

- x) Governor System – Plant governors shall be able to respond to interconnection frequency deviations and help return interconnection frequency to normal following an upset on the ERCOT transmission grid to assist in maintaining interconnection stability.
- xi) Certain generators are susceptible to Sub-Synchronous Oscillation (“SSO”) when interconnected within electrical proximity of series capacitor banks on the transmission system. At the discretion of the TSP, the Generator will provide studies and/or a black box PSCAD model of its control system, which analyze the potential of SSO and demonstrate that SSO with the transmission system does not occur with any two (2) elements of the transmission system out of service simultaneously. The TSP must be satisfied with the completeness and accuracy of the study prior to energization of the Point of Interconnection. TSP will work with Generator and their selected turbine-generator manufacturer on any system data required for such studies.
- g) Generator shall not energize a de-energized TIF circuit, unless under direction of TSP. The line switch will have dual locks to allow Generator and TSP to lock it for clearances.
- h) Generator shall maintain an operating log at each generating unit at the Plant that, 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.
- i) 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, 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.
- j) Generator shall notify TSP in writing as to which initial ERCOT Qualified Scheduling Entity the Plant will be scheduling through and any changes made thereafter.
- k) Upon written request from TSP, Generator shall supply notification to TSP identifying their retail service provider.
- l) Generator shall use commercially 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.

m) If this Agreement has been executed prior to ERCOT's approval of the completed Facilities Study, then upon the required ERCOT approval, TSP will establish a new schedule for completion of the TIF if necessary, and the In-Service Date, Scheduled Trial Operation Date and Scheduled Commercial Operation Date shall be adjusted accordingly. TSP may, by written notice to Generator, require Generator to execute an amendment to this Agreement to reflect the effect of that Facilities Study and the ERCOT approval on the i) Time Schedule set forth in this Exhibit "B"; ii) the Interconnection Details set forth in Exhibit "C"; and/or iii) the Security Arrangement Details set forth in Exhibit "E". Generator's failure to execute such an amendment within thirty (30) days of receipt of written notice from TSP shall constitute a Default, and in that event, TSP shall have all the rights and remedies set forth in Section 10.6 of Exhibit "A" to this Agreement.

n) Each Party will comply with NERC Reliability Standards applicable to its facilities identified in this Exhibit "C". Each Party shall provide to the other Party all information related to its interconnection facilities that may reasonably be required by the other Party to comply with NERC Reliability Standards applicable to its interconnection facilities, if any. "NERC Reliability Standards" means the mandatory electric reliability standards established and enforced by the North American Electric Reliability Corporation or its successor electric reliability organization.

o) Lender Security. In the event Generator makes a collateral assignment as permitted by Section 10.17 of Exhibit "A", 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:

i) 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

ii) 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.

Any such agreement shall neither enlarge TSP's obligations nor limit TSP's rights.

For purposes of this Section 12.o, "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, and "Project Financing Holder"

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

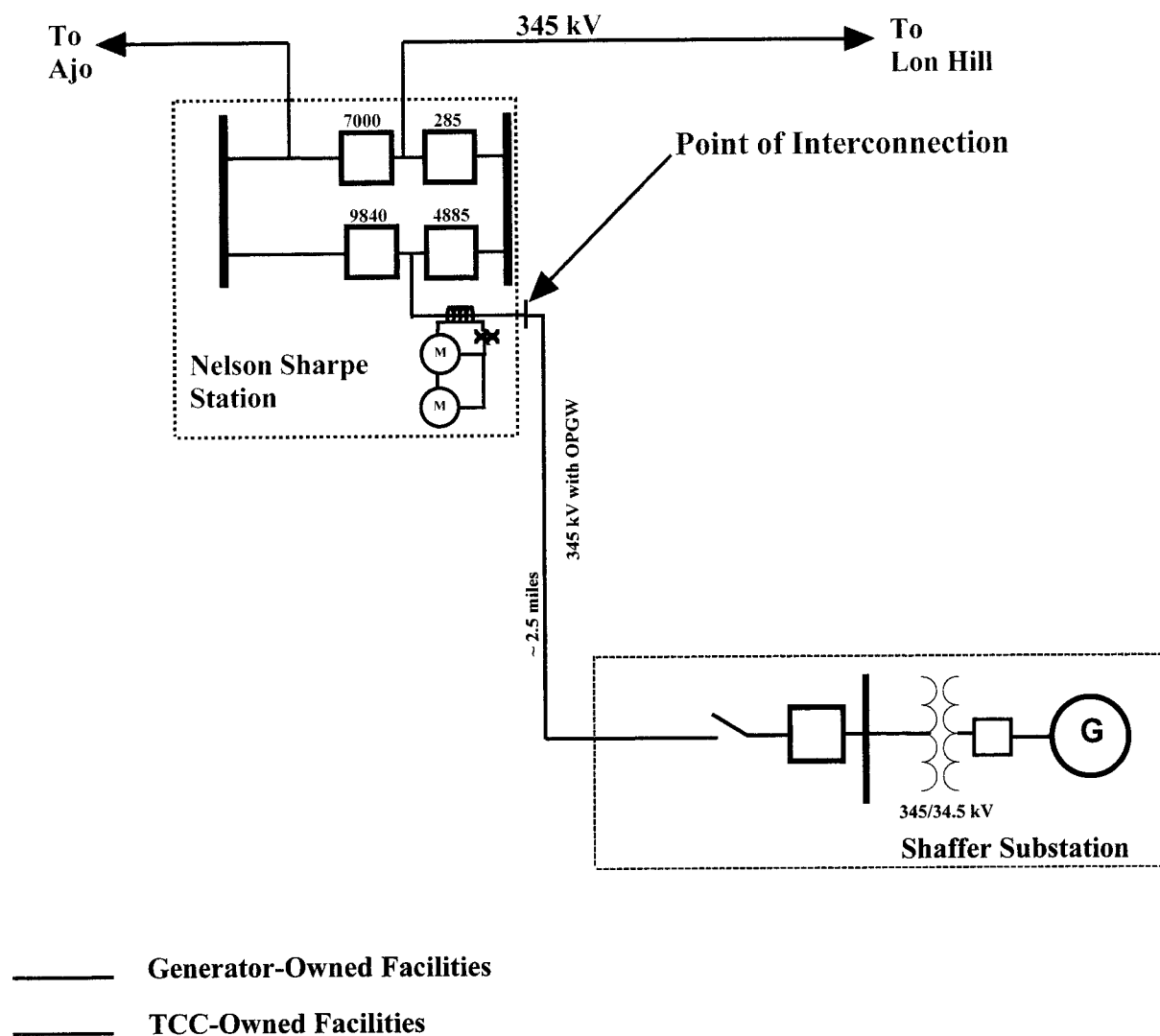
**13. Special Operating Terms and Conditions:**

a) For thermal powered generation, Generator will provide TSP at least thirty (30) minutes prior notice before coming on-line or off-line so TSP can adjust reactive resources.

b) For wind powered generation greater than 50 MW, Generator shall notify TSP at least thirty (30) minutes in advance anytime the reactive capability is expected to deviate by more than 10% from the reactive capability curves provided in accordance with Section 12 (f)(viii) above or any time Generator expects generation rate changes greater than 25 MW per minute.

## EXHIBIT "C-1"

### Conceptual One-Line Drawing of Point of Interconnection



Distances not to scale

## 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:	If to Transmission Service Provider:
Company Name:	Patriot Wind Farm, LLC c/o E.ON Climate & Renewables North America, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	VP, Energy Dispatch & Scheduling	Manager, Transmission Dispatching
Address:	701 Brazos Street, Suite 1400	5502 Corporate Dr.
City, State, Zip:	Austin, TX 78701	Corpus Christi, TX 78403
24 Hour Phone:	512-482-8008	(361) 289-4003
E-mail:	travis.carmen@eon.com	dkkunkel@aep.com

(b) Notices of an administrative nature:

	If to Generator:	If to Transmission Service Provider:
Company Name:	Patriot Wind Farm, LLC c/o E.ON Climate & Renewables North America, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	Transmission Manager	Director, Transmission & Interconnection Services
Address:	701 Brazos Street, Suite 1400	212 E. 6th Street
City, State, Zip:	Austin, TX 78701	Tulsa, OK 74119
Fax:	512-494-9581	918-599-3003
Phone:	512-482-4046	918-599-2723
E-mail:	jennifer.ayers-brasher@eon.com	rlpennybaker@aep.com
Copy:		
Company Name:	Patriot Wind Farm, LLC c/o E.ON Climate & Renewables North America, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	Compliance Manager	Director, Transmission Planning
Address:	701 Brazos Street, Suite 1400	212 E. 6th Street
City, State, Zip:	Austin, TX 78701	Tulsa, OK 74119
Fax:	512-494-9581	
Phone:	512-482-4045	918-599-2557

E-mail:	dana.showalter@eon.com	ksrobinson@aep.com
Copy:		
Company Name:	Patriot Wind Farm, LLC c/o E.ON Climate & Renewables North America, LLC	
Attn:	General Counsel	
Address:	701 Brazos Street, Suite 1400	
City, State, Zip:	Austin, TX 78701	
Fax:	512-494-9581	
Phone:	512-482-4009	
E-mail:	alison.gardner@eon.com	

(c) Notice for statement and billing purposes:

	If to Generator:	If to Transmission Service Provider:
Company Name:	Patriot Wind Farm, LLC c/o E.ON Climate & Renewables North America, LLC	AEP Texas Central Company c/o American Electric Power Service Corporation
Attn:	Accounts Payable	Accounts Receivable
Address:	353 N Clark Street, 30 <sup>th</sup> Floor	301 Cleveland Ave SW
City, State, Zip:	Chicago, IL 60654	Canton, OH 44702

(d) Information concerning Electronic Funds Transfers:

	If to Generator:	If to Transmission Service Provider:
Bank Name:	N/A	Citibank, N. A.
Address:		399 Park Avenue
City, State:		New York, NY 10043
ABA No.		021000089
for credit to		AEP Texas Central Company
Account No.		30484552

## **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 described in Section 8 of Exhibit "C", Generator will provide a financial security ("Security") in the form of one (1) or more letters of credit ("LC"), corporate guaranty or other form of collateral security reasonably acceptable to TSP in an amount totaling Three Million Five Hundred Eighty-nine Thousand Dollars (\$3,589,000), as required pursuant to Section 8.3 of this Agreement. Such Security was provided after the Execution Date of the Original Agreement.

2. Depending upon the creditworthiness of the proposed guarantor, a corporate guaranty may or may not be acceptable Security. If Generator chooses to provide a corporate guaranty, it shall provide any financial reports requested by TSP upon execution of this Agreement. If the creditworthiness of the proposed guarantor is acceptable to TSP, the corporate guaranty shall be in a form similar to that shown in Exhibit "E-1" or, if in a form not similar to that shown in Exhibit "E-1" in a form acceptable to TSP. Generator shall provide annual audited financial statements of the guarantor for so long as the guaranty is in effect. In addition, Generator agrees to provide financial information concerning the guarantor as may be requested from time to time by TSP.

3. LC means one (1) or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch that has a credit rating of at least A- from Standard and Poor's or an A3 credit rating from Moody's Investors Services. The LC will be maintained with a bank having such credit rating for the entire period that the LC is in effect. TSP reserves the right to request multiple LC providers, depending on the amount of security required. The LC shall be in a form substantially similar to that shown in Exhibit "E-2" or, if not in a form similar to that shown in Exhibit "E-2," in a form acceptable to TSP. Such LC shall state that it is issued in favor of TSP and specify as its expiry date the date that follows the Commercial Operation Date indicated in Exhibit "B" by one (1) year. Costs of the LC shall be borne by the Generator.

4. TSP may by written notice to Generator require Generator to increase, replenish, or replace the Security from time to time i) if TSP determines in its reasonable discretion that the remaining Security is not adequate to cover the costs that TSP then reasonably estimates could become payable pursuant to this Agreement, ii) in the case of a letter of credit, if at any time the bank issuing the letter of credit no longer meets the criteria set forth in Section 3 above, or iii) in the case of a guaranty, if at any time the creditworthiness of the guarantor is no longer reasonably acceptable to TSP. Generator will tender any such increase, replenishment, or replacement to TSP within thirty (30) days of such notice. No forbearance or delay on the part of TSP in requiring an increase, replenishment, or replacement of the Security will be a waiver of its right to do so.

## EXHIBIT "E-1"

### FORM OF CORPORATE GUARANTY

#### GUARANTY

TO: **AEP Texas Central Company** and its successors and assigns (collectively "Beneficiary")

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and to induce Beneficiary to enter into a Standard Generation Interconnection Agreement dated as of \_\_\_\_\_, as the same may be amended from time to time (the "Agreement"), with [Generator name], a \_\_\_\_\_ corporation ("Debtor"), the undersigned \_\_\_\_\_, a \_\_\_\_\_ ("Guarantor"), hereby irrevocably and unconditionally guarantees the due punctual and full payment of any and all obligations of the Debtor to the Beneficiary now or hereafter due pursuant to the Agreement or pursuant to applicable law in connection with the activities of the parties under the Agreement (the "Guaranteed Obligations"). Upon any failure by the Debtor to pay any of the Guaranteed Obligations, the Guarantor agrees that it will forthwith on demand pay any amounts which the Debtor has failed to pay the Beneficiary, 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 Beneficiary may resort to the Guarantor for payment of any of the Guaranteed Obligations, whether or not the Beneficiary 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 Obligations. Guarantor reserves the right to assert defenses which the Debtor may have to payment of any Guaranteed Obligations other than defenses based on lack of capacity, lack of authorization, lack of due execution, illegality, or limitations of actions, or arising from the bankruptcy, insolvency, or similar proceeding of the Debtor and other defenses expressly waived hereby.

The Guarantor agrees that, in the event of the dissolution or bankruptcy of the Debtor, if such event shall occur at a time when any of the Guaranteed Obligations may not then be due and payable, the Guarantor will pay the Beneficiary forthwith the full amount which would be payable hereunder by the Guarantor if all such Guaranteed Obligations were then due and payable and in default.

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:

(A) any extension, renewal, settlement, compromise, waiver, discharge, or release in respect of any Guaranteed Obligations of the Debtor;



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

(C) any modification, amendment, waiver, extension of or supplement to the Agreement or any of the Guaranteed Obligations agreed to from time to time by the Debtor and the Beneficiary;

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

(E) the existence of any claim, set-off, or other rights which the Guarantor may have at any time against the Debtor, the Beneficiary, or any other corporation or person, whether in connection herewith or in connection with any related or 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 Obligations.

(F) except as to applicable statutes of limitation, failure, omission, delay, waiver or refusal by Beneficiary to exercise, in whole or in part, any right or remedy held by Beneficiary with respect to the Agreement or any transaction under the Agreement; or

(G) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Debtor or any other individual, partnership, joint venture, corporation, association, trust or other enterprise that is a party to the Agreement, or any other agreement or instrument (including any guarantor) in respect of the Guaranteed Obligations, other than payment in full of the Guaranteed Obligations.

This Guaranty shall remain in full force and effect until the date on which the Debtor is entitled by the Agreement to a release of its Security provided thereunder. Such termination shall not release Guarantor from liability for any Guaranteed Obligations arising prior to the effective date of such termination (even if the amount of such Guaranteed Obligations is not then fully determined). If at any time any payment of any of the Guaranteed Obligations is not then made or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of the Debtor, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had not been made. If Debtor's assets or a major portion thereof are transferred to any other party or parties otherwise than by operation of law, and if Beneficiary enters into any transaction whereby such transferee or transferees become indebted to Beneficiary, this Guaranty, subject to all the other terms hereof, shall apply to any Guaranteed Obligations or balance of Guaranteed Obligations of such other transferee or transferees to Beneficiary.

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 Debtor or its assets or any other guarantor or person. Guarantor further waives notice of the transactions between Beneficiary and Debtor, notice of the execution and delivery, amendment, extension, or renewal of any present or future instrument pertaining to the Guaranteed Obligations, notice of default by Debtor, and any other notice not expressly required by this Guaranty. Guarantor further consents, without further notice, to any extension or extensions of the time or times of payment of said Guaranteed Obligations, or any portion thereof, and to any change in form or amount, or renewal at any time, of such Guaranteed Obligations, or any portion thereof, in each case up to an aggregate amount set forth below. Should any present or future Guaranteed Obligations incurred by Debtor not be paid when due or at the time to which the same may be extended, Beneficiary may proceed against Guarantor for such Obligations at any time, without notice and without any proceeding or action against Debtor.

Guarantor shall not exercise any rights which it may have or acquire by way of subrogation until all of the Guaranteed Obligations are paid in full to Beneficiary. Guarantor shall not enforce any right or receive any payment by way of subrogation until all of the Guaranteed Obligations then due shall have been paid in full and Beneficiary agrees to take at Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation. If any amounts are paid to Guarantor in violation of the foregoing limitations, then such amounts shall be held in trust for the benefit of Beneficiary and shall forthwith be paid to Beneficiary by Guarantor to reduce the amount of outstanding Obligations, whether matured or unmatured.

In the event that acceleration of the time for payment of any amount payable by the Debtor under the Agreement is stayed upon the insolvency, bankruptcy or reorganization of the Debtor, 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 Beneficiary.

The Guaranty shall be binding upon and inure to the benefit of the Beneficiary and its successors and assigns. Beneficiary may assign this Guaranty in its sole discretion. Guarantor may not assign its rights and obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the Beneficiary which consent may be arbitrarily withheld, and any such purported assignment without such written consent will be void.

Except for increases in the aggregate amount of Guaranteed Obligations, no other 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 an authorized representative of the Beneficiary.

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.

Notwithstanding anything in this Guaranty to the contrary, Guarantor's liability under this Guaranty and the Beneficiary's right of recovery under the same shall be limited to an aggregate amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). In the event Beneficiary 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 Beneficiary (including reasonable attorney's fees) in enforcing this Guaranty provided Beneficiary is successful in such litigation.

Guarantor represents and warrants that:

(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.

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 Beneficiary:**

AEP Texas Central Company  
c/o American Electric Power Service Corporation  
Attn: Managing Director, Credit Risk Management  
155 West Nationwide Blvd, Suite 500  
Columbus, OH 43215  
Fax: (614) 324-4591

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

If any provision of this Guaranty is found by a court of competent jurisdiction to be void, illegal or otherwise unenforceable in that jurisdiction, such provision, to the extent of its invalidity, shall be severed from this Guaranty and be ineffective in that jurisdiction; provided, however, that such finding shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guaranty. THIS GUARANTY WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE. Guarantor waives any right to trial by jury with respect to this Guaranty.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed as of the date set forth below.

(\_\_\_\_\_)

By: \_\_\_\_\_

Name:

Title:

Date:

## 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 become obligated to pay to the Beneficiary or its assigns an amount equal to or exceeding [\$ \_\_\_\_\_] USD. Wherefore, the undersigned does hereby demand payment of such dollar amount."

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, 2007 Revision, International Chamber of Commerce Publication No. 600 (the "UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. With respect to Article 14(b) of the UCP, the Issuing Bank shall have a reasonable amount of time, not to exceed three (3) banking days following the date of its receipt of documents from the Beneficiary, to examine the documents and determine whether to take up or refuse the documents and to inform the Beneficiary thereof accordingly.

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.

It is a condition of this Letter of Credit that it will be automatically extended without amendment for one (1) year from the expiration date hereof, or any future expiration date, unless

at least ninety (90) days prior to any expiration date we notify you at the above address by registered mail or hand delivered courier that we elect not to consider this Letter of Credit renewed for any such period.

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]