



**Maine Public Utilities Commission
Docket No. 2021-00369
Cover Letter for Generation Bidder Term Sheet
Northern Maine Procurement**

Harry Lanphear
Administrative Director
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Dear Mr. Lanphear,

Please accept the attached Term Sheet and any attachments as a representation of the commitment to the terms as we have proposed them in response to the Commission's Request for Proposals for Renewable Energy Generation and Transmission Projects issued by the Maine Public Utilities Commission pursuant to the Northern Maine Renewable Energy Development Program on November 29, 2021. We understand the Term Sheet and any attachments will be presented to the Commission for review and possible award and, as such, the terms are binding. We further understand that if a power purchase agreement is executed, we will be responsible for the development and cost of all Interconnection Facilities and System Upgrades associated with the Facility, including all such facilities and upgrades identified and required by the applicable provisions of the ISO-New England Transmission, Markets, and Services Tariff (ISO-NE Tariff) and the Open Access Transmission Tariff (OATT) and there will be no pricing adjustment as a result of any such costs allocated to us through the ISO-NE Tariff, except that if the ISO-NE Tariff and/or the OATT allocate such development, cost and/or related security responsibilities to us in a manner inconsistent with the allocations reflected in our proposal and the transmission proposal selected by the Commission through the RFP, then the responsibility for the development, cost and/or related security will be allocated between us and the selected transmission developer in accordance with the respective RFP proposals.

The pricing specified in this Term Sheet will be firm and binding upon us in the event the Commission selects this proposal. In the event that the Term Sheet is selected by the Commission for an award, we agree that we will proceed with negotiation of a contract with a utility or utilities, which shall substantially conform to the standard form power purchase agreement that was filed in the Commission's docket for this procurement, 2021-00369, on February 23, 2022.

Sincerely,



A handwritten signature in black ink, appearing to read "Matthew T. Kearns".

Matthew T. Kearns
Chief Development Officer
King Pine Wind Maine, LLC

**Maine Public Utilities Commission
Docket No. 2021-00369
Proposed Term Sheet for
Power Purchase Agreement under 35-A § 3210-I**

This Term Sheet establishes the essential terms for a potential power purchase agreement (PPA) between King Pine Wind Maine, LLC (Seller) and either or both Central Maine Power Company and/or Versant Power (Utility or Buyer) for the King Pine Wind Project. These terms, as well as terms that address additional issues and related contractual rights and obligations will be incorporated into a PPA between Seller and the Utility or Utilities.

This Term Sheet is subject to the approval of the Maine Public Utilities Commission (Commission). The terms contained in this Term Sheet shall be binding on Seller. The provisions of this Term Sheet, if approved by the Commission, will be reflected in a PPA between Seller and the Utility or Utilities. Such PPA will be subject to further approval by the Commission.

As noted within, this Term Sheet reflects the King Pine Wind Project and certain of the terms contained in the proposal submitted on May 2, 2022 to the Commission by Longroad Development Company, LLC (Longroad) pursuant to the Northern Maine Renewable Energy Development Program (Proposal). The Proposal was submitted in response to the Request for Proposals for Renewable Energy Generation and Transmission Projects issued by the Maine Public Utilities Commission pursuant to the Northern Maine Renewable Energy Development Program on November 29, 2021 (RFP).

Developer/Owner	Longroad Development Company, LLC, a subsidiary of Longroad Energy Holdings, LLC, or an affiliated special purpose project subsidiary approved by the Commission
Project Description	<p>King Pine Wind is a wind project of up to 1,000 MW and is expected to consist of up to 179 5.6-MW turbines, located northwest of Houlton in Aroostook and Penobscot Counties (Facility).</p> <p>Section 3 of the Proposal describes the Facility’s design, location and components and is incorporated herein by reference.</p> <p>Notwithstanding the components of the Project described in the Proposal, Seller will be responsible for the development and cost of all Interconnection Facilities and System Upgrades associated with the Project, including all such facilities and upgrades identified and required by the applicable provisions of the ISO-New England</p>

	<p>Transmission, Markets, and Services Tariff (ISO-NE Tariff) and the Open Access Transmission Tariff (OATT), except that if the ISO-NE Tariff and/or the OATT allocate such development, cost and/or related security responsibilities to Seller (or Seller’s affiliate) in a manner inconsistent with the allocations reflected in Seller’s Proposal and the transmission proposal selected by the Commission through the RFP, then the responsibility for the development, cost and/or related security shall be allocated between Seller and the selected transmission developer in accordance with their respective RFP proposals.</p> <p>At Seller's sole cost, Seller shall obtain and maintain certification of the Facility as a resource that may be used to satisfy the Maine Class IA Renewable Portfolio Requirement under Chapter 311 of the Commission’s Rules.</p>
Contract Product(s)	<p>Energy only for the “Escalating Energy Price” and “Flat Energy Price” options; energy and RECs for the “Energy and REC Price” option.</p> <p>All rights and obligations associated with the Capacity of the Facility, and all associated financial consequences, remain with the Seller and do not transfer to the Buyer.</p> <p>For the “Escalating Energy Price” and “Flat Energy Price” options, all Environmental Attributes, including any Renewable Energy Credits (RECs), other environmental credits, values, offsets, or other benefits associated with the environmental or renewable attributes of the Facility and its output remain with the Seller and do not transfer to the Buyer. For the “Energy & REC Price” option, RECs and other Environmental Attributes from the portion of the Facility under the PPA are included in the PPA and transfer to the Buyer.</p>
Expected Annual Production	<p>As described in the King Pine Proposal, the Facility is expected to have net annual energy production up to 3,182,611 MWh.</p>
Proposed Pricing	<p>Longroad proposes several different contract pricing structures to be selected at the Commission’s option.</p> <p><u>Escalating Energy Price.</u></p> <p>The proposed Contract Year 1 energy-only price varies by the Transmission Project Option selected by the</p>

Commission and the size of the Facility Longroad actually builds. All proposed prices are subject to a 2.5% annual escalation. Payments for energy delivered to the ISO-NE system will begin upon the Facility's commercial operation date. The proposed annual escalation factor will apply beginning at the one-year anniversary of COD. Proposed Contract Year 1 pricing is shown in the attached Addendum 1.

The King Pine @ 200 MW pricing is contingent on Longroad obtaining a commitment from another off-taker for at least an additional 200 MW. The actual contract year 1 price in the PPA will be determined by the size of the King Pine Facility actually built. For example, if the Commission were to select the 200 MW King Pine option and Longroad obtains a commitment from another off-taker for an additional 400 MW, the PPA contract year 1 price would be as shown in the King Pine @ 600 MW column. Seller shall have no obligation to build the Facility at a size that exceeds the total size of the PPAs executed for the Facility.

Flat Energy Price.

The proposed flat energy-only price varies by the Transmission Project Option selected by the Commission and the size of the Facility. Payments for energy delivered to the ISO-NE system will begin upon the Facility's commercial operation date. The proposed contract price will apply for the entire Delivery Term. Proposed pricing is shown in the attached Addendum 2.

The King Pine @ 200 MW pricing is contingent on Longroad obtaining a commitment from another off-taker for at least an additional 200 MW. The actual flat price in the PPA will be determined by the size of the King Pine Facility actually built. Seller shall have no obligation to build the Facility at a size that exceeds the total size of the PPAs executed for the Facility.

Energy and REC Price.

As an additional option for consideration by the Commission and other potential off-takers that may indirectly participate in this procurement, a contract for a portion of the Project output can include RECs and other

	environmental attributes of the Project at the pricing in Addendum 1 or 2 increased by a flat adder of ████████/MWh.								
Delivery Term	The proposed delivery term is 20 years beginning on the commercial operation date.								
Milestones	<p>Longroad proposes to align the construction schedule for the Facility to coordinate with the construction schedule and COD of the Transmission Option selected by the Commission.</p> <p>The PPA will include key Facility Milestone Dates and other requirements, including the requirement to provide Project Financial Assurance as provided below. Key Facility Milestone Dates that will be measured with reference to the date when a Construction Notice to Proceed is issued by the Transmission Project selected by the Commission, and all permits and approvals required for the construction of the Transmission Project have been received and all corresponding appeal periods have passed (Transmission NTP). Failure to achieve key Project Milestones may result in the termination of the PPA and forfeiture of any Facility Financial Assurance provided to the Utilities.</p> <table border="1" data-bbox="678 1083 1338 1407"> <thead> <tr> <th>Project Milestone</th> <th>Milestone Date</th> </tr> </thead> <tbody> <tr> <td>PPA executed</td> <td>May 2023</td> </tr> <tr> <td>All necessary permits and approvals for Project construction received</td> <td>Transmission NTP + 18 months</td> </tr> <tr> <td>Commercial operations</td> <td>Transmission NTP + TBA months¹</td> </tr> </tbody> </table> <p>The Project will be allowed to reach the commercial operations milestone and commence delivery and payments under the PPA in phases.</p> <p>Pursuant to the provisions of the PPA, key Milestone Dates may be extended for good cause with the approval of the Commission.</p>	Project Milestone	Milestone Date	PPA executed	May 2023	All necessary permits and approvals for Project construction received	Transmission NTP + 18 months	Commercial operations	Transmission NTP + TBA months ¹
Project Milestone	Milestone Date								
PPA executed	May 2023								
All necessary permits and approvals for Project construction received	Transmission NTP + 18 months								
Commercial operations	Transmission NTP + TBA months ¹								

¹ The date for the commercial operations milestone will depend on the size of the contract awarded to the Project, and will be agreed during the PPA negotiation.

	<p>Annually, beginning with the execution of the PPA, Seller will be required to submit a report to the Utilities and the Commission detailing progress toward the Key Milestone Dates and shall promptly notify the Commission if any required permit or authorization is denied.</p>
<p>Delivery Point</p>	<p>The interconnection point will be the physical point of interconnection between the Facility and the transmission facilities. Seller will be responsible for the development and cost of any generator lead facilities necessary for the physical interconnection to the transmission line selected.</p> <p>The Delivery Point—Market or Market Delivery Point as that term is used in the PPA will be the ISO-NE Pricing Node or otherwise applicable location or point at which the Energy is injected into the ISO-NE wholesale market and at which Seller shall convey Energy to the Utility.</p> <p>The PPA will contain provisions to mitigate the risk to the Seller from actions or rulings by ISO-NE, FERC, or the Commission that result in constraints on the Project’s use of the Transmission Project due to the total capacity or output from Generation Projects transmitting power on the line exceeding the rated or allowed operating capacity of the Transmission Project as determined by ISO-NE pursuant to the Third Maine Resource Integration Study or subsequent studies.</p>
<p>Pricing Contingencies</p>	<p>Consistent with Section 8.2 of the RFP, any condition or contingency that directly relates to the pricing in the Proposal must be: (1) within the control of the Commission; or (2) known or determined by a date specified in the Proposal, which date must be no later than October 1, 2022 unless extended by the Commission.</p> <p>Except as otherwise described in the Proposed Pricing section of this term sheet, Longroad has proposed no pricing contingency or contingencies that meet the requirements specified in the RFP. The pricing specified in this Term Sheet will be firm and binding upon Longroad in the event the Commission selects this Proposal.</p> <p>Seller will be responsible for the development and cost of all Interconnection Facilities and System Upgrades associated with the Project, including all such facilities and upgrades identified and required by the applicable provisions of the ISO-New England Transmission.</p>

	<p>Markets, and Services Tariff (ISO-NE Tariff) and the Open Access Transmission Tariff (OATT) and there will be no pricing adjustment as a result of any such costs allocated to the Project through the ISO-NE Tariff, except that if the ISO-NE Tariff and/or the OATT allocate such development, cost and/or related security responsibilities to Seller (or Seller's affiliate) in a manner inconsistent with the allocations reflected in Seller's Proposal and the transmission proposal selected by the Commission through the RFP, then the responsibility for the development, cost and/or related security shall be allocated between Seller and the selected transmission developer in accordance with their respective RFP proposals.</p>
<p>Utility Financial Assurance</p>	<p>If, at any time during the term of the PPA, Utility's credit rating falls below an investment grade level and Utility's net worth is less than \$275 million, Utility will be required to deliver financial assurance to Seller in the form of a) cash, b) an irrevocable letter of credit from a commercial bank authorized to do business in the U. S. with an unsecured debt rating of A-/A3 or the equivalent or c) other security acceptable to the Commission and Seller. Such financial assurance shall be in an amount equal to two (2) months of contract payments due to Seller pursuant to the PPA.</p> <p>To facilitate timely completion of the Facility relative to completion of the Transmission Project, the PPA shall include provisions related to security to be provided by the Transmission Project under the TSA with the Utility and assigned by the Utility to the Seller.</p>
<p>Facility Financial Assurance</p>	<p>Consistent with Section 7.2 of the RFP, if the King Pine Wind Proposal is selected by the Commission, the Generation Project Proposal Security Deposit in the amount of \$100,000 will be retained by the Utility until such time as it is replaced by the Project and Performance Security as provided below and will be refunded to Seller promptly thereafter.</p> <p>The Facility will be required to provide Project and Performance Security in an amount equal to \$40.00/kW of the amount of capacity awarded by the Commission, to be delivered to the Utility according to the following schedule:</p>

	<ul style="list-style-type: none">• 10% within five (5) business days after the Transmission NTP (as defined in the Milestones section of this Term Sheet);• An additional 40% within five (5) business days after the later of (i) the date when the Facility obtains all required permits and approvals for construction and (ii) Transmission NTP;• The remaining 50% within five (5) business days after the Facility achieves commercial operations.
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