VERMONT PUBLIC POWER SUPPLY AUTHORITY

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MEMO

To: Contract Structure Working Group participants

From: David Mullett

We are fortunate in having a large and diverse group on the contract structure issues. Since there is a lot to accomplish and I know that all of you are very busy, I will do my best to help us stay as focused as we can. This memo sets out a few things on my mind as we head toward our meeting on July 29th.

1. *What is and isn't involved in "contract structure."* One of the things that occurs to me is that it makes sense to focus early on as to what's *not* part of contract structure. If the standard offer contract has a series of attachments, we could potentially create a core contract that would not have to change every time something in those attachments changes, such as when new rates are promulgated every year. Examples of things that could be in attachments include:

a. rates
b. interconnection arrangements
c. wheeling charges if they are applicable
d. project milestones, perhaps varying by technology and size (though this may be one for our group as discussed in par. 3 below).
e. facilitator fees

This has been put on the agenda as an early item for our discussion.

2. *Contract length and complexity.* The Ontario work that John Dalton has been kind enough to share shows that the contracts and underlying documents are lengthy. It would be great if we could have an unrelenting drive toward the maximum possible simplicity, and exchange ideas early on about how to meet this goal. How can we keep the contracts short? Is there some generic order that the Board could enter in docket 7533 to which developers, utilities and financing entities could refer, rather than have dozens of pages of documents for even small projects?

3. *Relationship to other regulatory approvals.* Based on the litigation history that arose from implementation of Rule 4.100, I think that there are two key areas under this heading. First, what should the facilitator issue? The letters of intent issued by the original Rule 4.100 purchasing agent ended up as subjects of contention around whether they were guarantees of entitlement to the underlying rate schedules, or something less. Any contracts, letters of intent or other documents issued by the facilitator should be clear in this regard, for everyone's sake. Second, the issue of milestones is important in this realm. When should a developer lose its place, so that another can have

a chance? What factors are appropriately regarded as beyond a developer's control? Should there be different milestones for different technologies, or for projects of different size? An early discussion of these issues will be very helpful.

4. *Potential subgroups.* Hopefully a couple of hours of discussion at the July 29th meeting will give us a sense of whether we should divide into subgroups for certain tasks (such as document writing) and, if so, what those tasks may be.

Thank you again to all for your participation. Feel free to e mail me at dmullett@vppsa.com with any preliminary thoughts.