 34.5/138 kV Horse Hollow Substation and all facilities within it, except for those facilities identified as TIF in item 8 below
- (c) GIF located elsewhere include the following:
 - (i) communication equipment described in item 9a below

8. Transmission Service Provider Interconnection Facilities And System Upgrades:

- (a) TIF are required to synchronize and deliver Plant capacity and energy output to the TSP System. TIF located at the Point of Interconnection include the following:
 - (i) expansion of the 138 kV Bluff Creek Switching Station, including all structural steel, foundation, bus material, insulators, dead end structures and electrical equipment required to terminate, switch and protect the 138 kV transmission line from the Horse Hollow Substation
 - (ii) conductors from the Bluff Creek Switching Station equipment to the terminating 138 kV transmission line from the Horse Hollow Substation
 - (iii) power line carrier equipment at Mulberry and Red Creek substations
- (b) TIF located inside the Horse Hollow Substation includes metering and telemetry equipment described in item 6 above.
- (c) TIF located inside the Horse Hollow Substation and elsewhere includes System Protection Equipment described in item 10 below.
- (d) TIF located elsewhere include the following:
 - (i) communication equipment described in item 9b below
- (e) With TIF in service, System Upgrades are required to deliver the maximum Plant capacity and energy to the TSP System. System Upgrades include the following:
 - (i) additional 138 kV static capacitors, replacement of existing 138/69 kV autotransformer and additional 138/69 kV autotransformer at Menard Substation
 - (ii) expansion of Bradshaw Substation into a 5 terminal position 69 kV, 3 terminal position 138 kV ring bus with a 69/138 kV autotransformer
 - (iii) new Bluff Creek to Bradshaw 138 kV transmission line including communication fiber
 - (iv) re-built Bradshaw to South Abilene double circuit 69/138 kV transmission line including communication fiber
 - (v) additional 69/138 kV autotransformer at South Abilene Substation
 - (vi) replacement of existing 138/69 kV autotransformer and addition of 138 kV phase shifting transformer at Putnam Substation
 - (vii) facilities at the CRMWD#1, Winters, Christoval and Hext Substations to sectionalize the Ballinger to Eden, Bradshaw to Ballinger, Concho to Live Oak and Menard to Mason 69 kV transmission lines
 - (viii) 138 kV static capacitors and reactors at Bluff Creek Switching Station

9. Communications Facilities:

- (a) The communications facilities described below is owned by Generator.
 - (i) 1 – dedicated voice dispatch circuit from Generator's control center to TSP's Corpus Christi dispatch center

- (ii) 1 – 2 wire telecommunication dial-up line, including associated interface equipment at the Horse Hollow Substation for the dynamic and fault recorder
 - (iii) 1 – 4 wire RTU communication virtual circuit between the Horse Hollow Substation and TSP's Master SCADA system at TSP's Abilene Dispatch Center. This SCADA information will be forwarded to TSP's Corpus Christi dispatch center by TSP.
 - (iv) 1 – telephone company interface box at the Horse Hollow Substation
 - (v) optical isolation equipment for the telephone communication circuits, if required by the local telephone company
- (b) The communications facilities described below are owned by TSP.
- (i) 1 – 2 wire telecommunication dial-up line, including associated interface equipment at the Horse Hollow Substation for the revenue billing meters. Generator shall have dial-up, read only access to the revenue billing meters.
- (c) All communication facilities shall meet the following TSP requirements in addition to ERCOT Requirements. If there is a conflict between the TSP requirements below and the ERCOT Requirements, the ERCOT Requirements shall govern.
- i) Generator shall be responsible for confirming with TSP the project-specific circuit requirements and requesting specific TSP addresses and TSP contact names in preparation for issuing communication circuit orders with Generator's telecommunication service provider of choice. These communication channel(s) may be leased telephone circuit, microwave, fiber optics or other media satisfactory to TSP. For telephone company circuits leased by Generator, Generator shall provide TSP and the communication provider with the necessary advanced authorization for communication circuit maintenance, allowing TSP to monitor circuits, report trouble and take corrective action with the communication provider, at Generator's expense.
 - ii) The RTU communications circuit will be a dedicated lease circuit from the RTU to TSP's dispatch office; this circuit is to be ordered by Generator. One circuit is required for each RTU. This circuit will be a Bell type 4-wire (420) analog circuit.
 - iii) The voice dispatch circuit will be a dedicated lease circuit from the Plant operators to TSP's dispatch office. If the Plant operator is not located on the Plant site, then the circuit must be terminated at the actual location of the Plant operators. This circuit is required of Generator where the total Plant generation capacity is equal to or greater than 50 MVA. This circuit is to be ordered by Generator. This circuit will be a Bell type 428 non-dialable pair, also known as an OSPA two-wire circuit. For circuit design and ordering purposes, the circuit origination is to be at TSP's dispatch office; the circuit termination is to be at the actual location of the Plant

operators. All telephone company services are subject to the local telephone company's installation requirements.

10. System Protection Equipment:

The protection equipment described below includes only that equipment associated with the TIF and GIF and does not include the system protection equipment associated with the System Upgrades identified in item 8(e) above.

(a) The following system protection equipment is owned by TSP inside the Bluff Creek Switching Station:

- (i) 1- 138 kV circuit breaker
- (ii) 2- 138 kV manual disconnect switches
- (iii) 1- 138 kV motor operated switch
- (iv) 3- 138 kV line CCVT's
- (v) 1- relay panel

(b) The following system protection equipment is owned by TSP inside the Horse Hollow Substation:

- (i) dynamic and fault recorder

(c) The following system protection equipment is owned by Generator inside the Horse Hollow Substation:

- (i) cable and conduit for the dynamic and fault recorder
- (ii) one (1) 138 kV, disconnect switch, motor operated
- (iii) three (3) 138 kV incoming station class lightning arresters
- (iv) three (3) 138 kV CCVT's with optional tuning unit for power line carrier and wave trap
- (v) one (1) 138 kV, 2000 A isolation disconnect manual operated disconnect switches
- (vi) two(2) 2000 A, 142 kV, 40 kA gas SF-6 circuit breakers for interconnection isolation
- (vii) four (4) 138 kV, 1200A isolation disconnect manual operated disconnect switches
- (viii) two (2) 34.5 kV, 2000 A disconnect switches located between the 34.5 kV main bus incoming breakers and the corresponding 2 main transformer secondary bushings
- (ix) two (2) 34.5 kV switchgear with 2 -2000 A, 34.5 kV busses that include two main bus incoming 2000 A breakers (one bus and main breaker per switchgear line up), and 8 feeder 1200 A breakers (four per switchgear bus), and two (2) capacitor bank breakers (one capacitor bank breaker per switchgear bus)
- (x) thirty-six(36) 24.4 kV station class lightning arresters
- (xi) one (1) primary line differential relay with fiber optic communication
- (xii) one (1) secondary line step distance relay system with fiber optic communication per TSP's specification

- (xiii) primary and/or secondary relay system to provide transfer trip to and from the Bluff Creek and Horse Hollow terminals,
 - (xiv) two(2) micro processor relays, one each for the 138 kV side of the two main transformers to provide back up protection including phase and ground over current, over and under voltage, under and over frequencies, transformer primary neutral time over current and 138 kV breaker failure, trip/close circuits monitor
 - (xv) two (2) main transformer differential relays, one per transformer, with time over current phase and ground back-up for 138 kV and 34.5 kV windings and transformer secondary neutral overcurrent
 - (xvi) transformer fault pressure relays, one per transformer
 - (xvii) transformer temperature alarms
 - (xviii) four (4) transformer and interconnection lockout relays and tripping relays, 2 lockout relays and 2 tripping relays per transformer
 - (xix) two (2) 138 kV breaker failure lockout relays and tripping relays, one breaker failure lockout relay and one breaker failure tripping relay per each 138 kV interconnecting breaker
 - (xx) two (2) main breaker and ten (10) feeder breaker directional and non directional time overcurrent micro processor relays including: phase and ground instantaneous and over/under voltage, under/over frequency, fault locator, breaker failure, trip/close circuits monitor
 - (xxi) one (1) fiber patch tray for relay and SCADA communication
- (d) Protection of each Party's system shall meet the following TSP requirements in addition to ERCOT Requirements. If there is a conflict between the TSP requirements below and the ERCOT Requirements, the ERCOT Requirements shall govern.
- (i) TSP assumes no responsibility for the protection of the Plant or any other portion of Generator's electrical equipment for any or all operating conditions. Generator is fully responsible for protecting his equipment in a manner such that faults or other disturbances on the TSP System or other interconnected systems do not cause damage to Generator's equipment.
 - (ii) It is the sole responsibility of Generator to protect its Plant and GIF from excessive negative sequence currents.
 - (iii) Generator shall furnish at a minimum, a manual disconnect switch with visual contacts and allowance for padlocking, to separate the Plant from the TSP System. The location of this switch will be determined by TSP, and be readily accessible to TSP at all times. The disconnect switch will be under the exclusive control of TSP and will be considered as part of TSP's switching procedures. TSP reserves the right to open this disconnecting device, isolating the Plant, for any of the following reasons:
 - A) The Plant, upon TSP's determination, causes objectionable interference with other customer's service or with the secure operation of the TSP System.
 - B) The Plant, upon TSP's determination, exceeds the operating boundaries outlined above.

- C) Generator's control and protective equipment causes or contributes to a hazardous condition. TSP reserves the right to verify on demand all protective equipment including relays, circuit breakers, etc. at the Point of Interconnection. Verification may include the tripping of the tie breaker by the protective relays.
- D) Continued parallel operation of the Plant is hazardous to the Plant, GIF, TIF or TSP System or to the general public in TSP's opinion.
- E) To provide TSP personnel the clearances for dead line or live line maintenance.
TSP will attempt to notify Generator before disconnection, but notification may not be possible in emergency situations that require immediate action.
- (iv) At any time that TSP's source breakers trip and isolate the Plant, Generator shall use Reasonable Efforts to insure that his generation is disconnected from the Point of Interconnection prior to automatic reclosure by TSP. Generator is solely responsible for the protection of its Plant from automatic reclosing by TSP.
- (v) Generator is solely responsible for providing adequate protection for the Plant and GIF operating in parallel with the TSP System in such manner that faults or other disturbances on the TSP System do not cause damage to the Plant or GIF.
- (vi) TSP shall purchase, install and maintain fault (transient) and long term dynamic recording equipment to monitor and verify generator's proper transient and steady-state response to power system disturbances. This equipment may be located at the Generator's switchyard. The fault (transient) and dynamic recorder at the Generator's switchyard will be located in the Horse Hollow Substation switchgear building. Generator shall provide the necessary analog and digital channels to the recording equipment and TSP will terminate the signals in the recorder. TSP shall own and maintain the recorder(s). The necessary communication equipment shall be installed by TSP and access shall be provided to allow TSP the ability to monitor the recorder(s) and verify the Plant response to ERCOT power system disturbances. In the event of a grid event, TSP shall share data from the dynamic and fault recorder with the Generator to assist in determining the root cause of the event.
- (vii) Generator shall provide to the fault (transient) and dynamic recorders the three-phase analog signal output of the Plant current and voltages at the Plant side of the 138 kV interconnecting circuit breaker. The generator output currents can be measured at the high side (138 kV) of the generator step up transformer. Generator shall also provide the digital signal output of the primary and backup lockout relays for the Plant and the status (power factor mode or voltage mode) of the Plant dynamic VAR controller.
- (viii) All fault (transient) and dynamic recorders shall be equipped with time synchronizing equipment.

11. Inputs to Telemetry Equipment:

Horse Hollow Substation data points and Plant data points required for telemetry will be provided to TSP in accordance with the following:

- a) Power flow from the TSP System to the Plant will be designated as "Out" MWh. "Out" MWh is considered positive and "In" MWh is considered negative. The same conventions will be observed on the reactive power. Each of these four quantities will be recorded separately.
- b) If requested by Generator and if available from TSP's metering equipment, the following information will be provided at Generator's expense at the Point of Interconnection. Isolating relays or transducers will be used as required. Digital Distributed Network Protocol (DNP) or other mutually agreeable signals for analog and digital status points will be used for the following.
 - i) "Out" MWh pulses — dry form "A" or dry form "C" contact (125 volt maximum)
 - ii) "In" MWh pulses — dry form "A" or dry form "C" contact (125 volt maximum)
 - iii) "Out" MVARh pulses — dry form "A" or dry form "C" contact (125 volt maximum)
 - iv) "In" MVARh pulses — dry form "A" or dry form "C" contact (125 volt maximum)
 - v) +/- MW (instantaneous) — -1 to 0 to +1 mA full scale
 - vi) +/- MVAR (instantaneous) — -1 to 0 to +1 mA full scale
- c) The following information shall be supplied for each meter to be connected to TSP's recording equipment and the RTU used for the Point of Interconnection. Digital DNP or other mutually acceptable signals for analog and digital status points will be used for the following.
 - i) Status Points - Transmission line(s) breaker(s) status inputs to the RTU will be a dry form "A" contact or dry form "B" contact that is a direct output from the device monitored. No signal conversion device shall exist between the device monitored and the RTU. Contact rating shall be 0.25 Amp at 125 volt AC or DC. Wetting voltage for status to be supplied from the RTU.
 - ii) Analog Points - Instantaneous MW and instantaneous MVAR inputs to the RTU will be -1 to 0 to +1 mA full scale for bi-directional values, 0 to +1 mA full scale for unidirectional values. An alternate input of 4 to 12 to 20 mA full scale for bi-directional and 4 to 20 mA full scale for unidirectional values will be acceptable. The RTU shall be directly connected using analog outputs from the interconnect meters or transducers. No signal conversion device shall exist between the meter or transducer and the RTU.

- iii) Hourly Accumulation Points - "In" MWh, "Out" MWh, "In" MVARh and "Out" MVARh pulses to the RTU will be a dry form "A" or dry form "C" contact (dry form "A" preferred). Contact rating shall be 0.25 Amp at 125 volt AC or DC. Wetting voltage for each contact to be supplied from the RTU. Separate contacts shall be used for "In" and "Out" values. The RTU shall be directly connected using pulse outputs from the interconnect meters. No signal conversion device shall exist between the meter and the RTU.
- d) The following information shall be required for a Plant where the total generation capacity is equal to or greater than 50 MVA. A specific data interface list will be developed by TSP as a part of each project based upon the project's electrical configuration. Digital DNP or other mutually acceptable signals for analog and digital status points will be used for the following.
 - i) Status Points - Plant breaker status and digital fault (transient)/dynamic recorder trouble alarm inputs to the RTU will be a dry form "A" or dry form "B" contact that is a direct output from the device monitored. No signal conversion device shall exist between the device monitored and the RTU. Contact rating shall be 0.25 Amp at 125 volt AC or DC. Wetting voltage for status to be supplied from the RTU.
 - ii) Analog Points - Plant gross MW (required for the Plant), Plant gross MVAR (bi-directional values required for the Plant), station frequency HZ (for those stations where a common bus does not exist between multiple units, individual unit frequency point will be required) and voltage where the Plant connects to the TSP System inputs to the RTU will be -1 to 0 to +1 mA full scale for bi-directional values, 0 to +1 mA full scale for unidirectional values. An alternate input of 4 to 12 to 20 mA full scale for bi-directional and 4 to 20 mA full scale for unidirectional values will be acceptable. The RTU shall be directly connected using analog outputs from the meters or transducers. No signal conversion device shall exist between the meter or transducer and the RTU.
 - iii) Hourly Accumulation Points - Plant MWh (required for the Plant), Plant gross MVARh "In" (required for the Plant) and Plant gross MVARh "Out" (required for the Plant) inputs to the RTU will be a dry form "A" or dry form "C" contact (dry form "A" preferred). Contact rating shall be 0.25 Amp at 125 volt AC or DC. Wetting voltage for each contact to be supplied from the RTU. Separate contacts shall be used for "In" and "Out" values. The RTU shall be directly connected using pulse outputs from the meters. No signal conversion device shall exist between the meter and the RTU.

12. Supplemental Terms and Conditions:

- a) Each Party shall be consulted during the planning and design process of the Plant, GIF and TIF. The engineering and design work (including drawings, plans, materials

lists, specifications and other documentation and supporting data) will be prepared in accordance with recognized industry standards and all applicable laws, rules and regulations, and is intended to be used solely in connection with the construction of the Plant, GIF and TIF. Neither Party shall make use of any aspect of the engineering and design work of the other Party for any other projects without the prior written consent of the other Party. Each Party may provide its contractors with copies of the engineering and design work of the other Party in connection with the construction of the Plant, GIF and TIF, provided that (i) the Party's contractor agrees in writing that the engineering and design work is intended to be used solely in connection with the construction of the Plant, GIF and TIF, and (ii) the Party's contractor shall not make use of any aspect of the engineering and design work on any other projects without the prior written consent of the other Party. Each Party agrees to obtain the written agreement of such contractors prior to providing them with the engineering and design work and to promptly provide the other Party with a copy of that agreement.

b) Generator shall use Reasonable Efforts to change the GIF as may be reasonably required by TSP to meet future changes in the TSP System. Generator shall be given reasonable notice by TSP prior to the date that any such required change in the GIF must be made.

c) The parties will reasonably cooperate in properly synchronizing Plant with the TSP System and Generator shall provide to TSP for review, the most current specifications for GIF equipment, including control drawings and one-line diagrams. TSP's review of Generator's specifications shall not be construed as confirming or endorsing the design or as any warranty of safety, durability or reliability of the facility or equipment.

d) Generator shall not energize a de-energized TIF circuit, unless under direction of TSP.

e) If wye delta connected Plant step up transformers are utilized they shall be wye connected to TIF and delta connected to the GIF.

f) The Plant shall not cause objectionable interference with the electric service provided to other customers by TSP nor jeopardize the security of the ERCOT power system. In order to minimize objectionable interference of the Plant, the Plant shall meet the following criteria:

- i) Voltage - The Plant shall not cause excessive voltage excursions. Generator shall operate its Plant in such manner that the voltage levels on the TSP System are in the same range as if the Plant was not connected to the TSP System. Generator shall provide an automatic method of disconnecting its Plant and GIF from the TIF to protect against excessive voltage excursions.
- ii) Flicker - The Plant shall not cause excessive voltage flicker on the TSP System. Flicker is to be measured at the Point of Interconnection and shall

- not exceed 1.5% or the Borderline of Visibility Curve Voltage Flicker Chart of ANSI/IEEE Standard 141-1993, whichever is less.
- iii) Frequency – The operating frequency of the Plant shall not deviate from the frequency of the TSP System. Plant under frequency relays shall be set the same as TSP's under frequency relays, so that the Plant will not separate from the TSP System during under frequency conditions until all of TSP's under frequency load shedding equipment has operated.
 - iv) Harmonics, Telephone Interference and Carrier Interference - The Plant shall not introduce excessive distortion of the TSP System waveforms; voltage and current; telephone interference; or carrier interference at the Point of Interconnection. IEEE Standard 519 shall be used as a guide.
 - v) Fault and Line Clearing - The Plant and GIF shall be disconnected from the TSP System on occurrence of an outage or fault on the TIF serving the Plant radially. Generator is responsible for the electrical stability of its Plant.
 - vi) Power Factor – The power factor of synchronous generators will be at least 0.85 lag and 0.95 lead. The generator voltage-var schedule, voltage regulator, and transformer ratio settings will be jointly determined by TSP and Generator to ensure proper coordination of voltages and regulator action. The Plant must generate reactive requirements for the Plant and GIF. TSP may, in order to maintain security of the ERCOT power system, request Generator to accept reactive power. The power factor of induction generators of renewable resources will be limited by the design of the generator and the quantity of reactive power that the Plant will be required to supply will be limited to that which it can produce at its rated capability using procedures and criteria as described by ERCOT Requirements. Current ERCOT Requirements require that induction generators operate at least 0.95 lag and 0.95 lead at the point of interconnection.
- g) Generator may not commence parallel operation of the Plant until consent has been given by TSP. TSP reserves the right to inspect the GIF and witness testing of any equipment or devices associated with the Point of Interconnection.
- h) Generator shall submit single-line drawings of the GIF to TSP for review. TSP will review only those portions of the drawings that affect the TSP System. Any changes required by TSP shall be made prior to final issue of drawings and TSP shall be provided with final copies of the revised drawings.
- i) Generator shall maintain an operating log at each generating unit at the Plant which at a minimum will indicate changes in operating status (available or unavailable), maintenance outages, trip indications or other unusual conditions found upon inspection. For generators that are "block-loaded" to a specific MW level, changes in this setting shall also be logged. TSP may waive this requirement at its discretion. Reliability information, as required by ERCOT Requirements, will be maintained by Generator.

- j) Upon reasonable request of TSP, Generator will be required to back down the Plant at certain times to maintain reliability of the ERCOT power system. The TSP shall use Reasonable Efforts to minimize the frequency, duration and magnitude of such requests.
- k) The TSP considers the energy and power that the Plant and GIF may from time to time consume from the transmission grid through the Point of Interconnection to be a retail transaction and as such, the TSP does not intend to be the provider of this retail service. Generator shall make necessary arrangements with the appropriate retail supplier for the energy and power that the Plant and GIF may consume from the transmission grid through the Point of Interconnection.
- l) Upon written request from TSP, Generator shall notify the TSP in writing as to which ERCOT Qualified Scheduling Entity the Plant will be scheduling through.
- m) Upon written request from TSP, Generator shall supply notification to the TSP identifying their retail service provider.
- n) Upon written request from either Party, the other Party shall provide the requesting Party any necessary land easements required for the construction, operation and maintenance of the Plant, TIF or GIF at no cost to the requesting Party.

13. Special Operating Terms and Conditions:

- (a) TSP shall have the ability to operate the 138 kV motor operated disconnect switch inside the Horse Hollow Substation that disconnects the Plant from the TSP System.

Exhibit "C-1"

Conceptual One-Line Drawing of Horse Hollow Point of Interconnection

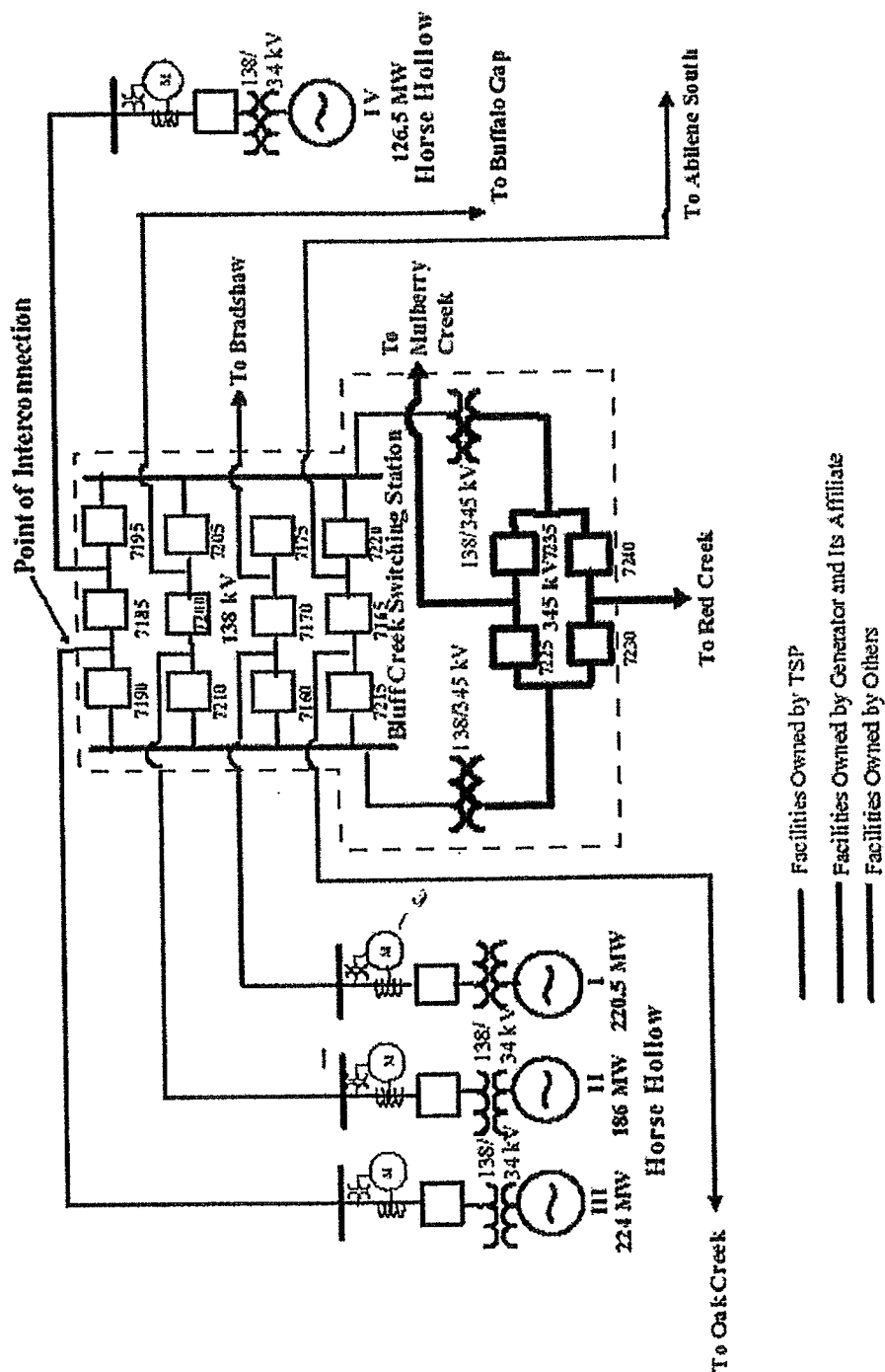


Exhibit "D"

NOTICE INFORMATION OF THE INTERCONNECTION AGREEMENT

(a) All notices of an operational nature shall be in writing and/or may be sent between the Parties via electronic means including facsimile as follows:

If to Generator:

Company Name: FPLE Operating Services, Inc.
Attn: George Griese
Address: 14064B Hwy 277S
City, State, Zip: Wingate, TX 79566
Telephone: (325) 338-4740
24 Hour Telephone: (561) 694-3636
E-mail: George_Griese@fpl.com

If to Transmission Service Provider:

American Electric Power Service Corp.
Manager, Transmission Dispatching
5502 Corporate Dr
Corpus Christi, TX 78403

(361) 289-4003
dkkunkel@AEP.com

(b) Notices of an administrative nature:

If to Generator:

Company Name: FPL Energy Horse Hollow
Wind II, LP
Attn: Director,
Business Management
Address: 700 Universe Blvd

City, State, Zip: Juno Beach, FL 33408
Fax: 561-304-5161
Phone: 561-304-5372
E-mail: john_cote@fpl.com

If to Transmission Service Provider:

American Electric Power Service Corp.
Manager,
Transmission & Interconnection Services
P.O. Box 201
212 E. 6th St
Tulsa, OK 74102
(918) 599-2723
(918) 594-3579
rlpennybaker@aep.com

(c) Notice for statement and billing purposes:

If to Generator:

Company Name: FPL Energy Horse Hollow
Wind II, LP
Attn: Director,
Business Management
Address: 700 Universe Blvd
City, State, Zip: Juno Beach, FL 33408

If to Transmission Service Provider:

American Electric Power Service Corp.
Accounts Receivable

301 Cleveland Ave SW
Canton, OH 44702

(d) Information concerning Electronic Funds Transfers:

If to Generator:

Bank Name: Bank of America
City, State: Dallas, TX
ABA No. 111000012
for credit to FPL Energy, LLC
Account No. 3751006981

If to Transmission Service Provider:

Citibank NA
New Castle, DE
021000089
AEP Texas North Company
30489775

EXHIBIT "E"

SECURITY ARRANGEMENT DETAILS

1. As a condition to TSP's obligation to plan, license, engineer, design, procure equipment and materials, and construct the TIF and System Upgrades described in Item 8 of Exhibit "C", Generator will provide to TSP a financial security ("Security") as required pursuant to Section 8.3 of this Agreement. Such Security, provided as a cash deposit, a cash bond, letter(s) of credit, corporate guaranty or other form of collateral security acceptable to TSP, shall be in the amount of \$3.6 million which includes \$1.1 million for TIF and \$2.5 million for System Upgrades.
2. A corporate guaranty shall be in a form similar to that shown in Exhibit "E-1".
3. Letter(s) of Credit means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with a credit rating of at least A- from Standard and Poor's or an A3 credit rating from Moody's Investors Services. It shall be in a form similar to that shown in Exhibit "E-2" stating it is issued in favor of TSP. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.
4. Such Security will be provided to TSP within ten (10) days after execution of this Agreement. Upon receipt of such security, TSP will promptly proceed with the work required to meet the TIF In-Service Date and System Upgrades In-Service Date.
5. Although Section 8.3 of this Agreement provides for TSP to return this Security to Generator within five (5) business days after the Plant achieves Commercial Operation, TSP may retain an amount sufficient to cover the cost of any portion or all of the TIF and/or System Upgrades if ERCOT staff recommendation is necessary for Regulatory Approval and such ERCOT staff recommendation is not obtained.

EXHIBIT "E-1"

FORM OF CORPORATE GUARANTY

GUARANTY

THIS GUARANTY is executed as of the ___ day of _____, 2005 between
_____, a _____ corporation (the "Guarantor"), and
_____, a _____ company (the "Counterparty")

RECITAL

_____, a _____ corporation (the "Company"), and the
Counterparty have entered into an Interconnection and Operation Agreement, dated as of
_____ hereof (the "Agreement"). As an inducement to the Counterparty to enter
into the Agreement and for other good and valuable consideration, the receipt and sufficiency of
which are hereby acknowledged, the Guarantor covenants and agrees as follows:

1. Guaranty of Payment. The Guarantor hereby irrevocably and unconditionally guarantees the due punctual and full payment of any and all obligations of the Company to the Counterparty now or hereafter due pursuant to the Agreement (the "Guaranteed Obligation"), subject to the limits set forth herein. Upon any failure by the Company to pay any of the Guaranteed Obligation, the Guarantor agrees that it will forthwith on demand pay any amounts which the Company has failed to pay the Counterparty, at the place and in the manner specified in the Agreement. This guaranty is a guaranty of payment and not merely a guaranty of collection. The Guarantor agrees that the Counterparty may resort to the Guarantor for payment of any of the Guaranteed Obligation, whether or not the Counterparty shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Guaranteed Obligation. Guarantor reserves the right to assert defenses which the Company may have to payment of any Guaranteed Obligation other than defenses arising from the bankruptcy, insolvency or similar proceeding of the Company and other defenses expressly waived hereby.

2. Guaranty Unconditional and Absolute. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver, discharge or release in respect of any Guaranteed Obligation of the Company;

(ii) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligation;

(iii) any modification, amendment, waiver, extension of or supplement to the Agreement or any of the Guaranteed Obligation agreed to from time to time by the Company and the Counterparty;

(iv) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Company or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets, the Guarantor or any other guarantor of any of the Guaranteed Obligation;

(v) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company, the Counterparty or any other corporation or person, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim if such claim, set off or other right arose in connection with the Guaranteed Obligation.

3. Term: Reinstatement in Certain Circumstances. This Guaranty shall remain in full force and effect until the earlier of (i) expiration or termination of the Agreement, (ii) _____. Such termination shall not release Guarantor from liability for any Guaranteed Obligation arising prior to the effective date of such termination. If at any time any payment of any of the Guaranteed Obligation is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made.

4. Waiver by the Guarantor. The Guarantor irrevocably waives acceptance hereof, diligence, presentment, demand, protest, notice of dishonor, notice of any sale of collateral and any notice not provided for herein, and any requirement that at any time any person exhaust any right to take any action against the Company or its assets or any other guarantor or person.

5. Subrogation. Upon making any payment hereunder, the Guarantor shall be subrogated to the rights of the Counterparty against the Company with respect to such payment; provided that the Guarantor shall not enforce any right or receive any payment by way of subrogation until all of the Guaranteed Obligation then due shall have been paid in full and Counterparty agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. Stay of Acceleration Ineffective with Respect to Guarantor. In the event that acceleration of the time for payment of any amount payable by the Company under the Agreement is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the Agreement shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Counterparty.

7. Assignment: Successors and Assigns. The Guaranty shall be binding upon and inure to the benefit of the Guarantor and its successors and assigns and the Counterparty and its successors and assigns. Guarantor may not assign its rights and obligations hereunder without the prior written consent of the Counterparty, and any such purported assignment without such written consent will be void.

8. Amendments and Waivers. No provision of this Guaranty may be amended, supplemented or modified, nor any of the terms and conditions hereof waived, except by a written instrument executed by the Guarantor and the Counterparty.

9. Remedies Cumulative. The rights, powers, remedies and privileges provided in this Guaranty are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law and any other agreement.

10. Limitation. Notwithstanding anything in this Guaranty to the contrary, Guarantor's liability under this Guaranty and the Counterparty's right of recovery under the same shall be limited to an aggregate amount of _____ Dollars (\$ _____). Guarantor's liability hereunder shall be and is specifically limited to payments expressly required to be made under the Agreement (even if such payments are deemed to be damages); and in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, or any other damages, except to the extent specifically provided in the Agreement to be due from Company. In the event AEP engages in litigation to enforce this Guaranty, Guarantor agrees to pay, in addition to any amounts of Debtor which Guarantor has otherwise guaranteed to pay hereunder, any and all costs and expenses incurred by AEP (including reasonable attorney's fees) in enforcing this Guaranty provided AEP is successful in such litigation.

11. Representations and Warranties.

(A) The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power to execute, deliver and perform this Guaranty.

(B) The execution, delivery and performance of the Guaranty have been and remain duly authorized by all necessary corporate action and do not contravene any provision of law or of the Guarantor's constitutional documents or any contractual restriction binding on the Guarantor or its assets.

(C) All consents, authorizations and approvals of, and registrations and declarations with, any governmental authority necessary for the due execution, delivery and performance of this Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by and no notice to or filing with, any governmental authority is required in connection with the execution, delivery or performance of this Guaranty.

(D) This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

12. Notices. All notices or communications to the other party may be faxed and shall be followed in writing by registered or certified mail or overnight delivery service to:

To Guarantor:

Attn: _____

Fax: () _____

To Counterparty:

American Electric Power Service Corporation
Attention: Frank Hilton
One Riverside Plaza
Columbus, OH 43215
Fax: (614) 324-4591

or such other address as each party shall from time to time specify.

13. GOVERNING LAW AND JURISDICTION. THIS GUARANTY WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.

14. Third Party Beneficiaries. This Guaranty shall not be construed to create any third party beneficiary relationship as to or with any person or entity other than the Counterparty.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed as of the date first above written.

(_____)

By: _____

Name:

Title:

EXHIBIT "E-2"

FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

DATE OF ISSUANCE: _____

[Address]

RE: Credit No. _____

We hereby establish our Irrevocable Standby Letter of Credit in your favor for the account of _____ (the "Account Party"), for the aggregate amount not exceeding _____ United States Dollars (\$ _____), available to you for payment at sight upon demand at our counters at (Location) on or before the expiration hereof against presentation to us of the following document, dated and signed by a representative of the beneficiary:

"The Account Party has not performed in accordance with an agreement with us. Wherefore, the undersigned does hereby demand payment of USD. [Beneficiary fills in the amount not to exceed the full value of the letter of credit]"

Partial and multiple drawings are permitted hereunder.

We hereby agree with you that documents drawn under and in compliance with the terms of this Letter of Credit shall be duly honored upon presentation as specified.

This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500 (the "UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 13(b) and 17 of the UCP, in which case the terms of this Letter of Credit shall govern.

In the event of an Act of God, riot, civil commotion, insurrection, war or any other cause beyond our control that interrupts our business (collectively, an "Interruption Event") and causes the place for presentation of this Letter of Credit to be closed for business on the last day for presentation, the expiry date of this Letter of Credit will be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

All commissions, expenses and charges incurred with this Letter of Credit are for the account of the Account Party.

{Note: Must note the Expiry Date in the format}

[BANK SIGNATURE]