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PROJECT NO. 35077

INFORMATIONAL FILING OF ERCOT
INTERCONNECTION AGREEMENTS
PURSUANT TO SUBST. R. §25.195(e)

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PUBLIC UTILITY OF COMMISSION
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November 14, 2013

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ERCOT STANDARD GENERATION
INTERCONNECTION AGREEMENT

Between

Friendswood Energy Generation, LLC

and

CenterPoint Energy Houston Electric, LLC

for

Friendswood Energy Generation Project, Harris County, Texas

November 2013

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ERCOT STANDARD GENERATION INTERCONNECTION AGREEMENT

This Standard Generation Interconnection Agreement is made and entered into between **CenterPoint Energy Houston Electric, LLC** ("Transmission Service Provider"), and **Friendswood Energy Generation, LLC** ("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 the Parties on July 17, 2012.

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 of the last signature executing this Agreement below, 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 ERCOT Standard Generation 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";
- G. The Security Arrangement Details attached hereto as Exhibit "E";
- H. The Transmission Service Provider's "Outage and Clearance Coordination Procedure", as it may be updated from time to time, the current version of which is attached hereto as Exhibit "F";
- I. The Transmission Service Provider's "Telemetry Specification", specification 007-400-02, as it may be updated from time to time, the current version of which is attached hereto as Exhibit "G"; and
- J. Selected drawings related to the interconnection between Plant and Transmission Service Provider's System, attached hereto as Exhibit "H".

K. The Transmission Service Provider's "Specification for Customer 138 kV Substation Design", specification 007-231-14, as it may be updated from time to time, the current version of which is attached hereto as Exhibit "I".

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.

FRIENDSWOOD ENERGY GENERATION, LLC, CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC

By: [Signature]

Title: CEO

Date: 11-12-13

By: [Signature]

Title: VP - High Voltage Power Delivery

Date: 11/13/2013

Exhibit "A"
**Terms and Conditions of the ERCOT Standard Generation
Interconnection Agreement**

ARTICLE 1. DEFINITIONS

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

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

1.2 "Commercial Operation" shall mean the date on which Generator declares that the construction of the Plant has been substantially completed, Trial Operation of the Plant has been completed, and the Plant is ready for dispatch.

1.3 "Control Area" shall have the meaning ascribed thereto in PUCT Rule 25.5(8) or its successor.

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

1.5 "ERCOT Requirements" means the ERCOT Operating Guides, ISO Generation Interconnection Procedures 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 the Generator, and any requirements imposed on transmission providers or transmission facilities shall become the responsibility of the TSP.

1.6 "Facilities Study" shall have the meaning as described in PUCT Rule 25.198(g) or its successor.

- 1.7 "Facilities Study Agreement" shall mean an agreement executed by the Parties relating to the performance of the Facilities Study.
- 1.8 "GIF" shall mean Generator's interconnection facilities as described in Exhibit "C."
- 1.9 "Good Utility Practice" shall have the meaning described in PUCT Rule 25.5(23) or its successor.
- 1.10 "Governmental Authority(ies)" shall mean any federal, state, local or municipal body having jurisdiction over a Party.
- 1.11 "In-Service Date" shall be the date, as reflected in Exhibit "B," that the TIF will be ready to connect to the GIF
- 1.12 "ISO" shall mean the ERCOT Independent System Operator.
- 1.13 "Plant" shall mean the electric generation facility owned and operated by the Generator, as specified in Exhibit "C."
- 1.14 "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.
- 1.15 "PUCT" shall mean the Public Utility Commission of Texas.
- 1.16 "PUCT Rules" shall mean the Substantive Rules of the PUCT.
- 1.17 "Reasonable Efforts" shall mean the use of Good Utility Practice and the exercise of due diligence (pursuant to PUCT Rule 25.196(e)).
- 1.18 "System Protection Equipment" shall mean those facilities located within the TIF and the GIF as described in Section 5.6 and Exhibit "C."

1.19 “System Security Study” shall have the meaning as described in PUCT Rule 25.198(f) or its successor.

1.20 “TCOS” shall mean the TSP’s transmission cost of service as allowed by the applicable Governmental Authority.

1.21 “TIF” shall mean the TSP’s interconnection facilities as described in Exhibit “C” to this Agreement.

1.22 “Trial Operation” shall mean the process by which the Generator is engaged in on-site test operations and commissioning of the Plant prior to Commercial Operation.

1.23 “TSP” shall mean the Transmission Service Provider.

1.24 “TSP System” shall mean the electric transmission facilities, including the TIF, and all associated equipment and facilities owned and/or operated by the TSP.

ARTICLE 2. TERMINATION

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

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

B. the TSP may terminate this Agreement (subject to Governmental Authority approval, if required) on written notice to the Generator if the 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, the 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 the 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.

ARTICLE 3. REGULATORY FILINGS

3.1 Filing. The TSP shall file this executed Agreement with the appropriate Governmental Authority, if required. Any portions of this Agreement asserted by Generator to contain competitively sensitive commercial or financial information shall be filed by the TSP identified as "confidential" under seal stating, for the TSP's showing of good cause, that Generator asserts such information is confidential information and has requested such filing under seal. If requested by the TSP, Generator shall provide the TSP, in writing, with the Generator's basis for asserting that the information referred to in this Section 3.1 is competitively sensitive information, and the TSP may disclose such writing to the appropriate Governmental Authority.

3.2 Regulatory Approvals. Unless exempt, the TSP shall timely request ISO 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.

**ARTICLE 4. INTERCONNECTION FACILITIES ENGINEERING,
PROCUREMENT, AND CONSTRUCTION**

4.1 Options. The 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. The TSP shall design, procure, and construct the TIF, using Reasonable Efforts to complete the TIF by the In-Service Date reflected in Exhibit "B." The 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 the 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. The 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 the TSP reasonably expects that it will not be able to complete the TIF by the In-Service Date, the TSP will promptly provide written notice to the Generator and will undertake Reasonable Efforts to meet the earliest date thereafter.

B. (i) The 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 the 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 the 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 the TSP fails to complete the TIF by the In-Service Date reflected in Exhibit "B," the TSP shall pay the Generator liquidated damages in accordance with this Section 4.1.B.

(ii) The Parties agree that actual damages to the 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 the TSP to the 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 the Generator's actual damages. The Parties agree that the foregoing payments will be made by the TSP to the Generator as just compensation for the damages caused to the 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) The 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, the Generator shall reimburse the TSP for such costs in an amount not to exceed the difference between the TSP's estimate of the cost of the TIF under section 4.1.A and

the 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 the 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 the 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 the Generator upon a failure of the Parties to agree on the In-Service Date, the TSP may, at its option, require the Generator to subcontract with the TSP for all or part of the design, procurement and construction of the TIF in accordance with the TSP's standard subcontractor agreements. In such event, the TSP shall be subject to the payment of liquidated damages to the Generator only if the In-Service Date is not met solely due to the TSP's failure to complete the portion of the TIF for which the TSP has retained responsibility. It is the intent of this subsection to give the TSP full control of the contents and quality of the TIF. To the extent the Generator acts as a subcontractor to the TSP, the following will apply: 1) The 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 the TSP; 2) In its engineering, procurement and construction of the TIF, the Generator shall comply with all requirements of law to which the TSP would be subject in the engineering, procurement or construction of the TIF; 3) The TSP shall review and approve the engineering design, acceptance tests of equipment, and the construction of the TIF; 4) The TSP shall have the right to approve and accept for

operation the TIF in accordance with the standards and specifications provided in advance by the 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 the TSP, and therefore be deemed unacceptable, then the Generator shall be obligated to remedy that portion of the TIF or selection of subcontractors that is deemed unacceptable, the TSP's approval of the Generator's selection of subcontractors will not be unreasonably withheld, conditioned or delayed; and 6) Once the TIF is accepted for operation by the TSP, then the TSP shall reimburse the Generator for the reasonable and necessary costs incurred by the 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 is borne by the TSP, then the TSP shall commence design of the TIF and procure necessary equipment within a reasonable time after all of the following conditions are satisfied:

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

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

C. The Generator has provided security to the TSP in accordance with Section 8.3 by the dates specified in Exhibit "B."

4.3 Construction Commencement. The 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;
- B. Necessary real property rights, if any, have been obtained;
- C. The TSP has received written authorization to proceed with construction from the Generator by the date specified in Exhibit "B"; and
- D. The Generator has provided security to the TSP in accordance with Section 8.3 by the dates specified in Exhibit "B."

4.4 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, the Generator becomes aware that the completion of the TIF will not be required until after the specified In-Service Date, the Generator will promptly provide written notice to the TSP of a new, later In-Service Date.

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

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, the Generator shall deliver to the 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 the Generator’s main-power transformers, the facilities connecting the Generator to the main power transformers and the GIF, and the impedances (determined by factory tests) for the associated main power transformers and the generators.

5.3 TIF Construction. The 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, 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 the TSP. However, the TSP shall provide the Generator with metering and telemetry values in accordance with ERCOT Requirements.

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

D. The TSP will notify the 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. The 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 the TSP, the Control Area(s) in which the Plant and the TSP are located and the Generator. All acceptance tests will be performed consistent with ERCOT Requirements.

F. The 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 the 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." The 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.

5.6 System Protection and Other Controls Requirements.

A. Each Party's facilities shall be designed to isolate any fault, or to correct or isolate any abnormality, that would negatively affect the other Party's system or other entities connected to the TSP System.

B. The Generator shall be responsible for protection of its facilities consistent with ERCOT Requirements.

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 the 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 its facilities. 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. 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 the TSP, the Control Area(s) in which the Plant and the TSP are located, and the Generator and will be conducted in accordance with ERCOT Requirements.

6.2 Control Area Notification. At least six months before Trial Operation, the Generator shall notify the TSP in writing of the Control Area in which it will be located. If the Generator elects to be located in a Control Area other than the Control Area in which the TSP is located, all necessary agreements, including but not limited to remote control area generator interchange agreements, if applicable, and appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Plant in the other Control Area. The Parties will diligently cooperate with one another to enable such agreements to be executed and 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 the TSP and the 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. The Generator will promptly disconnect the Plant from the TSP System when required by and in accordance with the PUCT Rules and ERCOT Requirements.

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, the 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.

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 the TSP Blackstart Plan on

file with the ISO. Notwithstanding this section, the Generator is not required to have blackstart capability by virtue of this Agreement. If the Generator will have blackstart capability, then Generator shall provide and maintain an emergency communication system that will interface with the TSP during a blackstart condition.

6.9 Power System Stabilizers. The Generator shall procure, install, maintain and operate power system stabilizers if required to meet ERCOT Requirements and as described in Exhibit "C."

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, the TSP and the 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 the TSP shall occur no later than 120 days prior to Trial Operation and shall include transmission system data necessary to allow the Generator to select equipment and meet any system protection and stability requirements.

7.3 Initial Data Submission by Generator. The initial data submission by the 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, the 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, the Generator shall provide the TSP any data changes due to equipment replacement, repair, or adjustment. The TSP shall provide the 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 the TSP's 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. The Generator will acquire, construct, operate, test, maintain and own the Plant and the GIF at its sole expense. In addition, the Generator may be required to make a contribution in aid of construction in the amount set out in and for the facilities described in Exhibit "C," if any, in accordance with PUCT Rules.

8.2 TSP's Cost Responsibility. The TSP will acquire, own, operate, test, and maintain the TIF 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. The TSP may require the 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. The required security arrangements shall be specified in Exhibit "E." Within five business days after the Plant achieves Commercial Operation, the TSP shall return the deposit or security to the Generator. However, the TSP may retain an amount to cover the incremental difference between the 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 the Generator terminates this Agreement in accordance with Section 2.1 and the TIF are not required, the 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. 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 by accident, One Million Dollars (\$1,000,000) each employee bodily injury by disease, and One Million Dollars (\$1,000,000) policy limit bodily injury by disease.

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 anniversary date of 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. 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. 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, if any, 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 the TSP the right to immediately disconnect the TIF from the GIF, until such interconnection has been disconnected. The 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 the Generator shall not constitute a waiver of the Generator's legal rights to obtain an interconnection from the 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, the TSP shall, at the Generator's expense, when reasonably requested to do so by the 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 the 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 the Generator under a proposed loan agreement. The TSP will use commercially reasonable efforts to obtain any opinion of counsel reasonably requested by Generator, but the TSP shall not be in Default of any obligation under this Agreement if the TSP is unable to provide an opinion of counsel that will satisfy any potential lender to the 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)(2) 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; 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 the Generator shall have the right to assign this Agreement, without the consent of the TSP, for collateral security purposes to aid in providing financing for the Plant, provided that the Generator will require any secured party, trustee or mortgagee to notify the TSP of any such assignment. Any financing arrangement entered into by the 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 the 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 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 the Generator (or any third-party, but only if such third-party is not acting at the direction of the 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.

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

10.20 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."

10.21 Confidentiality.

A. Subject to the exception in Section 10.21.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

- 1) Interconnection Option chosen by Generator (check one):
 X Section 4.1.A. or Section 4.1.B
 - A) If Section 4.1.B is chosen by Generator, the In-Service Date(s) was determined by (check one): (1) N/A good faith negotiations, or (2) N/A designated by Generator upon failure to agree.
- 2) March 1, 2014 is the date ("NTP Need Date") by which Generator must provide a written Notice to Proceed with design, procurement, and construction of the TIF and provide security, as specified in Exhibit "A", Section 4.2 and 4.3, so that TSP may maintain schedule to meet the In-Service Date.
 - A) If Generator does not provide a written Notice to Proceed to TSP by the above NTP Need Date, the designated TIF In-Service Date, Scheduled Generation Trial Operation Date, and Scheduled Generation Commercial Operation Date, identified below, will each be extended day for day for each day after the NTP Need Date that the Notice to Proceed is delayed.
 - B) If Generator does not provide a written Notice to Proceed (or provide security in accordance with Exhibit "E") to TSP by 12 months after the above date ("NTP Deadline"), such non-provision of the Notice to Proceed shall constitute a Default, in accordance with Section 10.6.A of Exhibit "A", by the Generator and written notice of Default shall be deemed to have been given by TSP to Generator on the NTP Deadline. If such Default is not cured in accordance with Section 10.6 of Exhibit "A", then TSP may terminate this Agreement in accordance with the provisions of Section 10.6.B of Exhibit "A".

TIF In-Service Date: 15 months after Notice to Proceed is given, this agreement is executed and security is provided.

Scheduled Generation Commercial Operation Date: 3 months after the TIF In-Service Date.

- 3) In addition to day-for-day delays caused by the Generator not providing a written Notice to Proceed by the NTP Need Date, the designated TIF In-Service Date and Scheduled Commercial Operation Date will each be extended day-for-day for:
 - A) each day after 180 calendar days after the date that Notice to Proceed was given that real property access rights for TSP to access the substation property are not in place; and
 - B) each day after the date that Notice to Proceed was given that security arrangements outlined in Exhibit "A", Article 8, Paragraph 8.3, Financial Security Arrangements, and Exhibit "E" are not in place.
 - C) each day that ERCOT does not grant outages as required by TSP to perform work that must be accomplished to connect the Generator to the ERCOT transmission system.

- 4) 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: Friendswood Energy Generation Project ("Plant").
- 2) Point of Interconnection Location
 - A) TSP system side of Generator's disconnect switch located on Generator's dead end structure near TSP's H. O. Clarke Substation, located at 12100 Hiram Clarke Road, Houston, Harris County, Texas.
- 3) Delivery Voltage: 138 kV
- 4) Number and Size of Generating Units
 - A) Plant will be comprised of two (2) generators with a total net rating of 316.4 MW ("Planned Capacity"), which is projected to be the Plant's Net Dependable Capability, as defined by ERCOT Requirements.
- 5) Type of Generating Unit
 - A) Two General Electric 7FH2 natural gas fired combustion turbine generators rated at approximately 190.4 MW each. Each electric generating unit has its own 18 kV - 138 kV step-up (main power) transformer, with the 18 kV winding connected to plant auxiliary transformers as well as the units generator through a generator breaker.
 - B) Each step-up, standby and auxiliary transformer will have a circuit breaker for isolation from the TIF.
 - C) Electrical characteristics of Plant's generating unit(s) shall be in accordance with the most recent version of data that Generator has provided to TSP.
- 6) Metering and Telemetry Equipment
 - A) TSP will provide and install ERCOT Polled Settlement (EPS) primary and check meters, current transformers and associated wiring required for measuring the output of the Plant generation. The 18 kV metering current transformers and metering potential transformers for the EPS metering of Plant electrical load are procured by Generator and owned, maintained, and replaced by TSP and, upon termination of this Interconnection Agreement, the ownership of this equipment shall revert to the Generator. TSP will install and maintain the metering system's components in a manner consistent with ERCOT Requirements and the PUC Substantive Rules. Generator will provide four separate "Plain Old Telephone Service (POTS)" lines, one for each of the Plant electrical load EPS meters (Unit 1 Auxiliary primary meter, Unit 1 Auxiliary backup meter, Unit 2 Auxiliary primary meter, and Unit 2 Auxiliary backup meter). If the Plant electrical load EPS meters are all physically adjacent to each other then the Generator will provide only two separate POTS lines (one for primary meters and one for backup meters). The Generator will provide two RS485 communication circuits between the EPS metering of Plant electrical load and the Plant Remote Terminal Unit (RTU) or Plant Distributed Control System (DCS). These communication circuits

accepted by ERCOT, in accordance with ERCOT Requirements. Generator shall pay such costs determined herein within thirty (30) days following the receipt of TSP's invoice.

C) Clarifications to Exhibit "A"

- 1) The Parties agree that at the time of executing this Agreement the references to the PUCT Rules contained within certain definitions set forth in Exhibit "A", "Article 1. Definitions" have the meanings ascribed to such terms as established in the current PUCT Rules. The Parties recognize that the PUCT Rules are amended from time to time by the PUCT. The parties also acknowledge that ERCOT issues ERCOT Requirements in which terms are redefined from time to time. When the PUCT Rules or ERCOT Requirements are amended and terms defined in Exhibit "A", "Article 1. Definitions" are affected by such amendments, the Parties agree that such terms shall have the meanings as amended by the PUCT or ERCOT. The term "System Security Study" shall have the same definition as "Security Screening Study" in the ERCOT Requirements.

D) Miscellaneous

- 1) Each Party shall be solely responsible for keeping itself informed of, and understanding its respective responsibilities under, all applicable North American Electric Reliability Corporation ("NERC") Standards and ERCOT Requirements and all valid, applicable laws, rules, regulations and orders of, and tariffs approved by, duly constituted Governmental Authorities.
- 2) Generator will provide on its property, access roads to the TIF and such access roads will be maintained by Generator in such a manner and condition to allow passage of heavy utility vehicles.
- 3) Each Party's personnel, contractors, subcontractors and agents shall abide by and comply with the other Party's safety requirements and procedures while in areas designated as under that other Party's control.
- 4) In the event that Generator's personnel, contractors, subcontractors, or agents cause delays in the work schedule of TSP, Generator shall reimburse to TSP the additional costs associated with such delays within 30 days of receipt of an invoice for such costs.
- 5) Generator understands and agrees that identification of any stability or oscillation condition that may affect Generator's Plant, and implementation of any associated protective measures, are the sole responsibility of Generator.
- 6) ERCOT Requirements.
 - (i) Unless expressly stated herein, where the ERCOT Requirements are in conflict with TSP's specifications or procedures, the ERCOT Requirements shall prevail.
 - (ii) ERCOT requirements currently require installation of power system stabilizers on generators.

(iii) Prior to commercial operation ERCOT may verify that the Generator is meeting ERCOT requirements including complying with reactive standards, the provision of accurate stability models and the installation of power system stabilizers, if required. Failure to meet these ERCOT requirements may result in delays to commercial operation. Additionally, ERCOT recommends that wind farms fulfill the NERC/FERC under-voltage ride through capability requirements.

- 7) All generator data including data for stability studies (transient, voltage, etc...) and subsynchronous resonance (SSR) data, as required by the ERCOT Requirements, will be provided to ERCOT and the TSP before commercial operation. This data shall be updated when the Plant goes into commercial operation. Any updates to this information will be provided within 60 days to ERCOT and the TSP as changes or upgrades are made during the life of the Plant. This requirement applies to all future owners of the Plant. The Generator and any future owners of the Plant shall comply with these data requirements along with all applicable NERC requirements. Such requirements are subject to change from time to time, and such changes shall automatically become applicable based upon the effective date of the approved change.

13) Special Operating Conditions, if any, attached:

14) Cost Estimate Differences, if applicable:

- A) The difference between the estimated cost of the TIF under 4.1.A (\$ N/A) and the estimated cost of the TIF under 4.1.B (\$ N/A) is: N/A, if applicable.

- will transfer primary and backup meter data to the Plant RTU/DCS and furnished to TSP in accordance with 6.C).
- B) TSP shall furnish a substation Supervisory Control & Data Acquisition (SCADA) Remote Terminal Unit (RTU) at the H. O. Clarke Substation. The RTU will be multi-port equipped and operate with protocols compatible with TSP. The RTU will be equipped to monitor the H. O. Clarke Substation as outlined in Paragraph 11 and control circuit breakers in the H. O. Clarke Substation. TSP shall also furnish the RTU inputs, such as contacts and transducers, in the H. O. Clarke Substation. Selected real-time data of the H. O. Clarke Substation will be available at TSP's RTU for Generator's use. TSP's RTU will be equipped with a MODBUS or DNP-3 "Master" communications port for this purpose. Generator shall furnish the fiber optic cable between the H. O. Clarke Substation and the Plant RTU/DCS "Slave" communications port for this purpose.
 - C) Generator shall furnish Plant data to TSP's RTU communication port at the H. O. Clarke Substation as referenced in Paragraph 11 below. The Generator's RTU/DCS will be equipped with a MODBUS or DNP-3 "Master" communications port for this purpose. TSP shall furnish the fiber optic cable between the Plant and the H. O. Clarke Substation RTU "Slave" communications port for this purpose.
- 7) Generator Interconnection Facilities
- A) Generator shall furnish, operate and maintain a complete generation facility capable of generating the Planned Capacity, including, but not limited to, all generators, power system stabilizers, generator step-up transformers, protective devices, and other transformers and associated foundations, the terminating structures, all relays necessary for the protection, synchronization and coordination of the generators, generator auxiliary equipment and the disconnect switches and foundations at the Point of Interconnection.
 - B) The Generation unit(s) shall meet all voltage and reactive requirements as outlined in the ERCOT Protocols and ERCOT Operating Guides.
 - C) Generator shall provide the foundations for Plant's terminating structure(s)/disconnecting device(s). Generator shall design and install the Plant's terminating structure(s)/dead-end rack(s)/ disconnecting device(s) in accordance with TSP's conductor loading requirements.
 - D) Generator shall connect its generating Plant ground mat to TSP's H. O. Clarke Substation ground mat if copper protection or control cable is utilized between the GIF and TIF.
 - E) Generator shall connect its generating Plant ground mat to TSP's transmission tower static wires at the Plant's terminating structure(s).
 - F) Electrical characteristics of Plant's Generator Interconnection Facilities shall be in accordance with the most recent version of TSP's "Specification for Customer 138 kV Substation Design" attached as Exhibit "I" and in particular, the section pertaining to "Generation".
 - G) Generator shall provide a disconnect switch located on Generator's dead-end structure for connection to TSP System.

- H) Generator shall provide NEMA four-hole pads on Plant's disconnect switch for connection to NEMA four-hole pads on TSP's connecting conductors.
 - I) Generator shall provide ground and aerial easements, in a form acceptable to TSP, as requested by TSP, from Plant's terminating structure(s)/high-side disconnecting device(s) to the H. O. Clarke Substation.
 - J) If copper protection or control cable is utilized between the GIF and TIF then Generator shall provide and maintain one or more duct banks (cable trenches) for communication, instrumentation and control, and protective relaying circuits ("Control Duct Bank") to a Generator provided common manhole/handhole intersection point at the property interface with H. O. Clarke Substation.
 - K) Generator shall own all protective relays, instrument transformers, instrumentation, and control equipment physically located on Plant side of the Point(s) of Interconnection.
- 8) TSP Interconnection Facilities
- A) TSP shall complete its entire scope of work on the H. O. Clarke Substation (except for Punch List Items) including, but not limited to, bus works, supports, structures, circuit breakers, disconnect switches, relays and other equipment necessary for protection and coordination, controls, and wiring all as necessary to provide an interconnection between Plant's generation facilities and TSP's System; energize the same, and interconnect with Plant, all as provided herein.
 - 1) Punch List Items are defined as those non-material items of work that remain to be performed in order to ensure full compliance with this Agreement. Punch List Items do not include any items of work, alone or in the aggregate, non completion of which (i) prevents the H. O. Clarke Substation from being used for its intended purposes as described in this Agreement or in accordance with applicable laws; (ii) prevents the H. O. Clarke Substation from being legally, safely and reliably placed in commercial operation; or (iii) in the exercise of reasonable engineering judgment could have an adverse effect on the operation, efficiency or reliability of the H. O. Clarke Substation, or its ability to transmit the Plant's power to the ERCOT grid.
 - B) TSP shall furnish, own and maintain the connection from TSP's equipment to Plant's terminating structure/disconnecting device, including phase conductors, static conductors, structure(s), tower fittings, suspension insulators, dead-end clamps and line conductor terminal fittings with NEMA standard four-hole flat pads for attachment to the NEMA four-hole pads on Plant's disconnecting device.
 - C) TSP shall furnish, own and maintain the connection from H. O. Clarke Substation to TSP's transmission system.
 - D) TSP shall develop and install transmission improvements that it determines, in its sole discretion, are foreseeable and reasonably necessary to safely, reliably, and economically integrate Plant's generation into TSP's Transmission System. TSP MAKES NO PROMISE, REPRESENTATION, OR WARRANTY AS TO WHETHER TSP'S TRANSMISSION SYSTEM WILL BE FREE OF CONSTRAINTS AT ANY TIME, INCLUDING BUT NOT LIMITED TO TIMES WHEN THE TRANSMISSION IMPROVEMENTS UNDER THIS AGREEMENT ARE BEING MADE OR AFTER THEIR COMPLETION.

- E) TSP shall expand its existing H. O. Clarke Substation as shown on drawing entitled "Basic Offer CenterPoint Energy 138 kV Development Plan For Friendswood Energy/H.O. Clarke Project dated 10/7/2013 ("H. O. Clarke Substation Development Plan").
 - F) TSP shall obtain ground and aerial easements, in a form acceptable to TSP, from Plant's terminating structure(s)/high-side disconnecting device(s) to the H. O. Clarke Substation.
 - G) If copper protection or control cable is utilized between the GIF and TIF, then TSP shall provide a duct bank or cable trench, as mutually agreeable, for communication, instrumentation and control, and protective relaying circuits ("Control Cable Raceway") to a common manhole, provided by Generator, located at the property interface with Plant.
- 9) Communications Facilities
- A) TSP shall order and pay for and maintain a communication circuit for real-time data transmittal via SCADA equipment from the H. O. Clarke Substation to TSP's Energy Management System.
 - B) Generator shall provide fiber optic communication interface device on their end of the fiber and TSP will provide a fiber optic communication interface device on their end associated with the RTU inputs between Plant and the H. O. Clarke Substation.
 - C) Generator will furnish RTU inputs identified in Exhibit "C", Paragraph 11)A) from the Plant to the H. O. Clarke Substation's communication interface point.
 - D) Generator shall provide a voice telephone extension outlet in close proximity to Plant's relay panel that is located within the Plant. Such telephone extension outlet shall be connected to the local exchange carrier's telephone system; however, the telephone extension outlet may be connected to Plant's internal telephone system, provided Plant's internal telephone system is equipped with an uninterruptible power supply system.
 - E) TSP shall furnish RTU inputs identified in Exhibit "C", Paragraph 11)D) from the H. O. Clarke Substation to Plant's communication interface termination point.
 - F) TSP shall provide fiber optic communication cables of sufficient length to connect from Plant to the H. O. Clarke Substation relay panel.
- 10) System Protection Equipment
- A) Generator shall provide two sets of protective relaying accuracy (C800) current transformers on Generator's 138 kV circuit breakers associated with the protective relaying between Plant and the H. O. Clarke Substation. Each set of current transformers will provide signals to independent sets of primary and backup protective relays for the interconnecting lead between the GIF and the H. O. Clarke substation. The current transformer ratio will be specified on the one-line relaying and metering diagram.
- 11) Inputs to Telemetry Equipment
- A) Generator will provide to TSP at TSP's H. O. Clarke Substation the following signals originating at Generator's Plant:

- 1) Analog Signals From Plant
 - (i) Kilovolts for each generator bus (one phase only).
 - (ii) Frequency of each generating unit, if available.
 - (iii) Net megawatts for each generating unit.
 - (iv) Net megavars for each generating unit.
 - (v) Data from each of the Plant electrical load EPS meters (auxiliary power watts, vars, watt-hr from each meter).
 - 2) Status Signals From Plant
 - (i) Status of selected transmission voltage circuit breakers, generator breakers, two switches that may impact power flows on TSP's System.
 - (ii) Status of generator automatic voltage regulator (automatic/manual) for each generating unit.
 - B) TSP will provide to Generator the following signals originating at TSP's H. O. Clarke Substation:
 - 1) Analog Signals From TSP Substation Transducers
 - (i) Kilovolts for the Point of Interconnection (one phase).
 - (ii) Megawatts, megavars, and megawatt-hour data from TSP revenue meter.
 - 2) Status Signals From TSP Substation Transducers
 - (i) For instance, status of transmission voltage circuit breakers
 - (ii) Alarm (PIL) for failure of Pilot Wire/fiber optic relaying, if applicable.
- 12) Supplemental Terms and Conditions
- A) The following drawings are attached and made a part of this agreement as Exhibit "I" – Attached Drawings. (Note: The drawings contain a line of demarcation between TSP provided facilities and Generator provided facilities).
 - 1) Basic Offer CenterPoint Energy 138 kV Development Plan For Friendswood Energy/H.O. Clarke Project dated 10/7/2013.
 - 2) Basic Offer 138 kV CenterPoint Energy One Line Relaying & Metering Diagram for Friendswood Energy/H.O. Clarke Project dated 10/7/2013.
 - B) Cost Responsibility:
 - 1) Notwithstanding the provisions of Exhibit "A", Section 8.1, the amount of the contribution in aid of construction, if any, which Generator may be required to make, shall be specified in Exhibit "E", Security Arrangement Details.
 - 2) The Generator does not desire any enhancements to TSP's basic offer interconnection facilities and therefore no contribution in aid of construction ("CIAC") of the Transmission Interconnection Facilities is required.
 - 3) The TIF described herein is designed based on the generating capacity provided by the Generator. It is assumed that the generating facility will be capable of generating the Planned Capacity by the Scheduled Commercial Operation Date specified in Exhibit "B". Within the first 12 months following Commercial Operation, if the highest level of Actual Capacity is less than the Planned Capacity, the Generator shall be responsible for TIF costs, if any, that are determined, solely by the TSP, to have been incurred to accommodate Generator's Planned Capacity, but are then determined to not be necessary to accommodate Generator's Actual Capacity. As used here, "Actual Capacity" shall mean the Plant's total Net Dependable Capability, as determined or

DATE: November 2013

Exhibit "D"
**Notice and EFT Information of the ERCOT Standard Generation
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:

<i>If to Friendswood Energy Generation, LLC</i>	<i>If to CenterPoint Energy Houston Electric, LLC</i>
Friendswood Project Attn: Kenny Koncaba Address 512 Northview Drive City, State, Zip Friendswood, TX 77546 24 Hour Telephone (281) 731-6323 Operational/Confirmation Fax (281) 482-1637 E-mail kenny.koncaba@friendswoodcapital.com	CenterPoint Energy Houston Electric, LLC Attn: Real Time Operations P.O. Box 1700 Houston, Texas 77251 24 Hour Telephone 713-207-2393 Operational/Confirmation Fax 713-207-2349

(b) Notices of an ADMINISTRATIVE nature:

<i>If to Friendswood Energy Generation, LLC</i>	<i>If to CenterPoint Energy Houston Electric, LLC</i>
Company Name Friendswood Energy Generation, LLC Attn: Kenny Koncaba Address 512 Northview Drive City, State, Zip Friendswood, TX 77546 Phone: (281) 731-6323 Fax: (281) 482-1637 E-mail kenny.koncaba@friendswoodcapital.com	CenterPoint Energy Houston Electric, LLC Manager, Transmission Accounts P.O. Box 1700 Houston, TX 77251 Phone 713-207-2785 Fax: 713-207-9122 E-mail: don.chandler@CenterPointEnergy.com

(c) Notice for STATEMENT AND BILLING purposes:

<i>If to Friendswood Energy Generation, LLC</i>	<i>If to CenterPoint Energy Houston Electric, LLC</i>
Company Name Friendswood Energy Generation, LLC Attn: Kenny Koncaba Address 512 Northview Drive City, State, Zip Friendswood, TX 77546 Phone: (281) 731-6323 E-mail kenny.koncaba@friendswoodcapital.com	Accounts Payable P.O. Box 1374 Houston, TX 77251-1374 Phone 713-207-7888 Fax: 713-207-9986 E-mail: AP.invoices@centerpointenergy.com Mark Invoices with WF022096

(d) Information concerning ELECTRONIC FUNDS TRANSFERS:

<i>If to Friendswood Energy Generation, LLC</i>	<i>If to CenterPoint Energy Houston Electric, LLC</i>
Bank Name Texas Bank City, State Sugar Land, Texas ABA No. 113194162	Chase Bank of Texas Houston, Texas ABA No. 113000609 For credit to: CenterPoint Energy Houston Electric, LLC Account No. 0010-097-0798

Exhibit "E"
Security Arrangement Details

Letter of Credit

- 1) Securitization of Project:
 - A) The total estimated project cost to construct the TIF as described in Exhibit "C" is approximately \$ 15,475,000 ("Secured Cost").
 - B) In accordance with Exhibit "A", Article 8, Paragraph 8.3 Financial Security Arrangements, Generator shall provide a financial security instrument in the form of an irrevocable letter of credit in favor of TSP, in the amount of the Secured Cost, in a form and substance acceptable to TSP to secure Generator's obligations outlined in Exhibit "A", Article 2. Such letter of credit shall be with a financial institution reasonably acceptable to TSP having a long term debt rating by Moody's Investor Services of "A2" or better, and/or Standard & Poor's long term debt rating of "A" or better.
 - C) Generator's obligation to pay amounts set forth in this Agreement will survive any termination of this Agreement.

Exhibit “F”
Outage and Clearance Coordination Procedure



Transmission & Substation Outage and Clearance Coordination Procedures

Real Time Operations Department

Revised April 29, 2013

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