|  | **Element** | **Proposed Contract Provision** | **Comments and Considerations** |
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| **1** | **Term** | * Contract becomes effective upon signing * Term of Member-Owned Resource use and crediting by KyMEA: Ten years beginning May 1, 2019 | * Parties are committed upon signing * KyMEA’s right to use the resource and the Member’s compensation from KyMEA are established for ten years beginning May 1, 2019 |
| **2** | **Nature of service** | KyMEA integrates the Member-Owned Resource into its power supply portfolio and compensates the Owner based on the value of the resource to KyMEA | As provided in Section 3(d) of the All Requirements Contract. Member-Owned Resources are not used to reduce the Member’s billing demands under the All Requirements Contract. |
| **3** | **KyMEA entitlement to use the resource** | Member authorizes KyMEA to schedule and use all Attributes of the resource | “Attributes” (defined in AR Contract) include capacity, energy, and all other aspects of the resource and its output |
| **4** | **Resource operation and maintenance** | Member is responsible for maintaining the resource in good working condition and operating it when called upon | Not applicable for SEPA allocations |
| **5** | **Compensation to Member – Capacity** | * Member will receive monthly capacity payments or credits from KyMEA based on the Agency’s net avoided capacity cost and the resource’s accredited capacity rating. * Accredited capacity rating will be defined as the amount of capacity that can be recognized by KyMEA in meeting its capacity requirement. Capacity will be determined at the input to the LGE/KU transmission system. | * Pricing based on the Paducah peaking capacity PPA would be $3.85 per kW-month, escalating beginning in year 4. * Compensation for SEPA allocations will be based on an accredited capacity that includes an additional 15% above the Member’s SEPA capacity entitlement to reflect that the entitlements are backed up with reserves. * The accredited capacity of the Paris diesels will be based on the dependable capacity of the resource determined based on Prudent Utility Practice. |
| **6** | **Compensation to Member – Energy** | Member will be paid or credited for the energy produced by the resource. Price will be based on KyMEA’s actual avoided energy cost each hour. | Net avoided energy cost for each hour will be determined after the end of each month in accordance with the KyMEA energy pooling agreement. |
| **7** | **Compensation to Member – Other Attributes** | If and to the extent KyMEA, by use of the Member’s resource, avoids power supply costs other than the costs accounted for in reference to capacity and energy above, Member will be paid or credited for those other avoided costs. | It is not yet clear whether KyMEA will avoid any other costs by use of the Paris diesels or SEPA. Any such costs are expected to be small relative to the anticipated value of capacity and energy provided by these resources. |
| **8** | **Resource availability** | Member must meet any applicable regulatory and Prudent Utility Practice standards to enable the resource to qualify as a capacity resource for resource adequacy purposes. | Not an issue for SEPA allocations |
| **9** | **Resource performance testing** | * Member must conduct resource performance testing in accordance with Prudent Utility Practice. * KyMEA purchases the test energy at the Agency’s actual hourly avoided energy cost | Not applicable for SEPA allocations |
| **10** | **Member and KyMEA coordination** | * Scheduled maintenance outages to be coordinated with KyMEA * Member to keep KyMEA informed of relevant operating conditions or limitations | Not applicable for SEPA allocations |
| **11** | **Scheduling and dispatch** | KyMEA will provide scheduling and dispatch services for the resource and will honor all physical, contractual, and regulatory limits on resource operation |  |
| **12** | **Metering and communications** | KyMEA will furnish, at the Member’s expense, any additional metering and communications equipment needed to implement this agreement | Not applicable for SEPA allocations |
| **13** | **Transmission** | KyMEA will arrange for the transmission and ancillary services needed to implement this agreement. |  |
| **14** | **Miscellaneous** | * Indemnification and limitation on damages * Dispute resolution procedures? * Uncontrollable forces * Assignment of agreement * Representations as to validity and legality of agreement * Waiver * Severability * Applicable law (Kentucky) |  |