Frequently Asked Questions Regarding the Extended Term Option from May 24, 2022, Georgia Public Service Commission Order

BACKGROUND:

Q: What is the Extended Term Option?

A: The Extended Term Option provides participants in certain past Georgia Power Company ("GPC") renewable programs (collectively, "Participants") with an option to extend the time period for Participants to sell energy to GPC for up to 35 years, inclusive of:

(i) the original term ("Initial Term") of the Participant's current Power Purchase Agreement ("PPA");
(ii) and the additional time period beyond the Initial Term expiration date ("Extended Term"),

without having to pay study costs that would otherwise be required by GPC's Qualifying Procedures. The Initial Term for past Participants in the Solar Purchase (SP) program will calculated based on SP Participant's Commercial Operation Date.

Q: Why is GPC offering the Extended Term Option?

A: GPC, at the direction of the Georgia Public Service Commission ("PSC"), recently implemented the GPC State-Jurisdictional Qualifying Facility Distribution Generator Interconnection Procedures (each "QF Procedures") and the Distribution Qualifying Facility Interconnection Agreement (each a "QFIA"). The QF Procedures impose certain costs and other conditions on any generator requesting a QF interconnection with GPC after May 24, 2022.

Participants' current PPAs were entered under one of GPC's renewable programs. Prior to the Extended Term Option, if a Participant wished to continue to sell energy to GPC when the Initial Term expires, one option available for the Participant could be to request a Qualifying Facility ("QF") interconnection to supply energy under the Public Utility Regulatory Policies Act, 16 U.S.C. §§ 796 and 824a-3; 16 U.S.C. chapter 46, §2601, et seq. ("PURPA").

During the PSC's consideration of the QF Procedures in early 2022, the Georgia Large Scale Solar Association ("GLSSA") and the Georgia Solar Energy Industries Association ("GASEIA") raised concerns that these costs and conditions could adversely impact Participants who may request a QF interconnection when their existing PPA expires. In resolution of these concerns, GPC, GLSSA, and GASEIA agreed to a process providing Participants with an option to transition to a QF Power Purchase Agreement ("QF PPA") without having to pay study costs that would otherwise be required by the QF Procedures ("Extended Term Option"). The Order requires that GPC notify Participants of the Extended Term Option. A copy of the Order is available on the Georgia PSC website.

Q: How will the Extended Term Option potentially benefit my facility?

A: A Participant's PPA may have an Initial Term that is less than the estimated operational lifespan of their facility. Exercising the Extended Term Option allows a Participant to sell their energy output through the estimated operational lifespan of the facility, up to 35 years total, without payment of the study fees required by the QF Procedures.

ELIGIBILITY:

Q: **How do I know if my project is eligible for the Extended Term Option?**

A: All Distributed Generation projects in the ASI Classic, ASI Prime, REDI I, REDI II, and 2020 DG RFP programs are eligible to participate, so long as they remain a QF during the Extended Term. Participants are notified by email if a project is eligible.

Q: **Are Participants in ASI Prime DG (Escape) eligible for the Extended Term Option?**

A: Yes.

Q: **If my current ASI Prime DG (Escape) project was formerly classified and contracted under a PPA in the now-closed Solar Purchase (SP) program, do the years that I held an SP contract count against the number oF years I can extend?**

A: Yes, those years are considered as part of the calculation. Projects can be extended to a total term of 35 years from the initial Commercial Operation Date.

Q: **If I exercise the Extended Term Option, how long will the Extended Term be?**

A: The Initial Term and Extended Term, together, cannot total more than 35 years. The notice from GPC states the maximum Extended Term a Participant may select. Participants may choose the maximum Extended Term or may choose a lesser number of years for the Extended Term.

Example: If a Participant has an existing PPA with an "Initial Term" of 15 years, the Participant may exercise the Extended Term Option for an Extended Term of up to 20 years (i.e., subtract 15 years from 35 years).

Q: **Am I eligible for the Extended Term Option if the Initial Term of my PPA is already 35 years?**

A: No. If the term of your current PPA is 35 years, then you are not eligible for the Extended Term Option.

Q: **I am a Participant with multiple facilities under different eligible programs; can I exercise the Extended Term Option for all my facilities?**

A: Yes. If your facility is under one of the identified programs, then you may exercise the Extended Term Option for each facility. You may exercise the Extended Term Option for some or all your facilities, but you must separately exercise the Extended Term Option for each facility by completing an Opt-in form for each facility.

Q: **As an eligible Participant, can I limit the amount of energy output I sell to GPC during the Extended Term?**

A: No. A Participant who exercises the Extended Term Option must sell all the energy output to GPC during the Extended Term.

NOTIFICATION & TIMING:

Q: **How will I be notified that I am eligible for the Extended Term Option?**

A: Approximately 11 years before the expiration of your current PPA, GPC will notify the PPA's notice party regarding the Extended Term Option. This communication will include the next steps and deadlines.

Q: **What happens if the notice does not reach the appropriate notice party?**

A: It is the responsibility of all counterparties to keep their notice party information up to date with GPC to ensure communications reach them in a timely manner. If you believe your project qualifies, but you have not received a letter confirming eligibility by approximately 10 ½ years before expiration of your current PPA, please contact GPC at g2gpcerg@southernco.com.

PARTICIPATION – OPT-IN:

Q: **How long do I have to decide if I want to participate?**

A: You must opt-in no later than 10 years before expiration of your Initial Term. If you choose to Opt-in, you must pay a one-time fee equal to $10/kW ("Opt-in fee") within 90 days from the date you Opt-in.

Q: **How do I exercise the Extended Term Option and Opt-In?**

A: To exercise the Extended Term Option, a Participant must electronically submit the Opt-in form available here prior to the deadline and pay the Opt-in fee within 90 days after submitting the Opt-in form.

Q: **After I submit the Opt-in form to accept the Extended Term Option, what are the next steps?**

A: Participants who wish to exercise the Extended Term Option must:

- Pay a one-time Opt-in fee (fee is equal to $10/kW) within 90 days after submitting the Opt-in form.
- Sign a Memorandum of Understanding ("MOU") committing to the terms and conditions of the Extended Term Option
- If the Participant's current PPA does not require performance security, pay the Termination Fee Security when the MOU is executed. If a Participant's current PPA already requires performance security, the Participant is not required to provide Termination Fee Security until the Extended Term begins; and
- Before the expiration of the Initial Term, sign a QF Energy Only PPA and a QFIA.

Q: **If I exercise the Extended Term Option, when and how will I receive the MOU?**

A: After a Participant submits an option form exercising the Extended Term Option, GPC will send the MOU to the notice party for execution. An MOU must be signed for each project that elects to participate and GPC will endeavor to send the MOU to the Participant within 90 days after receipt of the Option Form and Opt-In Fee. The template MOU is available for review here.

PARTICIPATION – DECLINE / OPT-OUT:

Q: Am I required to take any action if I decide to not exercise the Extended Term Option?

A: No. A Participant who does not wish to exercise the Extended Term Option does not have to take any action, but GPC encourages Participants who decline the Extended Term Option to inform GPC of their decision by selecting "decline" on the Opt-in form available here.

Q: I failed to reply prior to the 10-year deadline; what happens to my project at the end of the Initial Term?

A: Failure to Opt-in by the 10-year deadline will be considered an Opt-out, thus, forfeiting the opportunity to exercise the Extended Term Option. The terms of the existing PPA will remain in place until the Initial Term expires. Upon the expiration of the Initial Term, eligible generators who do not exercise the Extended Term Option could request interconnection as a QF to supply energy pursuant to PURPA; other options may be available to the generator at that time. The QF Procedures will apply.

Q: If I am an ASI Prime DG (Escape) Participant and choose to decline the Extended Term Option, what other options would be available for continued operation of the system?

A: Depending on eligibility and compliance with program requirements, your options at the end of the current PPA term may include:

- Re-wiring and becoming an Energy Offset Only (EOO) participant
- Re-wiring and moving to the Renewable Non-Renewable Resources (RNR) program
- Participating in a GPC RFP or other program that may be in existence at that time
- Proceed under GPC's State-Jurisdictional Qualifying Facility Distribution Generator Interconnection Procedures (including payment of the standard fees).

FEES, PRICING AND REQUIREMENTS:

Q: What is the Opt-In fee?

A: It is a one-time fee of $10 / kW, up to a maximum of $10,000, based on the AC (Alternating Current) or DC (Direct Current) capacity listed in a Participant's current PPA.

Q: How do I pay the Opt-In fee if I decide to exercise the Extended Term Option?

A: Participants who exercise the Extended Term Option must pay the nonrefundable Opt-In fee by wire transfer or check. Participants must include the project number or account number on the check or wire. GPC cannot accept cash, and GPC cannot process any payment without a project number or account number. If a Participant exercises the Extended Term Option for multiple projects, the Participant may submit the Opt-in fee for each project through one wire or one check, so long as the Participant's payment indicates the amount(s) included for each project and the associated project number(s) or account number(s).

If wire payment is your preferred payment method, please email g2gpcerg@southernco.com for GPC to create an invoice. GPC's invoice will contain remittance instructions.

Q: **What happens if GPC receives the Opt-in fee after the deadline?**

A: If a Participant does not pay the Opt-in fee on time, the Participant will forfeit the Extended Term Option and will be subject to all terms of the QF Procedures if the Participant chooses to obtain a QF PPA and QFIA after the end of the Initial Term. Failure to include the GPC project number or GPC account number may delay acceptance of the payment.

Q: **What will the new Energy Payments look like? Is there an example of the Energy Payment variances?**

A: After executing a QF PPA and QFIA, energy output will then be purchased by GPC. Participants will be paid day-ahead avoided costs which are calculated daily and based on many inputs including weather and demand. Day-ahead avoided costs are not static and change daily, depending on these and other system inputs. Georgia Power's annual avoided cost filings and publicly available historical avoided cost information can be found on the GPSC website.

For example, in 2022, the current RNR tariff avoided cost rate is 2.676¢ per kWh, which represents an average of the hourly values for solar generation over the course of a year. For those Participants that opt-in, the day-ahead avoided cost rate will be paid per kWh.

Q: **What is Termination Fee Security**

A: To ensure enforceability of a Participant's election to sell all output to GPC under the Extended Term Option, the PSC's Order requires that the Participant agree to provide security to GPC in an amount equal to 2% of the total expected payments to the Participant during the final 10 years of the Initial Term. This amount can be placed into escrow or provided in another form of acceptable security (collectively, "Termination Fee Security").

Q: **I provided performance security under my current PPA. Am I still required to provide Termination Fee Security?**

A: Yes, Termination Fee Security is required of all Participants who exercise the Extended Term Option, no matter the size of the facility. If a Participant provided performance security under the current PPA, then the Termination Fee Security is required to be paid at the time the QF PPA is executed. Performance security provided under the current PPA will be returned per the terms of the PPA at the end of the Initial Term.

Q: **Is the Termination Fee Security refundable?**

A: Yes, the Termination Fee Security will be returned at the end of the Extended Term if all conditions have been met.

Q: **What happens if I change my mind after exercising the Extended Term Option and no longer want to proceed with the Extended Term Option?**

A: If a Participant exercises the Extended Term Option and later fails to sell all output to GPC during the Extended Term, GPC will be entitled to draw upon the Termination Fee Security.

Q: **Do you have a schedule for day-ahead hourly avoided price? How will I know what I will be receiving?**

A: Unfortunately, day-ahead hourly avoided pricing is not known prior to the actual day-ahead. As the name implies, prices are calculated daily; based on many inputs including weather and demand. Day-ahead avoided costs are not static and change daily, depending on these and other system inputs. Georgia Power's annual avoided cost filings and publicly available historical avoided cost information can be found on the GPSC website.

AGREEMENTS:

Q: **What agreements are required to complete the process for the Extended Term Option?**

A: All Participants who choose to exercise the Extended Term Option must sign:

i. an MOU committing to the terms and conditions of the Extended Term Option
ii. a QF Energy-Only PPA, and
iii. QFIA for the Extended Term

Q: **I am a Participant with a facility in a current DG program. Should I expect that the QF PPA and QFIA will not change over the next 10 years?**

A: The QF PPA and QFIA may change over time based on GPC's ongoing interaction with the PSC. A Participant will execute the QF PPA and QFIA in effect as of the expiration of the Initial Term.

Q: **My project(s) do not currently have an Interconnection Agreement (IA) with Georgia Power. Will I be required to sign an IA to participate?**

A: Yes. Even if your project does not currently require an IA, you will be required to sign a QFIA at the time you sign the QF PPA (just prior to end of the current agreement's term) to participate. You will also be required to sign an MOU that outlines the opt-in requirements as part of exercising the Extended Term Option.

FACILITY STUDIES, WITNESS TESTS & METERING:

Q: **Will my facility need to be restudied?**

A: Your facility *may* require a restudy. GPC will determine whether your facility needs to be restudied and will communicate this requirement. However, if you exercise, and comply with all requirements of, the Extended Term Option, GPC will perform the study at no cost to you.

Q: **How will GPC determine if my facility needs to be restudied?**

A: GPC will assess each facility and a re-study of a facility will be required if:

a. A higher-queued interconnection request is withdrawn or modified.
b. The facility size, design, or point of interconnection (POI) is changed.
c. A permanent change to the configuration/characteristics of the facility interconnecting circuit, its source substation, or source transmission line has occurred, or is planned for implementation.

Q: **If GPC determines my facility must be restudied, who will be responsible for the study fees?**

A: Participants who exercise the Extended Term Option and fulfill all requirements do not have to pay an interconnection study fee for the restudy.

Q: **What is the cost of an Interconnection Study?**

A: If a facility restudy is required, GPC will conduct the interconnection restudy at no additional cost to a Participant who exercises the Extended Term Option and fulfills all requirements.

If a Participant chooses to opt-out of the Extended Term Option, but then, after the end of the original PPA, desires to obtain a QF PPA and QFIA, the standard study fees/deposits as addressed in the QF Procedures (available here, would apply to the Interconnection Study and would be the responsibility of the Participant.

Q: **If I need to perform any facility changes to ensure that my project can extend to a new PPA term, will I be required to undergo an Interconnection Study (ICS) and / or Witness Test on the facility?**

A: Yes. As is currently the case, any facility change that falls within in the Distribution Test Policy would trigger an ICS and possibly a Witness Test to ensure the safety and reliability of GPC's grid. Please refer to the Test Policy for a list of changes that could require a Witness Test. As a reminder, per the PPA/IA all changes must be approved by GPC prior to implementation. Please complete the "Request Changes to Systems" form (at GPC's Solar Programs webpage.

Q: **What is the cost of a Witness Test?**

A: Witness Test fees are only applicable if changes are made to the system per the Distribution Test Policy. Current Witness Testing fees can be found within the Distribution Test Policy. All additional testing or re-testing fees must be paid before GPC will conduct Witness Testing.

Q: **How will I know if my current metering equipment can support QF avoided cost pricing?**

A: Because GPC utilizes several different types of meters, equipment at each facility will be evaluated on a case-by-case basis to determine if it can support QF avoided cost pricing. If a Participant opts-in, then approximately six (6) months prior to the expiration of the existing PPA's term, GPC will work with the Participant to ensure that correct metering equipment is in place before the QF PPA becomes effective.

Q: **If the metering equipment needs to be upgraded, who pays for the upgrades and how much will it cost?**

A: If GPC determines that upgraded metering equipment is necessary to support avoided cost pricing, there may be costs associated with the upgrade. These costs will be the responsibility of the Participant. Due to the changing nature of technology, GPC cannot accurately forecast what upgraded equipment may be required or the costs that may be associated with that upgraded equipment.

Q: **My PPA allows me to claim ownership of the environmental attributes / Renewable Energy Credits (RECs) associated with the energy generated by my facility and sold to Georgia Power. Will that change?**

A: No. If you are currently able to claim ownership of the environmental attributes (RECs) associated with the energy you generate and sell to GPC, that will not change.

Q: **Can I issue a press release regarding the Extended Term Option?**

A: GPC will respond to any requests for press releases on a case-by-case basis and will refer to provisions provided in individual PPAs before responding.

Q: **Who can I contact if I have additional questions?**

A: Please reach out to GPC at g2gpcerg@southernco.com with any questions.