

SOUTH CAROLINA ELECTRIC & GAS COMPANY
TERMS AND CONDITIONS FOR PURCHASING FROM QUALIFYING SMALL POWER PRODUCTION FACILITY
AND/OR COGENERATION FACILITY

1. GENERAL**(a) FOREWORD**

In contemplation of the mutual protection of both South Carolina Electric & Gas Company and the "qualifying small power production facility and/or cogeneration facility", these Terms and Conditions are hereby set forth and filed with the Public Service Commission of South Carolina, which has jurisdiction over public utilities, so as to read as hereinafter set forth; the same being incorporated by reference in each contract or agreement to purchase.

(b) DEFINITIONS

South Carolina Electric & Gas Company is referred to herein as "Company" and the qualifying small power producer or cogenerator as "Seller." "Qualifying Facility" means a cogeneration facility or small power production facility which is a qualifying facility by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM 79-54. "Point of Delivery" as used herein normally means that point where the facilities of the Company make physical contact with the facilities of the Seller and will be specifically illustrated on a location sketch of Company's and Seller's facilities.

2. REQUEST FOR COMPANY TO PURCHASE

(a) Prospective Seller may either, in person or in writing, make a request for the Company to purchase electricity from the Seller. This request shall be made only at Company's commercial offices.

(b) The prospective Seller's request for Company to purchase shall contain the following information:

(i) The name, address and phone number of the prospective Seller;

(ii) A description of the Seller's present or proposed facility, including whether such facility is a qualifying small power production facility or a qualifying cogeneration facility, the primary energy source used or to be used, the power production capacity, and the estimated date the facility will be operational.

3. CONTRACT TO PURCHASE

(a) As a condition to Company's purchasing electricity, the Seller shall execute an Agreement for Purchase. When executed by Seller and Company, such Agreement, the applicable Purchase Rate Schedule, these Terms and Conditions, and a location sketch of both Company's and Seller's facilities shall constitute the Contract to Purchase between Company and Seller. When executed, an Agreement of Purchase may be thereafter modified only by a written instrument.

(b) In the event of any conflict between these Terms and Conditions and the provisions of the Agreement for Purchase or applicable Purchase Rate Schedule, the provisions of the Agreement for Purchase or applicable Purchase Rate Schedule shall govern.

(c) Electricity supplied by the Seller shall be standard alternating current at a frequency of 60 hertz and shall be delivered only at voltages, phases and power factor as specified by the Company.

(d) All purchases at the point of delivery to the Company shall be made through one metering point. A separate Agreement for Purchase will be necessary for each point of delivery.

(e) The Company will be the owner of and have exclusive control of all purchased electricity after it passes the point of delivery.

(f) The Company reserves the right to discontinue purchases of electric energy from qualifying facilities during periods in which such purchases will result in net increased operating costs to the Company.

4. FACILITIES AND ACCESS

(a) The Company will install, own, operate, and maintain any special or additional facilities necessary to interconnect with the Seller that may be required on the Company's side of the point of delivery. These additional facilities may include, but are not limited to, control or protective devices necessary to preserve the safety and reliability of the Company's service to other customers, a visible disconnect, any special metering, and improvements in the Company's system necessary to receive the electric power delivered under this agreement. Seller shall reimburse the Company for all costs incurred by the Company for the purchase, installation, maintenance and replacement of such facilities under the "Special Provisions" of the Agreement to Purchase. Seller shall also reimburse the Company for all operating costs that result from the connection of the Seller's generating facility to the Company's electrical system.

(b) All facilities of the Seller, including generation, wiring, pole lines, conductors, transformers, meters, and other electrical equipment on Seller's side of the point of delivery to the Company's system, except Company's metering equipment, shall be considered the property of the Seller and shall be designed, purchased, installed, operated, and maintained by Seller. Such facilities shall include:

(i) The generating facility designed, constructed and operated in accordance with the requirements of all applicable laws, rules and regulations of all governmental agencies having jurisdiction; and consistent with the Company's operating policies;

(ii) The control and protective devices necessary for safe parallel operation of Seller's generating facility and Company's electric system;

(iii) Interconnection facilities as may be required to deliver power from Seller's generating facility to the specific point of delivery to the Company's system.

(c) Seller shall submit for review and written approval by the Company prior to any actual installation the equipment specifications and detailed plans for the installation of Seller's generation facilities, interconnection facilities, control and protective devices, and facilities to accommodate Company's meter(s).

(d) Seller agrees not to operate its generator in parallel with Company's system until installation has been inspected by authorized Company representatives and final written approval is received from Company to commence parallel operation.

- (e) Should either the Company or the Seller request relocation of the point of delivery, then all costs of both parties associated with the relocation shall be paid by the Seller.
- (f) Company approvals required herein shall not be construed as any warranty of safety, durability or reliability of Seller's generation, service facilities, or its control and protective devices.
- (g) Company shall have the right:
 - (i) of ingress and egress over and upon the Seller's property to maintain, operate or inspect any of the Company's equipment, or to inspect the equipment of the Seller, but shall be under no obligation to inspect Seller's equipment or communicate the results of any such inspection to anyone.
 - (ii) to disconnect without notice the interconnection facilities if, in Company's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or Company's facilities, or other Customer's facilities from damage or interference caused by operation of Seller's generation or control equipment.
- (h) The Company shall own, operate and maintain all lines and equipment located on its side of the point of delivery. The meter and metering equipment may, at Company's option, be located on Seller's side of the point of delivery. In such cases, Seller shall provide a location, acceptable to the Company, for the installation of such metering equipment.

5. HOLD HARMLESS

- (a) Company and Seller do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each of them, and each shall indemnify and save harmless the other from all liability on account of any damages, claims or actions, including injury to and death of persons, arising from the installation, maintenance, operation and/or removal of its facilities.
- (b) The Seller shall be liable to the Company for damages caused to the facilities of the Company by reason of the operation, faulty operation, or non-operation of the Seller's facilities.

6. METERING

- (a) The electricity delivered hereunder will be metered by the Company.
- (b) Company will read its meters, for billing purposes, on or about the same date in each calendar month so that twelve (12) bills will be rendered in each calendar year.
- (c) In the event that the meter fails to register within the limits of two percent (2%) fast or slow, or for any other reason fails to register the amount of electricity received by the Company, Company shall estimate the amount and notify Seller on the basis of such estimate. Seller shall refund or credit to Company or Company shall pay to Seller, whichever is applicable, the difference between the amount billed and the estimated amount which should have been billed for service supplied during the period of time in question.
- (d) At Seller's request, Company will test its metering equipment at no charge to Seller provided Company has not made a test within the last twelve (12) months. If the metering equipment has been tested within the last twelve (12) months and if another test is requested by Seller, the Seller shall reimburse Company for the costs associated with such additional test only if the metering equipment is found to be measuring within plus or minus two percent (2%) accuracy.

7. COMMENCEMENT AND CONTINUITY OF SERVICE

- (a) In the event that Seller is delayed in the delivery of electricity because of injunction, strike, riot, invasion, condemnation, flood, fire, explosion, breakdown, acts of God or the public enemy, or any cause beyond its control, the time specified for the commencement of delivery of electricity and the terms of the Agreement for Purchase shall be correspondingly extended.
- (b) Company shall not be liable to Seller, nor shall Seller be liable to Company, for failure of Seller to deliver or of Company to purchase electricity because of injunction, condemnation, riot, invasion, flood, fire, explosion, breakdown, acts of God or the public enemy, or by any cause beyond the control of the party affected.
- (c) Company does not guarantee continuous purchasing but shall use reasonable diligence at all times to purchase an uninterrupted supply of electricity and having used reasonable diligence shall not be liable to Seller for damages for failure of or for interruptions or suspension of the same.
- (d) Company reserves the right to suspend purchasing without liability on its part at such times and for such periods and in such manner as it may deem advisable for the purpose of making necessary adjustments to, changes in, or repairs to its lines, substations, and facilities, and in cases where, in its opinion, continuing to purchase would endanger person or property.
- (e) In the event of an adverse condition or disturbance on the system of Company, or on any other system directly or indirectly interconnected with it, which involves automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to Company or Seller's facilities, or to expedite restoration of service. Company may, without incurring liability, interrupt purchasing from Seller and take such other action as appears reasonably necessary.

8. TERM OF CONTRACT

- (a) The initial term of the Agreement for Purchase shall normally be ten (10) years.
- (b) The Company shall have the right to terminate the contract at any time upon written notice to the Seller in the event the Seller violates any of these Terms and Conditions or operates his generating facilities in a manner which is detrimental to the Company and its customers. In the event of early termination of a contract, the Seller will be required to pay the Company for all costs incurred due to such early cancellation.