

SOLAR PARTICIPATION AGREEMENT (City of Mesa)

This SOLAR PARTICIPATION AGREEMENT ("**Agreement**") is made and entered into as of the last date set forth beneath the parties' signatures below (the "**Effective Date**"), by and between Salt River Project Agricultural Improvement and Power District, an Arizona agricultural improvement district designated a political subdivision of the State of Arizona ("**SRP**") and Customer (named below in the Basic Contract Information).

BASIC CONTRACT INFORMATION

The following Basic Contract Information is an integral part of this Agreement and is incorporated into this Agreement in all respects. In addition to other terms that may be elsewhere defined in this Agreement, the following capitalized terms, whenever used in this Agreement, have the meanings set forth below:

Customer:	City of Mesa, an Arizona municipal corporation
Account(s):	The SRP account number(s) set forth on <u>Exhibit "A"</u> attached hereto.
Term:	A period of 15 years, commencing on the Facility's Commercial Operation Date, as such term is defined in the PPA (the " Facility COD ").
Facility:	The solar photovoltaic (PV) generating facility, with an expected total nameplate capacity of 100 MW, to be developed and operated on a parcel of land located partially within an unincorporated portion of central Pinal County and partially within the City of Coolidge.
Subscribed Percentage:	The percentage of Facility capacity to which Customer subscribes under this Agreement, which is 2.6 % (subject to <u>Section 1.2(c)</u>)
PPA:	The power purchase agreement dated October 3, 2018 between SRP and the owner and developer of the Facility (the " PPA Seller "), under which SRP has agreed to purchase from the PPA Seller the output of the Facility.
Contract Price:	\$0.02730 per kWh (which amount equals the price per kWh payable by SRP under the PPA (\$0.02648), plus an upward adjustment of 3.1% for transmission losses).

RECITALS

A. Customer is a retail electric service customer of SRP.

B. SRP and Customer have agreed to enter into a transaction, as set forth in this Agreement, under which: (i) SRP will purchase the output of the Facility for the purpose of supporting electric supply to Customer and other similarly-situated SRP customers; (ii) Customer will subscribe to a portion of the metered kilowatt-hours (kWh) attributable to the Facility; (iii) Customer will pay SRP a fixed price equal to the per-kWh amount payable by SRP under the PPA, plus an upward adjustment of 3.1% for transmission losses (under which fixed price SRP recovers interconnection costs); and (iv) SRP will transfer the associated renewable energy credits to Customer (or retire them at Customer's request).

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, Customer and SRP agree to the following:

ARTICLE I SOLAR PARTICIPATION

1.1 Power Purchase Agreement; Contingencies.

(a) The effectiveness of this Agreement is conditioned upon the occurrence of the Facility COD. The Facility COD is expected to occur on or about December 31, 2020. If the Facility COD has not occurred on or before June 1, 2021 (the “**COD Deadline**”), then SRP may terminate this Agreement by delivering written notice (a “**Termination Notice**”) to Customer at any time prior to the Facility COD. If SRP delivers a Termination Notice, then this Agreement will terminate as of the date that is 30 days after SRP’s delivery of the Termination Notice, unless, within that 30-day period, either (i) the Facility COD occurs, or (ii) SRP and Customer mutually agree to replace the Facility, for purposes of this Agreement, with one or more alternative Substitute Facilities (as hereinafter defined), and to modify the Contract Price accordingly, to reflect the price per-kWh payable by SRP under the power purchase agreement applicable to the Substitute Facility. As used in this Agreement, a “**Substitute Facility**” means a solar PV generating facility for which SRP has entered into a power purchase agreement and that is or will be newly constructed and made operational after the Effective Date, and the output of which is not committed to another subscriber, purchaser or off-taker, or needed, in SRP’s judgment, for its own purposes. SRP will provide Customer with periodic updates on the construction status of the Facility, and will use commercially reasonable efforts to promptly notify Customer if SRP learns of any event or circumstance that will delay, or is reasonably likely to delay, the Facility COD beyond the COD Deadline.

(b) If SRP delivers a Termination Notice, SRP and Customer will use commercially reasonable efforts to agree upon a Substitute Facility, but SRP will have no obligation to acquire, or attempt to acquire, any generation resource or the output thereof, or to otherwise enter into any transaction with a third party. If Customer and SRP agree on a Substitute Facility and, if applicable, a modified Contract Price, under this Section 1.1, the parties will cooperate with one another, in good faith, to finalize and execute an amendment of this Agreement to update the Facility, the Contract Price (if applicable), and any other provisions of this Agreement that must be amended to reflect the parties’ agreement.

(c) If the PPA is terminated for any reason during the Term, then this Agreement will automatically terminate as of the termination date of the PPA. SRP will use reasonable efforts to provide Customer with at least 30 days prior notice of the PPA termination.

(d) The termination of this Agreement will not relieve either party from liability for payment of any amounts due to the other that accrued during the Term and that remain unpaid as of the date on which the Term terminates. All such amounts will be due within 30 days after demand from the party entitled to payment, which obligation will survive the expiration or termination of this Agreement.

1.2 Customer Commitments; Contract Price.

(a) For the duration of the Term, Customer will subscribe to the Subscribed Percentage of Facility capacity, as further detailed below.

(b) Customer shall pay SRP for the Contracted Output (as such term is defined below) at the Contract Price, regardless of Customer's demand. The aggregate amount payable each Month under this Agreement for the Contracted Output is referred to herein as the "**Monthly Fee**." If there is only one Account, SRP will charge the Monthly Fee to that Account; if there is more than one Account, Customer may elect to have the Monthly Fee charged to one Account of Customer's choosing, or distributed evenly among two or more Accounts of Customer's choosing. In any event, the Monthly Fee will appear as a separate line item on Customer's monthly electric bill for the applicable Account(s). Customer will pay the Monthly Fee (together with any applicable taxes, fees, or charges (excluding federal or state income taxes) levied or imposed by any governmental authority ("**Governmental Charges**") that are payable by SRP in connection with this Agreement) under the same terms that govern SRP's monthly electric bills. "**Contracted Output**" means the product of (a) the kWh produced by the Facility and made available to SRP in accordance with the PPA, and (b) the Subscribed Percentage.

(c) The Subscribed Percentage set forth above was determined based on, among other factors, Customer's historical demand. If Customer's actual monthly energy consumption is less than the Contracted Output during comparable Facility production hours, then SRP may, by written notice to Customer, reduce the Subscribed Percentage such that the Contracted Output will substantially equal Customer's monthly energy consumption during comparable Facility production hours.

(d) Customer acknowledges that the Facility's production will vary based on, among other factors, equipment degradation, weather, availability of sunlight, and maintenance outages. SRP does not guarantee a minimum amount of energy production by the Facility. SRP will use commercially reasonable efforts to enforce the terms of the PPA, but will have no liability to Customer for or in connection with the PPA Seller's failure or inability to deliver Facility output to SRP, or the PPA Seller's breach of the PPA.

(e) During the Term, SRP must be the sole electric service provider for the first number of MW of Customer's load (the load that the Facility output is intended to support), equal to 100 times the Subscribed Percentage.

(f) If Customer wishes to extend the Term beyond the number of years set forth in this Agreement, Customer must deliver to SRP a written request (an "**Extension Request**") at least 270 days, but no more than 365 days, prior to the then-current expiration date of the Term. If SRP receives a timely Extension Request, SRP will, within 60 days after receipt of the Extension Request, deliver written notice to Customer (an "**SRP Response**"), in which SRP either (i) declines to extend the Term, or (ii) provides the terms and conditions under which SRP is willing to extend the Term (the "**Extension Terms**"). If SRP fails to deliver a timely SRP Response, SRP will be deemed to have elected to decline to extend the Term. If the SRP Response provides Extension Terms, Customer will have 60 days after receipt of the SRP Response in which to notify SRP of Customer's acceptance of the extension under the Extension Terms (a "**Customer Acceptance**"). If Customer fails to deliver a timely Customer Acceptance, then Customer will be deemed to have rejected the Extension Terms, in which case the Term will not be extended. If Customer delivers a timely Customer Acceptance, then the Term will be extended under the Extension

Terms. If the Term is extended under this Section, Customer will, upon SRP's request, execute a commercially reasonable document memorializing the extension.

1.3 Bill Adjustment. In each SRP monthly billing cycle for retail electric service (a "**Month**"), SRP will apply an adjustment to Customer's Account(s) (the "**Bill Adjustment**") computed as set forth in Exhibit "B" attached hereto. If the Bill Adjustment computation results in a positive number, then conditioned upon Customer's timely payment of the Contract Price, the Bill Adjustment will be applied as a credit; if the computation results in a negative number, the Bill Adjustment will be applied as a charge. The Bill Adjustment will be applied to the same Account(s) to which the Monthly Fee is charged (evenly distributed, in the event of application to multiple Accounts).

1.4 Ownership and Transfer of RECs.

(a) Conditioned on Customer's timely payment of the Monthly Fee, SRP will transfer to Customer title to all renewable energy credits and/or any new replacement or additional green attribute mechanisms, associated with the Contracted Output and transferred to SRP by the PPA Seller (each, a "**REC**"). Subject to Section 1.4(b) below, SRP shall, on a monthly basis, transfer to Customer ownership of the number of RECs for which Customer has paid the Monthly Fee, using an attestation and bill of sale substantially in the form of Exhibit "C" attached hereto (the "**Bill of Sale**"). Except for the Monthly Fees, SRP will not assess any fees in connection with the transfer of RECs to Customer; however, if any governmental authority assesses or requires the payment of any fees or costs in connection with the transfer of RECs, such costs will be borne by Customer.

(b) Upon mutual agreement of SRP and Customer, the parties may elect to use the Western Renewable Energy Generation Information System or any successor renewable energy tracking program ("**WREGIS**") to track and transfer RECs, provided that Customer qualifies and has registered as a Qualified Reporting Entity under WREGIS. If the parties elect to use WREGIS, then each party will be responsible for maintaining active WREGIS accounts and for paying their own costs associated with maintaining the accounts. WREGIS Forward Certificate Transfers will occur based on the certificate creation timeline established by WREGIS operating rules. SRP will have no liability for any delay or denial of WREGIS certification, and the Monthly Fee will be payable regardless of the status of any such certification. SRP shall be responsible for all WREGIS expenses associated with transfer of the certificates to Customer's WREGIS account. For purposes of reporting the RECs, SRP may round the number of RECs to the nearest whole MWh in accordance with the WREGIS rules. If WREGIS is discontinued, then SRP will deliver the RECs to Customer using a Bill of Sale.

(c) Notwithstanding the foregoing, Customer may elect, by delivering written notice to SRP, not to take ownership of the RECs to which it is entitled under this Agreement, in which event SRP will retire on Customer's behalf a number of RECs equal to the number of RECs to which Customer is entitled under this Agreement, and SRP will not provide Customer with any bill of sale, attestation, or other documentation evidencing or transferring ownership of the RECs to Customer, but will, upon Customer's request, provide Customer with written confirmation that the RECs have been retired. Customer represents to SRP that it is a commercial user or consumer of renewable energy credits and is entering into this Agreement solely for such commercial purpose, and not for speculating, hedging, or investing.

1.5 Allocation of Governmental Charges. Customer is responsible for all Governmental Charges imposed on or associated with the transfer of the RECs to Customer. If SRP is required to remit or pay Governmental Charges that are Customer's responsibility hereunder, Customer shall promptly reimburse SRP for such Governmental Charges. Both parties shall use reasonable efforts to administer this Agreement and implement the provisions in accordance with their intent to minimize Governmental Charges, so long as no party is materially adversely affected by such efforts. Nothing herein shall obligate or cause a party to pay or be liable to pay any Governmental Charge for which it is exempt under applicable law.

1.6 Customer Non-Payment. If Customer fails to pay when due any amount due under this Agreement, which failure continues for thirty (30) days after receipt of written notice thereof, SRP may, in addition to exercising any other available remedies, terminate this Agreement by delivering written notice to Customer.

1.7 Additional Agreements and Acknowledgements.

(a) SRP recognizes that this Agreement does not change requirements under its Sustainability Portfolio Principles 20% by 2020 goal; Customer recognizes and agrees, however, that SRP will consider the Facility as part of its integrated generation portfolio to meet its carbon reduction goals.

(b) During the Term, SRP will deliver to Customer, and Customer will receive, energy under the SRP standard electric price plan(s) (each, a "**Price Plan**") or rider(s) in which Customer participates. Customer will not take title, or have any direct right, to any of the energy produced by the Facility, all of which will be conveyed to SRP under the PPA. Except for the RECs required to be transferred to Customer under this Agreement, SRP will retain all energy, capacity, and other attributes and benefits associated with the Facility and provided to SRP under the PPA.

ARTICLE II CONFIDENTIALITY

The terms and conditions of this Agreement are confidential. Neither party shall disclose, publish, release, transfer or otherwise make available such terms and conditions in any form to, or for the use or benefit of, any person or entity without the other party's prior consent. Each party may, however, disclose such terms and conditions to its Affiliates (as defined in Section 3.3), and its and its Affiliates' officers, directors, employees, and professional advisors (including attorneys, bankers and consultants), who have a need to know and who are bound to protect such terms and conditions from unauthorized use and disclosure. The foregoing restrictions shall not apply to the extent such terms and conditions are lawfully required to be disclosed to any governmental agency or are otherwise required to be disclosed by law. Customer understands that, as a political subdivision of the State of Arizona, SRP may be subject to certain disclosure requirements under the Arizona public records law. (A.R.S. § 39-101, *et seq.*). If SRP receives a request to disclose the terms and conditions of this Agreement under the Arizona public records law, SRP shall notify Customer as soon as reasonably practical of such request so that Customer may have an opportunity to take appropriate action to maintain confidential handling of such information.

ARTICLE III MISCELLANEOUS

3.1 No Change to Price Plan. Except as expressly provided under Section 1.3, the charges imposed on Customer under this Agreement do not replace or reduce the charges incurred by Customer under any Price Plan or rider in which Customer may participate.

3.2 Default; Remedies.

(a) If either party (the “*Defaulting Party*”) fails to perform any of the covenants, agreements, terms or conditions of this Agreement on its part to be performed, which failure continues for 30 days after receipt of written notice from the other party (the “*Non-Defaulting Party*”) (or, if the failure is of a non-monetary nature and is not reasonably capable of being cured within 30 days, such additional amount of time as may be reasonably necessary, so long as the Defaulting Party has commenced the cure within the initial 30-day period and thereafter diligently pursues it to completion), then the Non-Defaulting Party may, at its election, terminate this Agreement upon written notice to the Defaulting Party. In addition, each party reserves the right to pursue any rights and remedies available at law or in equity, or under SRP’s Rules and Regulations. All remedies will be cumulative and non-exclusive.

(b) NOTWITHSTANDING THE FOREGOING TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY UNDER THIS AGREEMENT FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT.

3.3 Assignment. This Agreement will be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either party without the other party’s prior written consent, in its sole discretion. Notwithstanding the foregoing, Customer may assign this Agreement to any Affiliate (as hereinafter defined) that is the customer of record on the Account(s), conditioned on its Affiliate’s written assumption of all of Customer’s obligations under this Agreement. For purposes of this Agreement, the term “*Affiliate*” means any entity that directly or indirectly controls, is controlled by, or is under common control with Customer. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) means, with respect to any entity, (a) the direct or indirect right to cast at least 50% of the votes exercisable at an annual general meeting (or its equivalent) of such entity or, if there are no such rights, ownership of at least 50% of the equity or other ownership interest in such entity, or (b) the right to direct the policies or operations of such entity. Any assignment in violation of this Agreement will be void.

3.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior contracts or understandings with respect to that subject matter. The exhibits attached hereto are incorporated into this Agreement by this reference.

3.5 Headings. The headings and titles of this Agreement are not a part of the Agreement and shall have no effect upon its construction or interpretation.

3.6 Severability. Any provision of this Agreement declared or rendered invalid, unlawful, or unenforceable by a court of competent jurisdiction shall not otherwise affect the remaining lawful

obligations that arise under this Agreement; provided that the parties shall use commercially reasonable efforts to reform this Agreement in order to give effect to the original intention of the parties.

3.7 Governing Law. This Agreement shall be interpreted, governed by, and construed in accordance with the substantive and procedural laws of the State of Arizona, without regard to conflicts of law principles. The parties agree that any action, suit, or proceeding arising out of, or in any way connected with, this Agreement, shall be initiated and prosecuted in a state or federal court of competent jurisdiction located in Maricopa County, Arizona, and the parties irrevocably submit to the jurisdiction and venue of such court. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY AND COVENANTS AND AGREES THAT IT WILL NOT REQUEST A TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT. Notice is hereby given of Arizona Revised Statutes §38-511.

3.8 Waiver. A waiver by either party of any of its rights with respect to a default by the other party and the performance of any of its obligations contained in this Agreement shall not be deemed a waiver of the performance of any other obligations or of any subsequent default in the performance of the same or any other obligation contained in this Agreement. No provision of this Agreement may be waived except by a written instrument executed by the party against whom enforcement is sought.

3.9 Amendment. This Agreement may be amended only by a written instrument executed by each party.

3.10 Attorneys' Fees. If either SRP or Customer engages an attorney to enforce compliance with any term or condition of this Agreement, the party that is successful in enforcing its rights shall be entitled to reimbursement from the other party for reasonable attorney's fees, as determined by the court, and reasonable costs and expenses incurred in such enforcement, including court costs, expert witness fees, and other litigation-related expenses.

3.11 Notices. All notices, demands, requests, or other communications required or permitted under this Agreement shall be delivered to the addresses set forth beneath the parties' signatures below. Notices required to be in writing shall be delivered by hand delivery, U.S. Mail, express courier or e-mail (if an e-mail address is provided). Except as may otherwise be specified in this Agreement, all notices, requests, statements and other communications shall be deemed to have been duly given (a) on the date of delivery if delivered by hand or by express courier, (b) five days after deposit in the U.S. Mail, or (c) on the Business Day on which it is received, if transmitted by e-mail before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day). Either party may change its respective notice information upon giving the other party at least 10 days' prior notice thereof. A "**Business Day**" means any day other than a Saturday, Sunday or federal holiday.

3.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed an original and all of which, when taken together, constitute one and the same instrument. This Agreement may be executed using an electronic or digital signature. Electronic copies of signatures will be deemed effective as originals.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

CUSTOMER:

City of Mesa, an Arizona municipal corporation

By: Christopher J. Brady
Name: Christopher J. Brady
Title: City Manager
Date: 12/5/18

Address for Notices:

Attn: _____

Email Address

SRP:

Salt River Project Agricultural Improvement and Power District

By: Steven Lopez
Name: Steven Lopez
Title: Sr Director, Customer Strategy
Date: 12/6/18

Address for Notices:

Attn: _____

Email Address

EXHIBIT "A"

ACCOUNT(S)

EXHIBIT "A"

ACCOUNT(S)

SRP and Customer will mutually agree on the Account(s) at least 30 days prior to the Facility COD. Upon their mutual agreement, SRP will deliver to Customer, for attachment to this Agreement, this Exhibit "A" setting forth the Account(s).

EXHIBIT "B"

COMPUTATION OF BILL ADJUSTMENT

1. **Calculation.**

(a) If the Term is less than 15 years:

$$\text{Bill Adjustment (\$)} = O * (A * N)$$

Where:

O = Contracted Output in the applicable Month;

A = Based on Customer's election under Section 2 below, either (i) the Adjustment Factor Amount (as defined in Section 4 below), or (ii) the Market Rate (as defined in Section 4 below) divided by 1000; and

N = 100 % (an adjustment to provide for SRP's recovery of some or all system integration costs associated with the Facility). Notwithstanding the foregoing, if "A" in the Bill Adjustment formula is a negative figure, then "N" will be deemed to equal 1.

(b) If the Term is 15 years or more:

$$\text{Bill Adjustment (\$)} = O * A$$

Where:

O = Contracted Output in the applicable Month; and

A = Based on Customer's election under Section 2 below, either (i) the Adjustment Factor Amount (as defined in Section 4 below), or (ii) the Market Rate (as defined in Section 4 below) divided by 1000.

2. **Customer Election.** For purposes of computing the Bill Adjustment, Customer may choose to utilize either the Adjustment Factor Amount or the Market Rate (as those terms are defined below). Customer must make its election by delivering written notice to SRP no later than June 1, 2020. If Customer fails to make a timely election under this Section, then Customer will be deemed to have elected to utilize the Adjustment Factor Amount. Customer's election, or deemed election, will be applicable to the entire Term.

3. **Multiple Accounts.** If there is more than one Account, and Customer has elected (or is deemed to have elected) the Adjustment Factor Amount, then SRP will calculate the Bill Adjustment as follows:

(a) If each Account is served under the same Price Plan, or if they are served under different Price Plans under which the applicable FPPAM Amounts are all the same, SRP will calculate the total Bill Adjustment according to the standard calculation set forth above.

(b) If the Accounts are served under two or more Price Plans with differing FPPAM Amounts, then SRP will calculate the Bill Adjustment on a weighted basis, based on the percentage of Customer's energy consumption under each Account, as set forth in detail on Exhibit "B-1."

4. Definitions. As used in this Exhibit "B," the following terms have the meanings set forth below:

(a) "**Adjustment Factor Amount**" means the FPPAM Amount plus Renewable Expenses in the applicable Month.

(b) "**FPPAM Amount**" means the amount(s) of the Fuel and Purchased Power Adjustment Mechanism (FPPAM), if any, applicable to the Account(s). The FPPAM Amount, and methodology for computation, is subject to change.

(c) "**Market Rate**" means the applicable price per MWh of electrical energy equal to: (A) if an appropriate real-time index is available (as determined by SRP), that real-time index; or (B) if an appropriate real-time index is not available:

(i) For all days Monday through Saturday, excluding NERC Holidays (collectively, "**On-Peak Days**"), the Intercontinental Exchange (ICE) Day Ahead Firm Palo Verde Peak Weighted Average Index (the "**On-Peak Index**"); if, however, the On-Peak Index is not published for any On-Peak Day, the default index will be the applicable On-Peak Index for the nearest preceding On-Peak Day on which the On-Peak Index is published. If the On-Peak Index is not available, the parties shall agree upon a substitute comparable index; or

(ii) For Sundays, excluding NERC Holidays (collectively, "**Sundays**"), the ICE Day Ahead Firm Palo Verde Off-Peak Sunday 1X16 Weighted Average Index (the "**Sunday Index**"); if, however, the Sunday Index is not published for any Sunday, the default price will be the applicable ICE Palo Verde Off-Peak price as published in the ICE Day Ahead Power Price Report for financially firm power (the "**Off-Peak Index**"); or

(iii) For NERC Holidays (as hereinafter defined), the Off-Peak Index; if, however, the Off-Peak Index is not published for any NERC Holiday, the default price will be Off-Peak Index for the nearest preceding day on which the Off-Peak Index is published. As used herein, "**NERC Holidays**" means NERC Additional Off-Peak Holidays as approved by the North American Electric Reliability Council (NERC) Resources Committee and published by NERC, as updated from time to time by NERC. The existing list of NERC Additional Off-Peak Holidays includes New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. Under existing rules, if a NERC Additional Off-Peak Holiday falls on a Sunday, it will be observed the Monday immediately following that Sunday, otherwise it will be observed on the holiday itself.

(d) "**Renewable Expenses**" means either: (i) the Renewable Energy portion (as reasonably calculated by SRP) of the Environmental Programs Cost Adjustment Factor (EPCAF) applicable to the Account(s), for so long as SRP recovers renewable expenses via the EPCAF; or (ii) if,

after the Effective Date, SRP commences recovery of renewable expenses via a mechanism other than the EPCAF (such as by embedding the expenses into rate components), the amount of those renewable expenses charged to the Account(s), as reasonably calculated by SRP. The Renewable Expenses amount, and methodology for computation, is subject to change.

EXHIBIT "B-1"

CALCULATION OF BILL ADJUSTMENT UNDER SECTION 3(b) of EXHIBIT "B"

1. SRP will group all of Customer's Accounts according to their applicable Price Plan. Each such group is hereinafter referred to as a "***Price Plan Group***."

2. SRP will determine the percentage of Customer's total annual energy consumption (in MWh) under each Price Plan Group (each, a "***Price Plan Percentage***"). As of the Facility COD, the Price Plan Percentages will be based on Customer's consumption in the 12 month period immediately preceding the Facility COD. On each May 1 occurring during the Term, beginning with the first May 1 occurring after the first 12 months of the Term (each, an "***Adjustment Date***"), SRP will recalculate the Price Plan Percentages based on the 12 month period immediately preceding the Adjustment Date. Unless there is a change in the number of Accounts, or the applicable Price Plans, the Price Plan Percentages will not change except on an Adjustment Date.

3. In each Month, SRP will apportion the Contracted Output among each Price Plan Group according to the Price Plan Percentage, and calculate an adjustment (using the Bill Adjustment formula set forth in Exhibit "B") with respect to that Price Plan Group. The total of all adjustments calculated under the immediately preceding sentence will constitute the Bill Adjustment.

Sample Calculation (for illustrative purposes only):

By way of example only, assume the following:

- (i) The Contracted Output is 475,200 kWh for a given 30-day summer month (2 MW @ 33% capacity factor);
- (ii) Customer has 24 Accounts: 10 on the E-32 Price Plan (accounting for 25% of Customer's consumption); 12 on the E-36 Price Plan (accounting for 25% of Customer's consumption); and 2 on the E-65 Price Plan (accounting for 50% of Customer's consumption);
- (iii) In the applicable Month, the Adjustment Factor Amounts total: \$0.0335 (\$0.0295 FPPAM + \$0.004 Renewable Expenses) under the E-32 Price Plan; \$0.0335 (\$0.0295 FPPAM + \$0.004 Renewable Expenses) under the E-36 Price Plan; and \$0.0331 (\$0.0291 FPPAM + \$0.004 Renewable Expenses) under the E-65 Price Plan¹; and
- (iv) The Term is 10 years, and for purposes of the Bill Adjustment formula, the "N" equals 90%.

Under the foregoing assumptions, Customer's Bill Adjustment will be calculated as follows:

¹ The sample figures are taken from April 1, 2015 summer prices

1. The adjustment applicable to the Accounts on the E-32 Price Plan equals \$3,581.82 ($0.25 * 475,200 * (\$0.0335 * 0.90)$); the adjustment applicable to the Accounts on the E-36 Price Plan equals \$3,581.82 ($0.25 * 475,200 * (\$0.0335 * 0.90)$); and the adjustment applicable to the Accounts on the E-65 Price Plan equals \$7,078.10 ($0.5 * 475,200 * (\$0.0331 * 0.90)$).
2. The Bill Adjustment (the total of the foregoing adjustments) is \$14,241.74.

EXHIBIT "C"

**RENEWABLE ENERGY CREDIT
ATTESTATION AND BILL OF SALE**

This RENEWABLE ENERGY CREDIT ATTESTATION AND BILL OF SALE is provided in accordance with the Solar Participation Agreement with an Effective Date of [Click here to enter Effective Date](#) (the "**Agreement**"), by and between Salt River Project Agricultural Improvement and Power District, an Arizona agricultural improvement district designated a political subdivision of the State of Arizona ("**SRP**") and City of Mesa ("**Customer**"). Capitalized terms used but not defined herein have the meanings given those terms in the Agreement.

SRP hereby sells, transfers and delivers to Customer RECs associated the generation of _____ megawatt hours from the Facility described below:

Facility Name	Facility Location	Energy Source	Dates

Total RECs Transferred: _____

Declaration

I, (print name and title) _____ declare that the RECs listed above (the "**Transferred RECs**") were sold exclusively by SRP to Customer. I further declare that:

- 1) the Transferred RECs were not sold, marketed or otherwise claimed by a third party; and
- 2) neither the Transferred RECs nor the energy with which they are associated were used to meet any federal, state or local renewable energy requirement.

As an authorized agent of SRP, I attest that the above statements are true and correct.

Signature

Date