

POWER SUPPLY FLEXIBILITY AGREEMENT

TV-55359A, Supp. No. 107

This Agreement is between ELECTRIC PLANT BOARD OF THE CITY OF GLASGOW, KENTUCKY ("Distributor"), a Kentucky municipal corporation, and TENNESSEE VALLEY AUTHORITY ("TVA"), a corporate agency and instrumentality of the United States of America, created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended.

Distributor purchases all of its power requirements from TVA for resale under contract number TV-55359A, effective September 22, 1980, as amended ("Power Contract").

Distributor and TVA have entered into the Long-Term Agreement, Supplement 105 to the Power Contract, effective November 27, 2019 ("LTA"), covering arrangements to increase the length of and strengthen the contractual relationship to help ensure the long-term success of the public power model.

Therefore, the parties agree as follows:

SECTION 1 - TERM AND TERMINATION

1.1 - Term

Except as provided below, this Agreement remains effective until the earlier of:

- a) the termination of the Power Contract;
- b) the 20th anniversary of the date on which the LTA terminates;
- c) the 20th anniversary of the date of Distributor's written notice to TVA to terminate the Power Contract; or
- d) the 20th anniversary of the date of TVA's written notice to Distributor that Distributor failed to comply with the notice under section 10.3 below to cease all power production from non-compliant Energy Resource facilities.

1.2 - Lock-Out Period

Distributor will not expand any Energy Resources (as defined below), will not increase the capacity of any Energy Resources, and will not initiate any new Energy Resources for operation during the term of the Power Contract, upon the occurrence of any of the following:

- a) the date Distributor provides written notice to terminate the Power Contract,
- b) termination of the LTA,
- c) the date of TVA's written notice to Distributor that Distributor failed to comply with the notice under section 10.3 below to cease all power production from non-compliant Energy Resource facilities, or
- d) Distributor deployment of Energy Resources in an amount equal to the maximum Enhanced Flexibility Volume allowed under section 3 of this Agreement.

Distributor may continue to operate and maintain any pre-existing Energy Resources for the remaining term of this Agreement, subject to the terms and conditions set forth herein.

1.3 - Early Termination

Any time prior to termination of this Agreement under subsection 1.1, but after the provisions of subsections 1.2(a), 1.2(b), and/or 1.2(c) become applicable, TVA shall have the right to terminate this Agreement to be effective upon 10 days' prior written notice to Distributor at any time that Distributor has no in-service Energy Resources.

SECTION 2 - ELIGIBLE ENERGY RESOURCE TYPES

2.1 - Allowed Resources

"Energy Resources" means facilities that Distributor (or third parties, on Distributor's behalf) builds, owns, controls, constructs, installs, sells equipment for, operates, directs the operation of, or uses, which produce electric energy or store electric energy produced by another Energy Resource while operating in parallel with the TVA electric system. At its expense, Distributor may deploy only the following types of Energy Resources, in an amount up to the Enhanced Flexibility Volume allowed under section 3 of this Agreement:

- a) solar-based power generating resources of any type, including those integrated with batteries;
- b) natural gas power generating resources of any type, including those integrated with batteries;
- c) wind turbine generation, including those integrated with batteries; and,
- d) other carbon-free or carbon-neutral facilities that TVA deems to be consistent with TVA's Integrated Resource Plan or comparable successor integrated resource plan.

2.2 - Addition and Removal of Allowed Resources

- a) TVA may expand the list of allowed Energy Resources in subsection 2.1, immediately upon providing written notice to Distributor. Such expanded list may include additional Energy Resources that TVA, in its sole discretion, deems to be consistent with TVA's Integrated Resource Plan or comparable successor integrated resource plan.
- b) In its sole discretion, TVA may remove any Energy Resource from the list of allowed Energy Resources in subsection 2.1, upon not less than 90 days' prior written notice to Distributor, if TVA determines that deployment of that Energy Resource would no longer be consistent with resources added in TVA's Integrated Resource Plan or comparable successor integrated resource plan.

Any Energy Resource facility documented by an initiation form submitted to TVA in accordance with section 7(a) below prior to the effective date of a TVA removal will not be subject to that removal notice.

2.3 - PURPA Purchase

To preserve this Agreement, TVA will assist any Distributor purchasing energy from a Qualifying Facility ("QF") to facilitate compliance with TVA rules, regulations, and participation in renewable energy programs, including the Dispersed Power Production Program. Distributor must comply with any guidance TVA provides regarding any purchases from QFs. A contract between a QF and Distributor will be designated as an Energy Resource and applied against the Enhanced Flexibility Volume unless the QF is compensated at a rate no higher than TVA's applicable avoided cost rate for power and the power is assigned or conveyed to TVA by Distributor and accepted by TVA.

SECTION 3 - ENHANCED FLEXIBILITY VOLUME

Distributor may deploy Energy Resources in a total capacity amount (based on alternating current nameplate rating) not to exceed the greater of the following ("Enhanced Flexibility Volume"):

- a) 5% of Distributor's energy, where Distributor's energy is the average hourly capacity usage, initially over TVA fiscal years 2015 through 2019; or
- b) 1 MW.

Each allowed Energy Resource type will be assigned a factor between 0 and 1 ("Technology Factor"). The Technology Factor for solar-based power generating Energy Resources will be 0.4 and, except for Energy Resources approved by TVA pursuant to section 2.1(d) or added by TVA pursuant to section 2.2(a), Energy Resources that are not solar-based will have a Technology Factor of 1.0. TVA will approve

a Technology Factor for any Energy Resources that are approved by TVA in accordance with (i) section 2.1(d), at the time TVA deems the Energy Resource consistent with the IRP, and (ii) section 2.2(a), when the new Energy Resource is approved by TVA. For the purpose of calculating each Energy Resource's contribution to the Enhanced Flexibility Volume, the facility's alternating current nameplate rating will be multiplied by its Technology Factor.

Upon Distributor's written request, TVA will recalculate Distributor's average Enhanced Flexibility Volume over the five consecutive TVA-fiscal-year periods prior to the time of the request. The recalculated Distributor's energy amount will apply only if it is greater than the Enhanced Flexibility Volume as of the date of Distributor's request. If TVA issues a notice of violation of this section notifying a Distributor that it has exceeded the Enhanced Flexibility Volume, Distributor shall cease the operation or permanently reduce the alternating current nameplate rating of an Energy Resource under its control or contract in order to return Distributor to within the Enhanced Flexibility Volume.

SECTION 4 - ENERGY RESOURCE SITING AND SIZING

For any Energy Resources, Distributor must:

- a) connect them to Distributor's distribution system (which includes behind the Distributor-customer's meter);
- b) locate them within Distributor's service territory;
- c) provide or distribute output from them only to Distributor's end-use customers, either individually or collectively; and
- d) not cause any interval's takings at any individual wholesale delivery point to go below zero.

SECTION 5 - ENERGY RESOURCE MANAGEMENT

Distributor must comply with all applicable laws, and must comply with accepted industry standards in the development, construction, financing, operation, and maintenance of Energy Resources, including, but not limited to, the then-current versions of IEEE 1547 and UL 1741.

TVA will review the impact of Distributor's planned Energy Resource(s) on TVA's electric system. If TVA identifies any adverse impacts on TVA's electric system that will be caused by Distributor's planned Energy Resource(s), TVA will notify Distributor of the equipment necessary to remediate such adverse impact. Distributor will coordinate with TVA for the installation of any such necessary equipment and reimburse TVA for TVA's costs.

For any Energy Resource deployed that is above 25 MVA or that requires TVA to install protective devices (e.g., transfer trip), TVA and Distributor will enter into a parallel operating agreement for that specific Energy Resource.

SECTION 6 - ENERGY RESOURCE METERING

Distributor must meter all Energy Resources in a manner consistent with the requirements, standards, and guidance set forth in TVA's Metering Requirements for Generation, Physical Tie Lines, Pseudo-ties, and Dynamic Schedules procedure ("**Metering Requirements**"). TVA may update or change the Metering Requirements upon not less than 30 days' written notice to Distributor. When TVA makes such updates or changes, or at any time upon Distributor's request, TVA will provide the revised Metering Requirements to Distributor. For any situation that requires a TVA-owned meter in accordance with the Metering Requirements, Distributor must reimburse TVA for TVA's cost for procuring and installing such meter.

In the event that TVA provides to Distributor metering or communication devices for Energy Resources to ensure TVA operational reliability, then Distributor will provide to TVA: (1) unrestricted remote access to metering data at all times; and (2) physical access to the metering facilities, for the purpose of confirming remotely accessed data, during such time periods that TVA specifies, and in cooperation with Distributor's operating representatives.

SECTION 7 - ENERGY RESOURCE REPORTING AND RECORDKEEPING

Distributor must report to TVA the following information regarding Distributor's implementation of Energy Resources, using the appropriate form and frequency, both of which TVA will specify.

Distributor's reporting requirements to TVA will be, at minimum, the following:

- a) an "Initiation Notice Form," to be submitted by Distributor during the early planning stages of Energy Resource facility development, but in no case less than 90 days prior to any new Energy Resource power production, which keeps TVA apprised of Energy Resource development within Distributor's service territory, expediting TVA's affected system interconnection studies, which TVA will conduct in a timely manner (TVA must review and provide advance, written approval of any plans to modify or operate an Energy Resource that materially differs from Distributor's original proposal to build such Energy Resource);
- b) an "Operational Notice Form," to be submitted by Distributor prior to any Energy Resource facility power production, which notifies TVA of an Energy Resource project that is capable of and ready to generate energy and provide power, consistent with this Agreement, and relevant information about such projects, including location, type, size, inverter data, transformer data, and other metering and interconnection information;
- c) a "Monthly Reporting Form," to be submitted by Distributor on a schedule specified by TVA, which captures Distributor's hourly meter data for Energy Resources every month, with projects over 1 MW individually delineated; and
- d) "Annual Reporting," to be submitted by Distributor on a schedule specified by TVA, which includes all information TVA requires for its planning and load forecasting, including Energy Resource generation forecasts, size and type of projects being considered in the coming year, and timing of projects.

SECTION 8 - ENHANCED POWER SUPPLY FLEXIBILITY AND PRICING STRUCTURE

For up to the Enhanced Flexibility Volume set forth in section 3, Distributor's Energy Resource generation will displace the demand and energy usage that TVA would have otherwise charged to Distributor. The pricing structure against which demand and energy will be displaced is under the wholesale power rate schedule applicable under the Power Contract. In the event Distributor exceeds the Enhanced Flexibility Volume, TVA may adjust Distributor's wholesale bill to account for the Energy Resource generation that exceeds the Enhanced Flexibility Volume. Nothing in this Agreement shall preempt TVA's authority to set rates consistent with the TVA Act.

SECTION 9 - WHOLESALE POWER SUPPLY

Except as specifically stated in the LTA and in this Agreement, Distributor remains obligated under the Power Contract to take from TVA the electric power Distributor requires to serve its customers, and any other sale or supply of power not supplied by TVA is prohibited. However, consistent with the LTA, power supplied by Distributor as part of and in compliance with the terms of this Agreement is not an event of default as specified in the subsection entitled "Distributor Events of Default" in section 3 the LTA.

In accordance with the Power Contract, TVA remains obligated to make every reasonable effort to be in a position to supply Distributor's total customer load, without regards to Distributor's deployment of Energy Resources under this Agreement.

SECTION 10 - CURTAILMENTS

10.1 - Curtailment Rights

If Distributor has implemented at least 5 MW of Energy Resource capacity, and if TVA determines, in its sole judgment, that a reliability emergency exists, then TVA will have the right to order Distributor to curtail its Energy Resource utilization by ceasing all Energy Resource power production from Energy Resource sites of 1 MW or greater.

10.2 - Curtailment Period

Distributor must cease all power production from all Energy Resource sites of 1 MW or greater within 15 minutes after TVA provides notification that an emergency condition exists. TVA will notify Distributor when the emergency condition has ended, at which time Distributor may resume power production from all Energy Resource sites.

10.3 - Failure to Curtail

If Distributor fails to curtail any Energy Resource site power production in accordance with subsections 10.1 and 10.2 above, TVA may require Distributor to cease all further power production from any non-compliant Energy Resource facilities. Such requirement to cease all further power production will become effective immediately upon written notice and will remain effective until such time that Distributor demonstrates to TVA's satisfaction that Distributor can satisfy the curtailment obligations. If Distributor fails to comply with the notice to cease all power production from non-compliant Energy Resource facilities, TVA shall provide a written notice that Distributor has failed to comply with the written notice to cease all power production and subsections 1.1(d) and 1.2(c) shall apply.

10.4 - Notice of Curtailment

TVA will provide notices either orally or electronically of Energy Resource curtailment. When providing notice by phone, TVA will use to the Primary Notice Phone Number below. If TVA does not reach anyone at the Primary Notice Phone Number, TVA also may provide notices, without obligation, to any Alternate Notice Phone Number(s) Distributor provides.

Primary Notice Phone Number	270-651-8341
Alternate Notice Phone Number(s)	270-659-3507 270-659-3501

SECTION 11 - RESPONSIBILITY TO CONSUMERS

In making investments in Energy Resources under this Agreement, Distributor is responsible for maintaining low rates, protecting the financial viability of the electric system, and ensuring the non-discriminatory treatment of all electric consumers in a manner consistent with the Power Contract and with TVA's regulatory framework.

SECTION 12 - NOTICE

The parties will deem any written notice required under this Agreement to be given properly if a party delivers the required notice in writing by one of the following delivery methods: (1) posted on a website designated for delivery of Energy Resource information; (2) e-mailed to Distributor's General Manager, Superintendent, Chief Executive Officer, or equivalent management representative; or (3) sent to the address specified for notices in the LTA.

SECTION 13 - CONFLICTS

In the event of any conflict between this Agreement and another agreement between the parties, this Agreement controls.

SECTION 14 - EXCEPTIONS

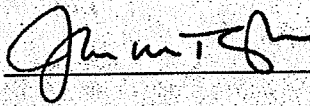
Distributor may request exceptions or alternatives to the requirements set forth in this Agreement. TVA may accept or reject such request at its sole discretion. Approval of any requests will be implemented by an amendment to this Agreement, or by separate agreement.

SECTION 15 - RATIFICATION

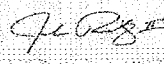
The parties hereby ratify and confirm that: (a) the power supply flexibility solution provided for in this Agreement, as of this Agreement's effective date, satisfies TVA's obligations under section 2(e) of the LTA, and (b) the Power Contract, as amended by both this Agreement and the LTA, is their continuing obligation.

The effective date of this Agreement is the date of TVA's signature.

ELECTRIC PLANT BOARD OF THE CITY OF GLASGOW, KENTUCKY

By 
Title: John M. Taylor, Chairman
Date: 7-6-2020

TENNESSEE VALLEY AUTHORITY

By 
Digitally signed by Reitz, John
David II
Date: 2020.07.06 15:13:44 -04'00'
Director
Power Customer Contracts