FUNDING AWARD NOTICE
Luz Solar Partners, Ltd., VI
RPS Certification Number: 60363E

1. **Purpose.** This Funding Award Notice ("Agreement") is entered into between Luz Solar Partners, Ltd., VI ("Grantee") and the California Energy Commission ("Energy Commission") for the purpose of creating a funding award to provide funding pursuant to the Energy Commission's *Existing Renewable Facilities Program Guidebook, Renewables Portfolio Standard Eligibility Guidebook, and Overall Program Guidebook*, (collectively referred to as "Guidelines"). Grantee has applied to the Energy Commission for Existing Renewable Facilities Program (ERFP) funding for its Luz Solar Partners, Ltd., VI Facility, as described in the Application for ERFP Funding Eligibility (CEC-1250E-1) and referenced as Exhibit A, and the Energy Commission has determined that Grantee and its facility are eligible for funding as specified in the Guidelines. This Agreement commits funding to pay production incentives to Grantee's Facility subject to the Guidelines and the terms and conditions specified herein. Grantee must comply with the terms and conditions of the Guidelines and this Agreement to remain eligible to receive funding under this Agreement.

2. **Incorporation by Reference**. Neither the Energy Commission's Guidelines nor Grantee's application for ERFP eligibility and funding, dated March 29, 2007, are attached hereto, but are incorporated by reference and made a part of this Agreement.

3. **Funding Award Amount**. The total amount of funding available to Grantee under this Agreement is limited by the funds allocated to the Existing Renewable Facilities Program of the Energy Commission's Energy Program during the 2007 calendar year, the level of ERFP participation during this period, and the Target Price and Production Incentive Caps specified in paragraph 4.

4. **Target Price and Production Incentive Caps**

   The target price and production incentive caps for Grantee facility during the 2007 calendar years shall be as follows:

   Target Price: 5.37 cents/kWh (Eligible for Time of Use Incentive Payments)

   Production Incentive Cap: 1.5 cents/kWh (Eligible for Time of Use Incentive Payments)

5. **Contingent Funding.** Funding for this Agreement is contingent on the availability of adequate funding from the Energy Commission's Renewable Resource Trust Fund.

6. **Term**. The term of this Agreement shall be from January 1, 2007, to December 31, 2007, unless terminated earlier by the Energy Commission pursuant to the Guidelines. Notwithstanding the term of this Agreement, Grantee may submit final invoices for payment of eligible electrical power generated during the term of this Agreement for a period of three months after the term ends.

7. **Non-Transferability of award**. The funding award created by this Agreement is specific to Grantee and the Luz Solar Partners, Ltd., VI Facility. This award is not transferable or assignable to another facility and may not be assigned to another entity without the Energy Commission's prior written permission.

8. **Assignment.** Grantee shall not assign its rights nor delegate its duties under this Agreement without the Energy Commission's advance written approval.

9. **Indemnification.** Grantee agrees to indemnify, defend, and save harmless the Energy Commission, its officers, agents, and employees from any and all claims and losses accruing and resulting to any and all contractors, subcontractors, material men, laborers, and any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with Grantee's Facility or this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the Grantee or Grantee's officers, agents, employees, contractors, subcontractors, material men, laborer, or any other person, firm, or corporation in connection with the performance of work to develop, construct, or operate Grantee's Facility or receive funding under this Agreement.

10. **Review and Disclaimer**. Review by the Energy Commission of the design, operation, or maintenance of Grantee's Facility or related interconnection or generation facilities shall not constitute any representation as to the economic or technical feasibility, operational capacity, or reliability of such facilities. Grantee shall not in any way represent to any third party that the Energy Commission's review of Grantee's Facility is a representation by the Energy Commission as to the Facility's economic or technical feasibility, operational capability, or reliability. Grantee is solely responsible for its Facility's economic and technical feasibility, operational capability, and reliability.

11. **Certification.** Grantee has provided evidence of facility certification as an RPS eligible renewable resource and must maintain that certification as outlined in the Energy Commission's *Renewables Portfolio Standard Eligibility Guidebook*. Failure to do so may result in this Agreement being terminated as specified in the Guidelines.

12. **Funding Termination.** Grantee acknowledges that this Agreement and payments under this Agreement may be terminated for reasonable cause pursuant to the Guidelines by providing 30-day written notice to the Grantee contact specified in paragraph 16. Consistent with the Guidelines, reasonable cause includes the following:

- Grantee's failure to maintain certification as an RPS eligible renewable resource or knowingly providing false or misleading information about itself or the facility, as determined by the Energy Commission, in facility's application for certification.

- The power purchase contract referenced in paragraph 1 of this Agreement is modified or renegotiated such that the total energy price and/or the capacity price payments under the power purchase contract are modified.

- Insufficient funds in the Energy Commission's Renewable Resource Trust Fund to adequately fund this Agreement.

13. **Funding Eligibility**. Grantee acknowledges that its eligibility to receive ERFP funding under this Agreement shall be contingent upon its satisfaction of all terms and conditions set forth in the Guidelines and this Agreement.

14. **Invoicing.** Grantee shall invoice for payments under this Agreement in accordance with the procedures specified in the applicable Guidelines.

15. **Records Retention**. Unless stated otherwise in the applicable Guidelines, Grantee shall:

    - Keep all records relating to and verifying the accuracy of information stated in an invoice for payment submitted pursuant to this Agreement for a period not less than three years after the end of the calendar year in which payment for the invoice is made;
    - Keep all records relating to and verifying the accuracy of information stated in a report submitted to the Energy Commission pursuant to the Guidelines for a period not less than three years after the end of the calendar year in which the report is submitted; and
    - Keep all records relating to and verifying the overall usage, on a total energy input basis, of all fossil fuels and non-fossil fuels used to generate electricity in a given calendar year for a period not less than four years after the end of that calendar year.

16. **Grantee Contact.** Grantee's contact under this Agreement shall be Bryan Fennell, Vice President- FPL Energy SEGS III-VII GP, LLC, Luz Solar Partners, Ltd., VI. Any notice to Grantee under this Agreement shall be forwarded to the Grantee contact at the following address:

    Luz Solar Partners, Ltd., VI
    Bryan Fennell, Vice President- FPL Energy SEGS III-VII GP, LLC
    41100 Highway 395
    Boron, CA 93516

17. **Energy Commission Contact.** The Energy Commission's contact under this Agreement shall be Jason Orta, Account Lead of the Existing Renewable Facilities Program, or his Successor***.*** Any notice to the Energy Commission under this Agreement shall be forwarded to the Energy Commission contact at the following address:

    California Energy Commission
    1516 Ninth Street, MS-45
    Sacramento, California 95814
    Attn: Jason Orta

18. **CEQA Review**. The Energy Commission staff has reviewed the Luz Solar Partners, Ltd., VI Facility and has determined that the funding award for this facility does not meet the definition of a "project" pursuant to CEQA Guidelines, Title 14, California Code of Regulations, section 15378 (See Exhibit B of this Funding Award Notice).

19. **Prevailing Wage**. For purposes of this paragraph, "public works" means construction, alteration, demolition, installation, and/or repair work over $1,000 but does not include maintenance work; and "Contractor" means all contractors and subcontractors that perform public works activities on the Facility.

    A. Grantee/General Requirements

    a) Pursuant to California Public Utilities Code section 399.12 (h) and applicable law, Grantee shall comply with state prevailing wage law, Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720; and Title 8, California Code of Regulations, Chapter 8, Subchapter 3, commencing with Section 16000, for any public works activities performed on the Facility funded by this Agreement. For purposes of compliance with the prevailing wage law, Grantee is the "awarding body" as defined in California Labor Code section 1722 and shall comply with the provisions applicable to recipients of public funds AND the provisions applicable to an awarding body. As such, Grantee agrees to ensure compliance with the state prevailing wage law, including without limitation:

    1) Determining work activities and trades subject to the requirement to pay prevailing wage under the prevailing wage law;
    2) Ascertaining applicable prevailing wage rate for each covered worker performing work activities subject to the prevailing wage law on the Facility;
    3) Specifying in calls for bids, bid specifications, and construction contracts the applicable prevailing wage;
    4) Ensuring all contracts for public works activities for the Facility include appropriate flow down provisions;
    5) Posting the applicable prevailing wage information at each job site of the Facility;
    6) Ensuring payment of prevailing wage, as applicable;
    7) Complying with overtime and working hour requirements;
    8) Complying with apprenticeship obligations;
    9) Complying with payroll recordkeeping requirements;

10) Withholding payments from contractors as necessary to satisfy wage and penalty assessments issued by the Labor Commissioner; and
11) Complying with other obligations as required by law.

b) Grantee shall submit to the Energy Commission within 90 days of completing any construction, alteration, demolition, installation, or repair work subject to the state prevailing wage law pursuant to Public Utilities Code section 399.14, subdivision (h), a certification signed by Grantee and all involved contractors performing work activities on the Facility certifying that prevailing wages were paid as required by law. The certification shall be as provided in Exhibit C.

c) Grantee shall submit to the Energy Commission, as part of any payment request or invoice, a certification stating i) that prevailing wages were paid for public works activities performed for the Facility during the period covered by the invoice, and ii) that Grantee and all involved contractors complied with the prevailing wage law.

B. Flow Down Requirements

Grantee shall ensure that all agreements with contractors for public works activities on the Facility contain the following provisions:

a) Contractor shall comply with state prevailing wage law, Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720; and Title 8, California Code of Regulations, Chapter 8, Subchapter 3, commencing with Section 16000, for all construction, alteration, demolition, installation, or repair work over $1,000 performed under the contract. Contractor's obligations under prevailing wage laws include without limitation:

1) Payment of not less than the applicable prevailing wage for public works activities performed for the Facility;
2) Compliance with overtime and working hour requirements;
3) Compliance with apprenticeship obligations;
4) Compliance with payroll recordkeeping requirements; and
5) Compliance with other obligations as required by law.

b) Contractor shall ensure that the above requirements are included in all subcontracts for public works activities for the Facility.

20. **Understanding of Guidelines.** Grantee warrants that it has read and understands the Energy Commission's Guidelines and acknowledges that these Guidelines govern the payment of any funds under this Agreement and authorize the Energy Commission to terminate the Agreement or any payments under the Agreement for reasonable cause, to conduct random audits of Grantee's invoices for ERFP payments, to conduct inspections of Grantee's Facility and books as part of these audits, to initiate enforcement actions to recover any funding payments the Grantee was not otherwise entitled to receive, to initiate investigations of Grantee to verify fraud or misrepresentation in connection with Grantee's application for or receipt of

this Agreement or any payments of ERFP funding, or to take action as authorized by the Guidelines to properly administer the ERFP. Grantee further understands that the Energy Commission Guidelines are subject to change pursuant to Public Resources Code Section 25747 and that any changes made to the Guidelines shall apply to Grantee and the payment of funding under this Agreement.

21. **Law Governing**. This Agreement shall be interpreted, governed, and construed under the laws of the State of California.

_____	_____
Bryan Fennell, Vice President	B.B Blevins, Executive Director
Luz Solar Partners, Ltd., VI	California Energy Commission

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EXHIBIT B
CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) COMPLIANCE

Note: The Energy Commission Contract Manual includes detailed instructions on how to complete this section, with examples of contracts that are "Projects" and are not "Projects". When the Project Manager is completing this section, if questions arise as to the appropriate answers to the questions below, please consult with the Energy Commission attorney assigned to review grants for your division.

1. Is funding award considered a "Project" under CEQA?

   ☐ Yes ☒ No

   If yes, skip to Question #2.

   If no, please complete the following [Public Resources Code (PRC) 21065 and 14 California Code of Regulations (CCR) 15378]:

   Explain why funding award is not considered a "Project"?

   Funding award will not cause a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment because funding award involves a facility that has been previously reviewed under CEQA. The purpose of providing additional funds to this project is to continue its operations at an equivalent level as in previous years. (Please see Public Resources Code. section 25742.) Thus, there is no possibility that by providing these funds, this project will have the potential for a significant effect on the environment.

2. If funding award is considered a "Project" under CEQA:

   ☐ Funding Award **IS** exempt.

   ☐ Statutory Exemption. List PRC and/or CCR section number:

   _____

   ☐ Categorical Exemption. List CCR section number:

   _____

   ☐ Common Sense Exemption. 14 CCR 15061(b)(3)

   Explain reason why funding award is exempt under the above section:

   _____

   _____

   ☐ Funding award **IS NOT** exempt. The Project Manager needs to consult with the Energy Commission attorney assigned to your division and the Siting Office regarding a possible initial study.

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EXHIBIT C
PREVAILING WAGE COMPLIANCE CERTIFICATION

This certificate is to be completed by Grantee, signed by Grantee and all construction contractors and subcontractors, and submitted to Energy Commission within 90 days of completing any construction, alteration, demolition, installation, or repair work subject to the state prevailing wage law pursuant to Public Utilities Code section 399.14, subdivision (h).

Grantee: _____

Energy Commission Renewable Portfolio Standard Certification Number:
_____

Facility: _____

Date Facility Construction Completed: _____

Grantee hereby certifies as follows:

1. All construction contracts and subcontracts to perform work activities subject to the state prevailing wage law for the above referenced Facility contained requirements that the construction contractors and subcontractors comply with prevailing wage law and pay prevailing wages in accordance with the requirements of the California Labor Code.

2. Prevailing wages have been paid as required by law.

3. All construction contractors and subcontractors have maintained labor records as required by the Labor Code and such records shall be made available to the Energy Commission upon request.

4. The undersigned Grantee acknowledges that disbursement of any payments of production incentives under the above noted Agreement by the Energy Commission is expressly made in reliance upon the representations made in this certification.

Grantee:

Signature: _____

Printed/Typed Name: _____

Title: _____

Date: _____

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Each contractor and subcontractor performing work activities subject to the prevailing wage law for the above referenced Facility must sign below. Include additional pages if necessary.

Construction Contractor and Subcontractors hereby certifies as follows:

1. The contract with Grantee to perform work activities subject to the prevailing wage law for the above referenced Facility contained requirements that the construction contractor and all its subcontractors comply with prevailing wage law and pay prevailing wages in accordance with the requirements of the Labor Code.

2. Prevailing wages have been paid as required by law.

3. Construction contractor and all its subcontractors have maintained labor records as required by the Labor Code and such records shall be made available to the Energy Commission upon request.

4. The undersigned construction Contractor acknowledges that disbursement of any payments of production incentives under the above noted Agreement by the Energy Commission is expressly made in reliance upon the representations made in this certification.

Construction Contractor

Signature: _____

Printed/Typed Name: _____

Title: _____

Date: _____

Construction Contractor

Signature: _____

Printed/Typed Name: _____

Title: _____

Date: _____