

ORDINANCE NO. 21-1364

AN ORDINANCE OF THE CITY OF DENTON, A TEXAS HOME-RULE MUNICIPAL CORPORATION, APPROVING A POWER PURCHASE AGREEMENT BETWEEN THE CITY AND CORE SCIENTIFIC INC., A DELAWARE CORPORATION; PROVIDING FOR THE EXPENDITURE OF FUNDS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City owns and operates an electric utility which provides electric energy and related services to all customers within Denton Municipal Electric's (DME) Public Utilities Commission of Texas ( PUCT) certificated jurisdiction; and

WHEREAS, the City and Core Scientific, Inc. have agreed to terms and conditions for the City's provision of electric energy and related services to a to-be-constructed data center on property to be leased from the City, and those are set forth in a power purchase agreement ("PPA") which is attached as Exhibit "A" and incorporated herein for all purposes; and

WHEREAS, the City Council finds the PPA should be sealed and exempted from public disclosure, as permitted by the provisions of §552.133 of the Texas Government Code, as a document that is reasonably related to a competitive electric matter, the disclosure of which would provide an advantage to the competitors or prospective competitors of the City's municipal electric operation ("Competitive Information"); and

WHEREAS, the City Council finds that it is in the public interest that it exercises its right under the Texas Government Code to lawfully safeguard and keep the PPA sealed, as it contains competitive electric commercial and financial information; and

WHEREAS, the City Council finds that it is in the public interest that a copy of the PPA, redacted of Competitive Information, be made available to the public; and

WHEREAS, the City Council further finds that the PPA is in the best interest of the customers; NOW, THEREFOR,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The recitations contained in the preamble of this ordinance are incorporated herein by reference as findings of the City Council.

SECTION 2. The City Council approves and authorizes the City Manager, or designee, and City Secretary, or designee, to execute, attest and deliver, respectively, the power purchase agreement, attached as Exhibit "A", with Core Scientific, Inc.

SECTION 3. The City Council approves and authorizes the City Manager, or designee, to take such additional actions as the City Manager, or designee, determines to be necessary and advisable to continue to effectuate the purpose, terms and conditions of the PPA.

SECTION 4. Immediately following the execution, attestation, and delivery of the PPA, the City Secretary is directed to seal and maintain the PPA in her custody and control, as documents excepted from public disclosure under the provisions of Texas Government Code, Section 552.133 unless otherwise lawfully ordered to disclose said documents.

SECTION 5. A copy of the PPA, redacted of Competitive Information, attached Exhibit “B”, shall be available to the public for inspection and copying. Absent lawful order, the original PPA shall not be available for public inspection or copying and will be sealed as provided for in the preceding section.

SECTION 6. The expenditure of funds as provided for in this ordinance is authorized.

SECTION 7. This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by \_\_\_\_\_ and seconded by \_\_\_\_\_, the ordinance was passed and approved by the following vote [ \_\_\_ - \_\_\_ ]:

|                                 | <u>Aye</u> | <u>Nay</u> | <u>Abstain</u> | <u>Absent</u> |
|---------------------------------|------------|------------|----------------|---------------|
| Gerard Hudspeth, Mayor:         | _____      | _____      | _____          | _____         |
| Vicki Byrd, District 1:         | _____      | _____      | _____          | _____         |
| Brian Beck, District 2:         | _____      | _____      | _____          | _____         |
| Jesse Davis, District 3:        | _____      | _____      | _____          | _____         |
| Alison Maguire, District 4:     | _____      | _____      | _____          | _____         |
| Deb Armintor, At Large Place 5: | _____      | _____      | _____          | _____         |
| Paul Meltzer, At Large Place 6: | _____      | _____      | _____          | _____         |

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_ 2021.


---

GERARD HUDSPETH, MAYOR

ATTEST:  
ROSA RIOS, CITY SECRETARY

BY: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:  
CATHERINE CLIFTON, INTERIM CITY ATTORNEY

BY:  \_\_\_\_\_  
Digitally signed by Catherine Clifton  
DN: dc=com, dc=cityofdenton, dc=codad,  
ou=Department Users and Groups,  
ou=General Government, ou=Legal,  
cn=Catherine Clifton,  
email=Catherine.Clifton@cityofdenton.com  
Date: 2021.08.19 13:46:29 -05'00'

# **POWER PURCHASE AGREEMENT**

**By and Between**

**CITY OF DENTON, TEXAS, DBA DENTON**

**MUNICIPAL ELECTRIC,**

**(as SELLER)**

**AND**

**CORE SCIENTIFIC, INC.**

**(as BUYER)**

**Dated as of**

**AUGUST \_\_ 2021**

This document and any attachments or exhibits thereto may contain information that is confidential, commercially-sensitive, proprietary, and/or public power utility competitive and financial information in accordance with the provisions of Texas Government Code, Section 552.101, 552.104, 552.110 and/or 552.133, and may be protected from required public disclosure.

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## POWER PURCHASE AGREEMENT

This POWER PURCHASE AGREEMENT (this “**Agreement**”) is made this \_\_\_ day of July \_\_, 2021 (the “**Effective Date**”), by and between the City of Denton, Texas, dba Denton Municipal Electric, a Texas Municipal Corporation and Home-Rule City, acting by and through its City Council with its principal place of business at 215 E. McKinney Street, Denton, Texas 76201 (“**Seller**”) and Core Scientific, Inc. a Delaware corporation with its principal place of business at 2800 Northup Way #220, Bellevue, Washington 98004 (“**Buyer**”). Buyer and Seller are each individually referred to herein as a “**Party**” and collectively as the “**Parties**”.

### WITNESSETH:

WHEREAS, Buyer desires to develop, design, construct, own and operate a high efficiency computing center (the “**Project**”) on property leased from Seller;

WHEREAS, the Parties have entered into that certain Lease Agreement contemporaneously with this Agreement pursuant to which Seller is leasing property to Buyer (the “**Lease Agreement**”);

WHEREAS, Seller is the single certified electric utility provider for the leased property with electric service jurisdictional monopoly rights;

WHEREAS, the Parties desire to enter into this Agreement, pursuant to which, among other things, (i) Seller shall provide all required Energy to the Project, (ii) Buyer shall pay to Seller amounts for the Retail Products (as defined in Section 3.1 below), all in accordance with and subject to the terms and conditions set forth in this Agreement;

WHEREAS, Seller has adopted the Denton Renewable Resource Plan (“**DRRP**”) which requires all Energy (as defined in Section 1.1 below) purchased by Seller for resale at retail, to be renewable Energy;

WHEREAS, Buyer intends to have the Project registered as a Load Resource (as defined below) with ERCOT;

WHEREAS, Seller is a Qualified Scheduling Entity as defined by ERCOT and intends to provide certain QSE (as defined below) services to Buyer for the Project including settlement functions on the same basis as Seller is required to follow pursuant to ERCOT Protocols;

WHEREAS, Seller desires to sell, and Buyer desires to purchase and receive, the Retail Products, on the terms and conditions set forth herein.

This document and any attachments or exhibits thereto may contain information that is confidential, commercially-sensitive, proprietary, and/or public power utility competitive and financial information in accordance with the provisions of Texas Government Code, Section 552.101, 552.104, 552.110 and/or 552.133, and may be protected from required public disclosure.



NOW, THEREFORE, the Parties hereto, for good and sufficient consideration, the receipt of which is hereby acknowledged, intending to be legally bound, do hereby agree as follows:

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

**1.1 Definitions.**

**“4CP”** has the definition set forth in the definition of **“PUCT Docketed Transmission Rate”**.

**“4CP Performance Security”** has the meaning set forth in Section 8.1(b).

**“Adjustment Period”** has the meaning set forth in Section 4.2.

**“Affiliate”** means, with respect to any Person, any entity controlled, directly or indirectly, by such Person, any entity that controls, directly or indirectly, such Person or any entity directly or indirectly under common control with such Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

**“Agreement”** has the meaning set forth in the first paragraph hereof.

**“Ancillary Services”** means a service necessary to support the transmission of Energy to loads while maintaining reliable operation of the Transmission Operator’s System using Prudent Operating Practices.

**“Ancillary Service Committed Capacity”** has the meaning set forth in Section 3.13(e).

**“Annual TCOS Charge”** means the Incremental TCOS Demand multiplied by the PUCT Docketed Transmission Rate.

**“Applicable Law”** means, with respect to any Person or the Project, all laws, statutes, codes, acts, treaties, ordinances, orders, judgments, writs, decrees, injunctions, rules, regulations, Governmental Approvals, directives, ERCOT Protocols and requirements of all regulatory and other Governmental Authorities, in each case applicable to or binding upon such Person, the Seller’s Interconnection Facilities or the Project (as the case may be).

This document and any attachments or exhibits thereto may contain information that is confidential, commercially-sensitive, proprietary, and/or public power utility competitive and financial information in accordance with the provisions of Texas Government Code, Section 552.101, 552.104, 552.110 and/or 552.133, and may be protected from required public disclosure.

**“Bankrupt”** means, with respect to a Party, such Party (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) is generally unable to pay its debts as they fall due, (v) been adjudicated bankruptcy or has filed a petition or an answer seeking an arrangement with creditors, (vi) taken advantage of any insolvency law or shall have submitted an answer admitting the material allegations of a petition in bankruptcy or insolvency proceeding, (vii) become subject to an order, judgment or decree for relief, entered in an involuntary case, without the application, approval or consent of such Party by any court of competent jurisdiction appointing a receiver, trustee, assignee, custodian or liquidator, for a substantial part of any of its assets and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) Days, (viii) failed to remove an involuntary petition in bankruptcy filed against it within sixty (60) Days of the filing thereof, or (ix) become subject to an order for relief under the provisions of the United States Bankruptcy Act, 11 U.S.C. § 301.

**“Business Day”** means any day except a Saturday, Sunday or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. Central Prevailing Time and close at 5:00 p.m. Central Prevailing Time. Notwithstanding the foregoing, for scheduling purposes only, the term “Business Day” shall have the meaning given to that term from time to time by NERC on its website (<http://www.nerc.com/~oc/offpeaks.html>).

**“Buyer”** has the meaning set forth in the first paragraph of this Agreement.

**“Buyer Ancillary Service”** has the meaning set forth in Exhibit A.

**“Buyer Ancillary Service Amounts”** has the meaning set forth in Exhibit A.

**“Capacity”** means the same as “capability” for electric power supply and refers to the maximum electric demand, expressed in MW, that the Project can be expected to consume following the completion of each Phase from the electric transmission system under specified conditions for a given time interval.

**“Capacity Attributes”** means any current or future defined characteristic, certificate, tag, credit, or Ancillary Service attribute, whether general in nature or specific as to the location or any other attribute of the Project intended to value any aspect of the capacity of the Project to respond to Load Resource scheduling orders for Energy or Ancillary Services from ERCOT or the Project QSE.

**“Change of Law”** means (i) any change in, addition to, or change in the interpretation or application of any Applicable Law adopted on or after the Effective Date or (ii) any new Applicable Law adopted on or after the Effective Date.

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**“COD Conditions”** means all of the requirements that must be satisfied by Seller as a prerequisite to achieving the Commercial Operation Date of each Phase as set forth in Section 3.18.

**“Commercial Operation”** means, as applicable, either Phase I, Phase II or Phase III of the of the Seller’s Interconnection Facilities has met the COD Conditions.

**“Commercial Operation Date”** means the date on which Commercial Operation of a given Phase of the Seller’s Interconnection Facilities has occurred.

**“Commercially Reasonable”** or **“Commercially Reasonable Efforts”** means, with respect to any purchase, sale, decision, or other action made, attempted or taken by a Party, such efforts as a reasonably prudent business would undertake for the protection of its own interest under the conditions affecting such purchase, sale, decision or other action, consistent with Prudent Operating Practices, including, without limitation, electric system reliability and stability, state or other regulatory mandates relating to renewable Energy portfolio requirements, the cost of such action (including whether such cost is reasonable), the amount of notice of the need to take a particular action, the duration and type of purchase or sale or other action, and the commercial environment in which such purchase, sale, decision or other action occurs. **“Commercially Reasonable”** or **“Commercially Reasonable Efforts”** shall be reviewed and determined based upon the facts and circumstances known, or which could have been known with the exercise of reasonable efforts, at the time that a sale, purchase, or other action is taken and shall not be based upon a retroactive review of what would have been optimal at such time.

**“Confidential Information”** has the meaning set forth in Section 12.1.

**“Contract Price”** has the meaning set forth in Section 3.4.

**“Contract Year”** means a calendar year commencing on January 1 of the year following the Commercial Operation Date of Phase I of the Seller’s Interconnection Facilities.

**“Controllable Load Resource”** or **“CLR”** means a Load Resource capable of controllably reducing or increasing consumption under dispatch control by ERCOT consistent with the meaning in applicable ERCOT Protocols.

**“Credit Rating”** means, with respect to any entity, the issuer rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third-party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by the Rating Agencies.

**“Day”** or **“day”** means a period of twenty-four (24) consecutive hours beginning at 00:00 hours Central Prevailing Time on any calendar day and ending at 24:00 hours Central Prevailing Time on the same calendar day.

This document and any attachments or exhibits thereto may contain information that is confidential, commercially-sensitive, proprietary, and/or public power utility competitive and financial information in accordance with the provisions of Texas Government Code, Section 552.101, 552.104, 552.110 and/or 552.133, and may be protected from required public disclosure.

***“Delivered Energy”*** means the Energy delivered to Buyer at the Delivery Points.

***“Delivery Point(s)”*** means the 13.2 kV and 138 kV points of interconnection with Seller’s transmission and distribution systems at the high side of Buyer’s transformers located at the Site.

***“Delivery Term”*** means the period of time commencing upon the Commercial Operation Date of Phase I of the Project and terminating at the end of the fifth (5<sup>th</sup>) Contract Year.

***“Delivery Term Security”*** means collateral provided by Buyer to Seller pursuant to Section 8.1, to secure its obligations hereunder, which shall be in the form of a Letter of Credit, a Guaranty or cash.

***“Disclosing Party”*** has the meaning set forth in Section 12.1.

***“Dispute”*** has the meaning set forth in Section 16.1.

***“Downgrade Event”*** refers to any point in time when the Credit Rating of Buyer or Seller’s Guarantor, as applicable, falls below BBB from S&P or Baa2 from Moody’s.

***“DRRP”*** has the meaning set forth in the Recitals to this Agreement.

***“Early Termination Date”*** has the meaning set forth in Section 6.2(a).

***“Effective Date”*** has the meaning set forth in the Preamble to this Agreement.

***“Electric Tariff”*** means the then current Denton Municipal Electric rate schedule as approved by the Denton City Council.

***“Emergency”*** means that an “Emergency Condition” has been declared as provided in the ERCOT Protocols. For the avoidance of doubt, SCED dispatch signals, curtailment flags, setpoints or manual dispatches by Project QSE, are not considered an Emergency.

***“Energy”*** means electric energy generated, which shall be in the form of three (3)-phase, sixty (60) Hertz, alternating current.

***“Equitable Defenses”*** means any bankruptcy, insolvency, reorganization or other laws affecting creditors’ rights generally and, with regard to equitable remedies, the discretion of the court before which proceedings may be pending to obtain same.

***“ERCOT”*** means the Electric Reliability Council of Texas, Inc., or its successor.

***“ERCOT Protocols”*** means the document adopted by ERCOT, including any attachments

This document and any attachments or exhibits thereto may contain information that is confidential, commercially-sensitive, proprietary, and/or public power utility competitive and financial information in accordance with the provisions of Texas Government Code, Section 552.101, 552.104, 552.110 and/or 552.133, and may be protected from required public disclosure.

or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards and criteria of ERCOT. For the purposes of determining responsibilities and rights at a given time, the ERCOT Protocols, as amended in accordance with the change procedures described in the ERCOT Protocols, in effect at the time of the performance or non-performance of an action, shall govern with respect to that action.

**“ERCOT Settlement Amounts”** has the meaning set forth in Exhibit A.

**“Event of Default”** has the meaning set forth in Section 6.1.

**“Executives”** has the meaning set forth in Section 16.2(a).

**“Force Majeure Event”** means any event or circumstance which wholly or partly prevents or delays the performance of any material obligation arising under this Agreement, other than the obligation to pay amounts due, but only to the extent (1) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation(s) excused thereby, (2) the Party seeking to have its performance obligation(s) excused thereby has taken all reasonable precautions and measures in order to prevent or avoid such event or mitigate the effect of such event on such Party’s ability to perform its obligations under this Agreement and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (3) such event is not the direct or indirect result of the fault or negligence of the Party seeking to have its performance obligations excused thereby.

(a) Subject to the foregoing, events that could qualify as a Force Majeure Event include, but are not limited to the following:

(i) acts of God, flooding, lightning, landslide, earthquake, fire, drought, explosion, epidemic, quarantine, storm, hurricane, tornado, volcano, other natural disaster or unusual or extreme adverse weather-related events;

(ii) war (declared or undeclared), riot or similar civil disturbance, acts of the public enemy (including acts of terrorism), sabotage, blockade, insurrection, revolution, expropriation or confiscation;

(iii) strikes, work stoppage or other labor disputes (in which case the affected Party shall have no obligation to settle the strike or labor dispute on terms it deems unreasonable);

(iv) explosion, accident or epidemic;

(v) nuclear emergency, radioactive contamination or ionizing radiation or the release of any hazardous waste or materials; or

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(vi) vandalism.

(b) A Force Majeure Event shall not be based on:

(i) Buyer's inability economically to use the Retail Products purchased hereunder;

(ii) Seller's ability to sell the Retail Products at a price greater than the price set forth in this Agreement;

(iii) an inability to obtain sufficient labor, equipment, materials or other resources to build or operate the Project or the Seller's Interconnection Facilities, except to the extent that a Party's inability to obtain sufficient labor, equipment, materials, or other resources is caused by a Force Majeure Event described in any of subsections (a)(i) through (a)(vi) above; or

(iv) Buyer's failure to obtain financing or other funds.

***"Franchise Fee Rate"*** means the prevailing franchise fee rate on Denton Municipal Electric's revenues as approved by the Denton City Council.

***"Governmental Approvals"*** means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority and shall include those siting and operating permits and licenses, and any of the foregoing under any Applicable Law, that are required for the use and operation of the Project.

***"Governmental Authority"*** means any federal, state, local or municipal government body; any governmental, quasi-governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; any court or governmental tribunal; or any independent operator, regional transmission organization, ERCOT or other regulatory body; in each case having jurisdiction over either Party, the Project, the Site, Seller's Interconnection Facilities, or the Transmission Operator's System.

***"Governmental Charges"*** has the meaning set forth in Section 11.2.

***"Guarantor"*** means an entity which (a) has a Credit Rating of at least BBB from S&P or Baa2 from Moody's if rated by only one Ratings Agency or at least BBB- from S&P and Baa3 from Moody's if rated by both Ratings Agencies, and (b) is incorporated or organized in a jurisdiction of the United States and is in good standing in such jurisdiction.

***"Guaranty"*** means a guaranty from a Guarantor in form and substance reasonably acceptable to Seller.

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***“Incremental TCOS Demand”*** means the incremental demand contribution of the Project to Seller’s 4CP demand expressed in MW as specified in PUCT rule 25.192, which will be determined by Seller using the following methodology: (Project’s June<sub>y</sub> coincident peak contribution *plus* July<sub>y</sub> coincident peak contribution *plus* August<sub>y</sub> coincident peak contribution *plus* September<sub>y</sub> coincident peak contribution) *divided by* 4, where y is the Contract Year during the Term.

***“Incremental TCOS Demand Charges”*** has the meaning as set forth in Exhibit A.

***“Initial Negotiation End Date”*** has the meaning set forth in Section 16.2(a).

***“Interconnection Agreement”*** means the agreement in Exhibit K between Buyer and Seller.

***“Interest Rate”*** means the lower of (i) annual rate equal to the Prime Rate then in effect plus two percent (2%) and (ii) the maximum interest permitted by Applicable Law.

***“Lease Agreement”*** means the Lease Agreement between Buyer and Seller for use of the Site upon which the Project will be constructed which is being executed contemporaneously herewith.

***“Letter(s) of Credit”*** means one or more irrevocable, transferable standby letters of credit, substantially in the form of Exhibit F, issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a Credit Rating of at least A- from S&P or A3 from Moody’s, and having assets of at least Ten Billion Dollars (\$10,000,000,000), with any modifications reasonably acceptable to the Party in whose favor the letter of credit is issued.

***“Load Resource”*** means an electric load capable of providing Buyer Ancillary Service to the ERCOT system and/or energy in the form of demand response and registered with ERCOT as a Load Resource, and may include a Controllable Load Resource or a load acting as a resource controlled by high-set under-frequency relay, consistent with the meaning in applicable ERCOT Protocols.

***“Manager”*** has the meaning set forth in Section 16.2(a).

***“Metering System”*** means all meters, metering devices and related instruments used to measure and record Delivered Energy.

***“Moody’s”*** means Moody’s Investor Service, Inc. or any successor thereto, or in the event that there is no such successor, a nationally recognized credit rating agency.

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**“MW”** means a megawatt (or 1,000 kilowatts) of alternating current electric generating capacity.

**“MWh”** means a megawatt hour of Energy.

**“NERC”** means the North American Electric Reliability Corporation, or its successor.

**“Non-Defaulting Party”** has the meaning set forth in Section 6.2.

**“Non-ERCOT Amounts”** has the meaning set forth in Exhibit A.

**“Notice”** has the meaning set forth in Section 17.1.

**“Operating Procedures”** has the meaning set forth in Section 3.11.

**“Parties”** has the meaning set forth in the first paragraph of this Agreement.

**“Party”** has the meaning set forth in the first paragraph of this Agreement.

**“Person”** means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental entity, limited liability company or any other entity of whatever nature.

**“Phases”** mean, collectively, Phase I, Phase II and Phase III, and each a **“Phase”**.

**“Phase I”** means a 13.2kv electrical interconnection and distribution level service providing Capacity to transmit volumes of Energy up to [REDACTED], unless the Parties mutually agree otherwise, to the Project.

**“Phase II”** means a 138kv high voltage electrical interconnection providing incremental Capacity to transmit volumes of Energy to the Project such that Buyer is able to receive up to an additional [REDACTED], unless the Parties mutually agree otherwise.

**“Phase III”** means a 138kv high voltage electrical interconnection providing incremental Capacity to transmit volumes of Energy to the Project such that Buyer is able to receive up to an additional [REDACTED], unless the Parties mutually agree otherwise.

**“Planned Outages”** means the scheduled outage of the Transmission Operator’s System as scheduled with ERCOT that impacts the Project.

**“Power Ready Dates”** has the meaning set forth in Section 3.17(a).

**“Prime Rate”** means the interest rate (sometimes referred to as the “base rate”) for large commercial loans to creditworthy entities announced from time to time by Citibank, N.A.

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(New York), or its successor bank, or, if such rate is not announced, the rate published in The Wall Street Journal as the “Prime Rate” from time to time (or, if more than one rate is published, the arithmetic average of such rates), in either case determined as of the date the obligation to pay interest arises.

**“Project”** has the meaning set forth in the Recitals and includes Buyer’s proposed facilities and equipment at the Site. The Project is more particularly described in Exhibit B.

**“Project QSE”** means the Seller or Seller’s designated QSE responsible for bidding, and scheduling of the Retail Products and dispatch of Energy and Ancillary Services with ERCOT to/from the Project.

**“Prudent Operating Practices”** means the practices, methods and standards of professional care, skill and diligence engaged in or approved by a significant portion of the electric generation industry for wind facilities of similar size, type and design, that, in the exercise of reasonable judgment, in light of the facts known at the time, would have been expected to accomplish results consistent with Applicable Law, reliability, safety, environmental protection and standards of economy and expedition. Prudent Operating Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the industry.

**“PUCT”** means the Public Utilities Commission of Texas, or its successor.

**“PUCT Docketed Transmission Rate”** means PUCT approved transmission cost of service divided by the average of ERCOT coincident peak demand for the months of June, July, August and September (“4CP”), excluding the portion of coincident peak demand attributable to wholesale storage load. The annual rate shall be converted to a monthly rate which will be used to determine any Incremental TCOS Demand.

**“Qualified Scheduling Entity” or “QSE”** has the meaning set forth in the ERCOT Protocols and means the entity that provides the Project scheduling, bidding services and financial settlement with ERCOT.

**“Ratings Agency”** means either S&P or Moody’s.

**“Receiving Party”** has the meaning set forth in Section 12.1.

**“Referral Date”** has the meaning set forth in Section 16.2(a).

**“Renewable Energy Credits or RECs”** means any and all presently existing or future renewable energy credits (as contemplated on the Effective Date pursuant to PUCT Substantive Rule 25.173(c)(13)).

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**“Retail Products”** has the meaning set forth in Section 3.1.

**“ROI Rate”** means the applicable prevailing return on investment rate applicable to Denton Municipal Electric’s revenues as approved the Denton City Council.

**“S&P”** means Standard & Poor’s or any successor thereto, or in the event that there is no such successor, a nationally recognized credit rating agency.

**“SCADA”** means Supervisory Control and Data Acquisition.

**“SCED”** means Security Constrained Economic Dispatch, dispatch signals, curtailment flags, or setpoints or the similar market equivalent, then utilized by ERCOT to dispatch resources, including CLRs.

**“Seller”** has the meaning set forth in the first paragraph of this Agreement.

**“Seller Curtailment”** means any curtailment of delivery of Retail Products to, or sale of Buyer Ancillary Services from, the Project resulting from any of the following: (a) a failure of Seller’s Interconnection Facilities that causes the Project to be disconnected, suspended or interrupted, in whole or in part, (b) Buyer’s default under this Agreement or other inability or failure to (i) accept delivery of any Retail Products or (ii) deliver Buyer Ancillary Services, or (c) a dispatch order by ERCOT through the Project QSE or (d) an inability on the part of the Seller to procure Retail Products or to sell Ancillary Services on behalf of the Buyer despite Seller’s use of Commercially Reasonable Efforts to do so.

**“Seller’s Interconnection Facilities”** means the interconnection facilities, control and protective devices and metering facilities required to connect the Project with the Seller’s transmission and distribution system, up to, and on Seller’s side of, the Delivery Point.

**“Site”** means the leased parcels of real property on which the Project will be constructed and located, including any easements, rights of way, surface use agreements and other interests or rights in real estate reasonably necessary for the construction, operation and maintenance of the Project. The Site is more fully described in the Lease Agreement.

**“System Curtailment”** means any curtailment of delivery of Retail Products to, or the sale of Ancillary Services from, the Project as the result of any of the following: (i) an Emergency, or (ii) transmission system maintenance, repairs or replacements by the Seller acting in its role as a Transmission Operator made necessary by events of Force Majeure or operational action taken by ERCOT to maintain transmission system reliability or to comply with reliability standards of NERC.

**“System Curtailment Order”** means the instruction from ERCOT, Seller in its role as a transmission operator for ERCOT or as the Project QSE, to reduce load at the Project by an amount, and for the period of time, set forth in such order, due to a System Curtailment.

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***“Target Commercial Operation Dates”*** has the meaning set forth in Section 3.17(a).

***“Term”*** has the meaning set forth in Section 2.1.

***“Transmission Operator”*** means ERCOT or any successor independent system operator, regional transmission operator or other transmission operator from time to time having authority to control the transmission balancing authority into which the Project is interconnected.

***“Transmission Operator’s System”*** means the contiguously interconnected electric transmission facilities over which the Transmission Operator has rights to manage the bulk transmission of Energy and Ancillary Service to and from the Delivery Point.

***“TRE”*** means the Texas Reliability Entity, Inc., or its successor.

## **1.2 Interpretation.**

The following rules of construction shall be followed when interpreting this Agreement:

- (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine, and neuter;
- (b) words used or defined in the singular include the plural and vice versa;
- (c) references to Articles and Sections refer to Articles and Sections of this Agreement;
- (d) references to Annexes, Exhibits and Schedules refer to the Annexes, Exhibits and Schedules attached to this Agreement, each of which is made a part hereof for all purposes;
- (e) references to Applicable Laws refer to such Applicable Laws as they may be amended from time to time, and references to particular provisions of an Applicable Law include any corresponding provisions of any succeeding Applicable Law and any rules and regulations promulgated thereunder;
- (f) terms defined in this Agreement are used throughout this Agreement and in any Annexes, Exhibits and Schedules hereto as so defined;
- (g) references to money refer to legal currency of the United States of America;
- (h) the words “include” or “including” shall mean “including without limitation;”
- (i) the words “hereof,” “hereby,” “herein,” “hereunder” and similar terms in this Agreement shall refer to this Agreement as a whole and not any particular Article

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or Section in which such words appear, unless otherwise specified;

- (j) all references to a particular entity shall include a reference to such entity's successors and permitted assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;
- (k) references to any agreement, document or instrument shall mean a reference to such agreement, document or instrument as the same may be amended, modified, supplemented or replaced from time to time;
- (l) the word "or" will have the inclusive meaning represented by the phrase "and/or", unless the context clearly indicates that an exclusive meaning is intended.
- (m) the words "shall" and "will" mean "must", and shall and will have equal force and effect and express an obligation; and
- (n) the words "writing," "written" and comparable terms refer to printing, typing, and other means of reproducing in a visible form.

## **ARTICLE 2 TERM**

### **2.1 Term.**

The "**Term**" of this Agreement shall commence on the Effective Date and continue until the end of the seventh (7<sup>th</sup>) Contract Year unless sooner terminated in accordance with the terms hereof. The Term may be renewed or extended by mutual consent of the Parties, upon terms and conditions and for a price upon which the Parties mutually agree in writing in connection with such extension or renewal; provided that, for any such renewal or extension to be effective, the Lease Agreement must also be extended or renewed for the same amount of time.

### **2.2 Termination.**

Seller shall have the right to terminate this Agreement in the event (i) that the Lease Agreement is terminated or (ii) the Lease Agreement fails to become effective due to the failure to secure the necessary zoning and city council approval contemplated therein.

## **ARTICLE 3 OBLIGATIONS AND DELIVERIES**

### **3.1 Retail Products.**

The "**Retail Products**" to be delivered and sold by Seller and received and purchased by Buyer under this Agreement are Energy and Ancillary Services, in accordance with the terms hereof, in an amount equal to the full elective service demand of the Project, not to exceed the maximum

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capacity as certified by Seller for each of Phase I, Phase II or Phase III following the completion of each such Phase.

### **3.2 *Purchase and Sale.***

Unless specifically excused by the terms of this Agreement during the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Retail Products at the Delivery Point, and Buyer shall pay Seller for the Retail Products in accordance with the terms hereof.

### **3.3 *Services.***

Seller shall provide those certain services to Buyer associated with the Project, as set forth in Exhibit I hereto.

### **3.4 *Contract Price.***

Buyer shall pay Seller the ERCOT Settlement Amounts and the Non-ERCOT Amounts, in each case, as set forth in Exhibit A.

### **3.5 *Capacity Attributes.***

In the event the PUCT or ERCOT establishes a capacity market, as that term is commonly understood, or any other reliability measures requiring Seller to show resources or Ancillary Services in reserve to satisfy Buyer's load requirements, Buyer shall reimburse Seller for any costs incurred with obtaining the necessary Capacity Attributes.

### **3.6 *Performance Excuses.***

The performance of Seller's obligation to deliver the Retail Products shall be excused only (i) during periods of Force Majeure, (ii) during a Seller Curtailment, (iii) during System Curtailments, and (iv) during Planned Outages.

### **3.7 *Renewable Energy Credits.***

- (a) Because Seller has adopted the DRRP, which requires all Energy purchased by Seller for resale at retail to be renewable Energy, Seller is required to retire one REC for every MWh of Energy sold to Buyer. To satisfy this requirement, Buyer shall provide (at Buyer's sole cost and expense) to Seller the number of RECs corresponding to the Delivered Energy quantities for the preceding calendar year. Buyer shall transfer all RECs in accordance with the ERCOT Protocols, including its regulations and procedures, for recording transfers. Seller and Buyer shall each cooperate fully and assist each other in complying with any and all regulatory obligations relating to recording and tracking of the transfer. Seller and Buyer shall cooperate in good faith and undertake reasonable efforts to consummate

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recognition of the transfer in the applicable ERCOT tracking system; provided, however, that Seller acknowledges that such transfer will not be recognized unless and until Seller confirms such transfer in accordance with the applicable requirements of the ERCOT tracking system. Upon a notification by the administrator or operator of the ERCOT tracking system that the transfer of the RECs cannot be recorded due to a deficiency in the transaction or documentation, the Parties shall promptly confer and cooperate in taking all reasonable actions necessary to cure any defects in the proposed transfer, so that the transfer can be recorded at the earliest possible date. Such RECs shall be deposited into Seller's ERCOT REC account prior to March 1<sup>st</sup> of each Contract Year for the preceding calendar year. Additionally, Seller will use commercially reasonable efforts to appeal to its City Council to seek permission to modify the DRRP to allow Green-e RECs or its equivalent as a substitute for RECs; however, to the extent the City Council will not approve such a change (which it may do or not do in its sole discretion), Buyer may not substitute these for RECs.

- (b) If Buyer wishes to have Seller purchase RECs for any portion of the Delivered Energy for the preceding calendar quarter, Buyer shall notify Seller of the number and vintage of RECs required not later than 15 calendar days after the end of the calendar quarter in which the Delivery Energy is delivered to Buyer. Then, Seller will purchase such RECs and Buyer will reimburse Seller for all related costs and expenses.
- (c) In the event Buyer fails to deliver a sufficient number of RECs for the proceeding calendar year by March 1 (taking into consideration any RECs that Buyer has timely requested that Seller purchase on its behalf), Seller shall notify Buyer of such shortfall in no more than ten (10) days. Following receipt of Seller's notice, Buyer shall have five (5) Business Days to cure such shortfall via a transfer of RECs to Seller's ERCOT REC account. In the event Buyer does not cure the shortfall within such five (5) Business Day period, Seller may purchase such RECs on behalf of Buyer and Buyer shall reimburse Seller for any costs incurred with procuring such RECs plus an administrative fee of \$1.00 per REC.

### **3.8 *Transmission.***

- (a) Buyer shall comply with the Interconnection Agreement requirements at all times including any modifications to the Interconnection Agreement that may be required by Seller to accommodate any changes mandated by Governmental Authorities.
- (b) In the event that any properly authorized Person exercising control over the Seller's transmission system takes any action or orders Seller to take any action that affects Seller's ability to make delivery of Retail Products hereunder, Seller shall use its Commercially Reasonable Efforts to mitigate the adverse effects of such action(s) on Seller's ability to perform its obligations hereunder.

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### **3.9 Scheduling.**

- (a) The Parties shall comply with all ERCOT Protocols, associated operation standards and guidelines, and Operating Procedures.
- (b) The Project QSE will be obligated by the ERCOT Protocols to communicate orders, instructions, or other directives to Buyer, including such that may result in the inability or diminished ability of Buyer to participate in ERCOT's demand response and Ancillary Service markets. Seller, acting in its role as Project QSE, shall submit energy schedules, resource plans, and energy offer curves in accordance with the requirements of ERCOT Protocols, this Agreement and Applicable Law.
- (c) The Buyer shall, as applicable, comply with the Operating Procedures and:
  - (i) transmit to Seller all required meter data, telemetry, and settlement data, via ICCP SCADA data as required to meet the ERCOT Protocols applicable to the Project, in a mutually acceptable manner with Buyer paying the costs for these telecommunications;
  - (ii) provide all information requested by Seller or Seller's designee so that Seller may review scheduling and billing/settlement activities as they apply to Buyer obligations under this Agreement; and
  - (iii) install, or cause to be installed, all control and communication equipment to enable the automatic control of the load of the Project by the QSE and ERCOT.

### **3.10 Sales for Resale.**

All Retail Products delivered to Buyer hereunder shall be for the exclusive use by the Project. No sales for resale are permitted with the exception of Buyer Ancillary Services offered by the Project to ERCOT in its capacity as a Load Resource.

### **3.11 Operating Procedures.**

Seller and Buyer shall use Commercially Reasonable Efforts to develop written operating procedures for the Project ("**Operating Procedures**") consistent with the criteria set forth in Exhibit J. These Operating Procedures shall be approved and in place no later than thirty (30) days prior to the Target Commercial Operation Date of Phase I of the Seller's Interconnection Facilities. Such Operating Procedures shall be consistent with the ERCOT Protocols, (including any changes to the ERCOT Protocols that may take place during the Term of this Agreement) associated operating guides and Prudent Operating Practices under which the Parties will perform their

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respective obligations under this Agreement. Upon written mutual agreement, Seller and Buyer may update the Operating Procedures without amendment to this Agreement. Any disputes with respect to the Operating Procedures shall be resolved in accordance with the terms set forth in Article 16.

### **3.12 *Standards of Care.***

- (a) Buyer shall comply with all applicable requirements of Applicable Law, ERCOT, TRE and NERC relating to the Project and the Seller's Interconnection Facilities (including those related to construction, ownership and/or operation of the Project and the Seller's Interconnection Facilities).
- (b) Seller shall comply with all applicable requirements of Applicable Law, ERCOT, TRE and NERC relating to the Seller's Interconnection Facilities.
- (c) Each Party shall perform all scheduling and transmission services in compliance with all applicable operating policies, criteria, rules, guidelines, tariffs and protocols of ERCOT and Prudent Operating Practices.
- (d) Buyer agrees to abide by all NERC, TRE and ERCOT reliability requirements, including all such reliability requirements for Controllable Load Resources.
- (e) Seller agrees to abide by all NERC, TRE and ERCOT reliability requirements regarding interconnection of the Project, including the requirements of the Seller as transmission operator.

### **3.13 *Curtailment.***

- (a) Seller shall not curtail or interrupt deliveries of the Retail Products to the Project or sales of Ancillary Services from the Project as required by this Agreement except as set forth in Section 3.6; provided Seller's obligation to deliver and sell the Retail Products and Ancillary Services shall be excused when Buyer directs Seller to do so.<sup>1</sup>
- (b) Buyer shall at all times during the Term comply with the directives of the Seller given pursuant to the Switching Agreement (Exhibit E).
- (c) If Buyer fails to comply with the curtailment directives and instructions set forth in any Seller Curtailment or System Curtailment Order, Buyer shall be liable to Seller for any penalties or fines imposed on Seller by any Governmental Authority and any actual direct damages suffered by Seller as a result of Buyer's failure to comply. In the event that Buyer fails to comply, Seller shall have the right, but not the obligation, to open the breakers to the Project to force compliance with the Seller

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Curtailement or System Curtailement Order subject to whatever the Project requirements are for a shutdown to protect the Buyer's equipment. Seller shall not have any liability for exercising such right nor shall Buyer be excused from any damages that may arise in the case that Seller fails to do so. Notwithstanding the foregoing, Buyer's failure to comply with a Seller Curtailement or System Curtailement Order shall not be a Buyer Event of Default; but, Buyer's failure to reimburse Seller for any fines, penalties or damages actually incurred by Seller as a result of Buyer's failure to comply shall be considered a default under this Agreement.

- (d) If Seller fails to communicate ERCOT curtailment directives and instructions set forth in any Seller Curtailement or System Curtailement Order, Seller shall be liable for any penalties or fines imposed on Seller by any Governmental Authority and any actual direct damages suffered by Seller as a result of Seller's failure to communicate. [REDACTED]
- (e) In the event of an Emergency that involves a System Curtailement Order requiring the Project QSE to implement a load shedding event, to the extent the Project is providing Ancillary Services for Transmission Operator's System reliability for any portion of the Project capacity ("**Ancillary Service Committed Capacity**") pursuant to a commitment by the Project QSE, such Ancillary Service Committed Capacity shall be designated as "Critical Load" under Seller's load shed plan and will not be interrupted unless the Project QSE is so instructed by the Transmission Operator. Notwithstanding anything to the contrary, Seller will only designate the Ancillary Service Committed Capacity as "Critical Load" if so authorized by (i) the Transmission Operator pursuant to Seller's approved load shed plan and (ii) all other applicable Governmental Authorities.

### **3.14 Change of Law.**

If during the Term of this Agreement there occurs any material Change of Law (including promulgation, enactment, repeal and amendment) including PUCT Substantive Rule §25.173, then promptly after any such government action and written notice by the affected Party to the other Party, the Parties shall enter into good faith negotiations to make the minimum changes to this Agreement necessary to render this Agreement in compliance with any such government action and shall take such other actions in compliance with the terms and conditions of such government action while preserving to the maximum extent possible the benefits, burdens and obligations of each Party under this Agreement. Moreover, to the extent that any Change of Law results in materially increased costs or expenses for Seller to perform its obligations under this Agreement, the Parties will amend the Agreement to require Buyer to reimburse or otherwise compensate Seller for those amounts. Any costs or expenses associated with Tex. H.B. 4492, 87th Leg., R.S. (2021), Tex S.B. 1580, 87th Leg., R.S. (2021), and Tex H.B. 1520, 87th Leg., R.S. (2021) are excluded and shall not qualify for reimbursement or compensation by Buyer as a Change of Law.

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### **3.15 Project Development.**

- (a) Buyer, at no cost to Seller, shall:
  - (i) Design and construct the Project.
  - (ii) Subject to Section 3.16, develop, design and construct the Seller's Interconnection Facilities (except that (a) all related metering facilities will be completed and paid for as set forth in Article 4 and (b) Seller will be responsible for developing, designing and constructing Phase I of the Seller's Interconnection Facilities), including the obligation to obtain all necessary permits and execute all necessary agreements with the interconnection provider and Transmission Operator necessary for the construction and initial operation and maintenance of the Seller's Interconnection Facilities in accordance with the terms hereof.
  - (iii) File all interconnection requests, including the ERCOT Resource Asset Registration Form, with ERCOT for interconnecting the Project with the Transmission Operator's System.
  - (iv) Secure all Governmental Approvals and other approvals necessary for the construction and initial operation and maintenance of the Project and Phases II and III of the Seller's Interconnection Facilities.
  - (v) Complete all environmental impact studies necessary for the construction, operation, and maintenance of the Project and Phases II and III of the Seller's Interconnection Facilities, including all environmental analysis for the Project and Phases II and III of the Seller's Interconnection Facilities.
  - (vi) Provide to Seller Buyer's electrical specifications and design drawings pertaining to the Project and Phases II and III of the Seller's Interconnection Facilities.
  - (vii) Maintain those policies of insurance in full force and effect as required by Exhibit G.
  - (viii) On a weekly basis during the construction phases of the Project and Phases II and III of the Seller's Interconnection Facilities until the Commercial Operation Date of Phase III, provide to Buyer a progress report on the Project construction and upon reasonable request of Seller, schedule a meeting between representatives of

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Buyer and Seller to review such report and discuss Buyer's construction progress.

- (ix) Provide access to Seller, its authorized agents, employees and inspectors for purpose of inspecting the Project's and Phases II and III of the Seller's Interconnection Facilities' construction site or on-site Buyer data and information pertaining to the Project and Phases II and III of the Seller's Interconnection Facilities during normal business hours upon reasonable advance Notice.
  - (x) Seller will supply to Buyer the materials listed in Exhibit L pursuant to the Bill of Sale attached hereto as Exhibit N and Buyer shall reimburse Seller directly for the costs Seller incurred in procuring such materials. Any equipment supplied by Seller is to be inspected and tested by Buyer prior to use. Seller is providing all materials to Buyer on an AS-IS, WHERE-IS basis, and in no event shall Seller be liable for any defects with the equipment or materials.
  - (xi) Once finally and properly completed and in service (following an inspection by Seller to confirm the same): (i) all equipment, and systems in and from the Jim Crystal Substation to the Delivery Point will become property of the Seller; (ii) Buyer shall convey good and indefeasible title to such equipment to Seller and execute any documents reasonably requested to effectuate the same; and (iii) Buyer shall transfer to Seller any warranties that it is entitled to in connection with the Seller's Interconnection Facilities.
- (b) Seller, at no cost to Buyer, shall design and construct protective relaying systems to the extent required to accommodate the delivery of the Retail Products. Seller shall also be responsible for obtaining all Governmental Approvals and other approvals necessary to (i) construct Phase I of the Seller's Interconnection Facilities and (ii) operate and maintain the Seller's Interconnection Facilities after title to such assets is conveyed to it.

### **3.16 *Seller's Interconnection Facilities Design Standards.***

- (a) In designing and constructing Phases II and III of the Seller's Interconnection Facilities, Buyer shall comply with (i) the Technical Specifications for Substation Construction Services set forth in Exhibit H and (ii) any other design specifications provided by Seller.
- (b) Seller will be entitled to inspect all equipment, system, and construction to determine its compliance with the Technical Specifications for Substation Construction Services before accepting Seller's Interconnection Facilities from

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Buyer. Any unaccepted work, materials or equipment shall be remedied by Buyer, at Buyer's sole cost, before being accepted by Seller.

- (c) Buyer must obtain Seller's written approval of the proper completion of all Seller's Interconnection Facilities for each Phase of the Seller's Interconnection Facilities as specified in Section 3.17(a) and perform acceptance testing before that Phase will be deemed to have achieved Commercial Operation.
- (d) All work by Buyer on the Seller's Interconnection Facilities must be done in a good and workmanlike manner consistent with Prudent Operating Practices.

### **3.17 Target Commercial Operation.**

- (a) Seller shall be responsible for constructing Phase I, up to 22 MW, of Seller's Interconnection Facilities, and Buyer shall be responsible for constructing Phase II, up to an additional 153 MW, and Phase III, up to an additional 125 MW, of Seller's Interconnection Facilities. Each Party shall use Commercially Reasonable Efforts to complete its respective portion(s) of Seller's Interconnection Facilities no later than the following dates (such dates, the "**Power Ready Dates**"):
  - (i) Phase I – [REDACTED]
  - (ii) Phase II – [REDACTED]
  - (iii) Phase III – [REDACTED]
- (b) Buyer shall use Commercially Reasonable Efforts to open each Phase of the Project and have equipment racked by the following dates (such dates, the "**Target Commercial Operation Dates**"):
  - (i) Phase I – 180 days after Seller's completion of Phase I of Seller's Interconnection Facilities and availability of Phase I power;
  - (ii) Phase II – 180 days after Buyer's completion of Phase II of Seller's Interconnection Facilities and availability of Phase II power;
  - (iii) Phase III – 180 days after Buyer's completion of Phase III of Seller's Interconnection Facilities and availability of Phase III power;
- (c) The Power Ready Dates and Target Commercial Operation Dates may be extended due to delays from supply chain disruptions, logistics disruptions, labor shortages, or the unavailability of any necessary equipment for Seller's Interconnection Facilities or the Project, wherein such delays are despite the Parties' Commercially Reasonable Efforts, or for the duration of Force Majeure events impacting construction of the Seller's Interconnection Facilities or the Project.

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### **3.18 COD Conditions.**

The Parties shall cooperate to facilitate Seller's testing of the Seller's Interconnection Facilities necessary to satisfy the COD Conditions for each Phase. Each Party shall provide the other Party Notice of the date such Party believes that each Phase of the Seller's Interconnection Facilities has achieved Commercial Operation. Buyer, with the reasonable cooperation of Seller who shall inform Buyer promptly of the satisfaction of any COD Conditions within Seller's control, may provide notice of completion of the COD Conditions on an individual and incremental basis pending resolution of any objections, provided, however, that Seller shall in all cases have up to five (5) Business Days to review and object to each notice, and such notice shall be deemed accepted by Seller if Seller fails to object within such time period. The COD Conditions are:

- (a) all necessary and material permits, consents, licenses, approvals, registrations and authorizations required to be obtained by Buyer from any Governmental Authority to construct the Seller's Interconnection Facilities in compliance with Applicable Law and this Agreement have been obtained and are in full force and effect;
- (b) The Seller's Interconnection Facilities are available to commence normal operations and able to accept Retail Products from Seller at the Delivery Point and in accordance with Operating Procedures;
- (c) Buyer remains fully obligated under, and in material compliance with, the Interconnection Agreement;
- (d) The Seller's Interconnection Facilities are fully interconnected to the Transmission Operator's System, has been fully tested, and is acceptable to the Transmission Operator, without experiencing any abnormal or unsafe operating conditions on any interconnected system;
- (e) Buyer has completed and met all testing requirements of the Project and Seller's Interconnection Facilities required by the Interconnection Agreement;
- (f) The Project's communications systems and communication interface with the QSE are operational; and
- (g) All other requirements relating to the completion of the Project and the Seller's Interconnection Facilities set forth in this Agreement have been fully satisfied.

### **3.19 Seller Upgrades.**

The Parties acknowledge and agree that a detailed transmission screening study will need to be performed of congestion at the Denton West substation to determine the upgrades necessary, if any, to the Denton transmission system to mitigate potential curtailment subsequent to 2024. In connection with the foregoing, Seller shall:

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- (a) complete the necessary transmission screening study as soon as Commercially Reasonable;
- (b) present such findings from the transmission screening study to ERCOT and Buyer;
- (c) take Commercially Reasonable steps to ensure such upgrades are approved through the ERCOT RPG process with a targeted commercial operation date prior to June 1, 2024; and
- (d) if such upgrades are approved by ERCOT and Seller's governing bodies such that Seller can solely remedy any overloads, Seller shall undertake such construction on a Commercially Reasonable schedule to minimize curtailment of the Buyer load.

## **ARTICLE 4 METERING AND MEASUREMENT**

### **4.1 *Metering System.***

- (a) Seller shall ensure the Metering Systems, including all equipment required to provide ERCOT and Seller, or their agents and successors, with a MW signal of the Load Resource, are designed, located, constructed, installed, owned, operated and maintained in accordance with the Interconnection Agreement and Prudent Operating Practices in order to measure and record the amount of Energy delivered to the Project at the Delivery Point. The meters shall be of a mutually acceptable accuracy range and type to the Parties, as agreed upon in the Operating Procedures. The Metering Systems will be owned, operated and maintained by Seller in accordance with the terms of the Interconnection Agreement. Seller will be responsible for the operation and periodic testing and calibration of the Metering System.
- (b) Seller will design, procure, install and test all metering equipment required for Phase I. For Phases II and III, Seller will provide metering and wiring (other than the Full sized CT which will be procured by Buyer as set forth below) and will install such equipment in the Seller's control building(s) in the Jim Christal Substation. Metering PT/CT for Phases II and III will be supplied by Seller. Full sized CT will be procured and installed by Buyer, or Buyer's contractor in the Seller's switchyard of the Jim Christal Substation. All equipment not supplied by Seller shall be in accordance with Seller specifications. Buyer shall reimburse Seller for any and all costs and expenses incurred in procuring and installing the metering equipment pursuant to this Article 4.
- (c) Seller shall ensure that the Metering Systems are designed to provide required meter data to ERCOT and Seller, or their agents and successors, for Load Resource and sub-QSE as required by ERCOT. Metering Systems shall be designed, located, constructed, installed, owned, operated and maintained in accordance with the

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Interconnection Agreement and Prudent Operating Practices in order to measure and record the amount of Energy delivered to the Project at the Delivery Point.

- (d) Ownership of the Metering System (to the extent owned or procured by Buyer) will transfer from Buyer to Seller upon Commercial Operation of each Phase and Buyer shall execute any documents reasonably requested to effectuate the same, and Buyer shall transfer to Seller any warranties that it is entitled to in connection with the acquisition and installation of the Metering System. Each Phase of the Project shall be individually metered.

#### **4.2 *Inspection and Adjustment.***

- (a) After the Commercial Operation Date of the applicable Phase, any meters owned, operated, and maintained by the Seller will be inspected and tested to conform to Prudent Operating Practices. Seller shall contact Buyer for the purpose of witnessing and verifying proper inspection and adjustment, if any, to meters. If Buyer is given notice of a test of these meters for the purpose of witnessing and verifying proper inspection and adjustment, Seller will notify Buyer.
- (b) If any seal securing the metering is found broken, if the Metering System fails to register, or if the measurement made by a metering device is found upon testing to vary by more than one percent (1.0%) from the measurement made by the standard meter used in the test, an adjustment shall be made correcting all measurements of Energy made by the Metering System during: (i) the actual period when inaccurate measurements were made by the Metering System, if that period can be determined to the mutual satisfaction of the Parties; or (ii) if such actual period cannot be determined to the mutual satisfaction of the Parties, the second half of the period from the date of the last test of the Metering System to the date such failure is discovered or such test is made (“**Adjustment Period**”). If the Parties are unable to agree on the amount of the adjustment to be applied to the Adjustment Period, the amount of the adjustment shall be determined: (A) by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or (B) if not so ascertainable, by estimating on the basis of deliveries made under similar conditions during the period since the last test. Within thirty (30) Days after the determination of the amount of any adjustment, Buyer shall pay Seller any additional amounts then due for deliveries of Energy during the Adjustment Period or, conversely, Buyer shall be entitled to a credit against any subsequent payments for Energy.
- (c) Buyer and its representatives shall be entitled to be present at any test, inspection, maintenance, adjustments and replacement of any part of the Metering System relating to obligations under this Agreement.

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**ARTICLE 5  
[RESERVED]**

**ARTICLE 6  
EVENTS OF DEFAULT**

**6.1**    *Events of Default.*

An “**Event of Default**” shall mean,

- (a) with respect to a Party that is subject to the Event of Default the occurrence of any of the following:
  - (i) the failure by such Party to make, when due, any payment required pursuant to this Agreement and such failure is not remedied within five (5) Business Days after Notice thereof;
  - (ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;
  - (iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) and such failure is not remedied within thirty (30) days after Notice thereof; provided, however, that if such failure is not reasonably capable of being remedied within the thirty (30) day cure period, such Party shall have such additional time (not exceeding an additional ninety (90) days) as is reasonably necessary to remedy such failure, so long as such Party promptly commences and diligently pursues such remedy;
  - (iv) such Party becomes Bankrupt;
  - (v) any event of default by such Party under the Lease Agreement;
  - (vi) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Article 13; or
  - (vii) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of Law or pursuant to an agreement reasonably satisfactory to the other Party.

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- (b) With respect to Buyer,
  - (i) if Buyer fails to build a portion of the Project able to consume at least [REDACTED] of electricity for 12 consecutive hours on or [REDACTED]; and
  - (ii) if Buyer fails to satisfy its Delivery Term Security requirements set forth in Section 8.1 within five (5) Business Days after receipt of Notice of such failure.

**6.2 Remedies; Declaration of Early Termination Date.**

If an Event of Default with respect to a defaulting Party shall have occurred and be continuing, the other Party (“**Non-Defaulting Party**”) shall have the right to the following:

- (a) send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than ten (10) days after such Notice is deemed to be received, as an early termination date of this Agreement (“**Early Termination Date**”);
- (b) accelerate all amounts owing between the Parties and end the Delivery Term effective as of the Early Termination Date;
- (c) withhold any payments due to the defaulting Party under this Agreement;
- (d) suspend performance; and
- (e) to the extent the Non-Defaulting Party is the Seller, exercise its rights pursuant to Section 8.1, as applicable, to draw upon and retain any portion of Delivery Term Security required to satisfy Buyer’s obligations under this Agreement.

**6.3 Rights and Remedies Are Cumulative.**

Except where this Agreement expressly provides that a Party’s remedies are sole and exclusive, the rights and remedies of a Party pursuant to this Article 6 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

**6.4 Mitigation.**

Any Non-Defaulting Party shall attempt to mitigate its costs and losses resulting from any Event of Default of the other Party under this Agreement.

**ARTICLE 7  
PAYMENT**

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## 7.1 *Billing and Payment.*

- (a) ERCOT Settlement Amounts. Consistent with the ERCOT Protocols in effect at the time of billing, all ERCOT Settlement Amounts (as described on Exhibit A) shall be paid by Buyer to Seller as set forth below.
- (i) Seller shall transmit via email to Buyer all ERCOT statements and invoices detailing the ERCOT Settlement Amounts upon receipt from ERCOT.
  - (ii) Buyer shall remit to Seller amounts owed for such ERCOT Settlement Amounts one (1) Business Day prior to the due date of the related payments to ERCOT by the Project QSE.
  - (iii) Seller shall either (A) promptly remit to Buyer or (B) net against the ERCOT Settlement Amounts, any amounts payable by Buyer for the Buyer Ancillary Service Amounts (as defined in Exhibit A).
  - (iv) Any resettlement amounts due to or from the Project QSE shall follow the same process as Sections 7.1(a)(i) or 7.1(a)(iii) depending upon whether the resettlement amounts are due to the Project QSE or from the Project QSE. Alternatively, if ERCOT instead adjusts future invoices for such amounts, no such resettlement payments will be required.
  - (v) Any disputes of Project QSE ERCOT statements or invoices claimed by Buyer shall be communicated with Seller and Seller will direct such disputes to ERCOT. Seller makes no representation or warranty of the accuracy of the ERCOT statements or invoices and will provide dispute notifications to ERCOT in its role as Project QSE, but any negotiation or discussion of such disputes will be between Buyer and ERCOT. Resolution of such disputes will be communicated to Project QSE via corrected or adjusted ERCOT statements and invoices.
- (b) Non-ERCOT Amounts.
- (i) On or about the fifteenth (15th) day of each month beginning with the month following the Commercial Operation Date of Phase I and every month thereafter, and continuing through and including the first month following the end of the Delivery Term, Seller shall provide to Buyer an invoice setting forth the applicable total monthly charges for the Non-ERCOT Amounts, as specified in Exhibit A, for services provided in the preceding month determined in accordance with Article 4 (which may include preceding months).

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All component charges and unit prices identified on an invoice and all calculations used to arrive at invoiced amounts shall be described in reasonable detail on such invoice.

- (ii) Buyer shall pay the full amount of the monthly invoices detailing such Non-ERCOT Amounts on or before ten (10) Business Days after date of the invoice.
- (c) With respect to all invoices or statements, if either the invoice date or payment date is not a Business Day, then such invoice or payment shall be provided on the next following Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full. Invoices may be sent by facsimile or e-mail.

## **7.2 *Disputes and Adjustments of Invoices.***

A Party may, in good faith, (a) dispute the correctness of any invoice, or any adjustment to an invoice, rendered under this Agreement or (b) adjust any invoice for any arithmetic or computational error, in each case within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the full amount of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Upon resolution of the dispute, any required payment or credit shall be made within two (2) Business Days of such resolution. Inadvertent overpayments shall be returned upon request within ten (10) calendar days. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 7.2 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not Affiliated with any Party and such third party corrects its information after the twelve (12) month period.

## **7.3 *Netting of Payments.***

The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Retail Products during the monthly billing period under this Agreement shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it. Notwithstanding the foregoing, Buyer shall only be permitted to net payments due to Seller related to the ERCOT Settlement Amounts that are payable and/or receivable to/from ERCOT on the same date pursuant to the ERCOT invoices.

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**ARTICLE 8**  
**INSURANCE, CREDIT AND COLLATERAL REQUIREMENTS**

**8.1 Buyer's Performance Assurance.**

- (a) Buyer agrees to deliver to Seller collateral to secure its obligations under this Agreement and shall maintain such collateral in full force and effect during the Term of this Agreement. Prior to Commercial Operation of each Phase of the Seller's Interconnection Facilities, Buyer shall provide to Seller Delivery Term Security in the amount of [REDACTED], as certified by Seller.
- (b) In the event that the Project contributes Incremental TCOS Demand to Seller's non-Project 4CP demand, Buyer shall increase the Delivery Term Security by the Annual TCOS Charge within 10 Business Days of Seller determining such Annual TCOS Charge ("**4CP Performance Security**"). Each Contract Year that the Project adds Incremental TCOS Demand to Seller's non-Project 4CP demand, the Delivery Term Security shall be increased by the then applicable 4CP Performance Security, which shall be in an amount equal to the sum of the Delivery Term Security previously required under this Agreement and the associated Annual TCOS Charge. Each month in the last Contract Year, upon Buyer's payment to Seller of the applicable Incremental TCOS Demand Charges, Seller shall reduce the 4CP Performance Security by one-twelfth (1/12<sup>th</sup>) of the Annual TCOS Charge. The 4CP Performance Security shall be delivered to Seller within fifteen (15) Business Days of a request for such 4CP Performance Security amounts.
- (c) Upon termination, Seller shall have the right to draw upon Buyer's Delivery Term Security for any amounts owed to Seller under this Agreement if not paid when due pursuant to Section 7.1. Buyer's Delivery Term Security shall be subject to replenishment.
- (d) If, during the Term, there shall occur a Downgrade Event in respect of Buyer's Guarantor, then Buyer shall deliver to Seller replacement Delivery Term Security in the form of a Letter of Credit, cash or a replacement Guaranty from a different Guarantor (meeting the requirements set forth in the definition thereof) in lieu thereof in an amount equal to the then applicable amount of Delivery Term Security.
- (e) If, during the Term, Buyer has previously provided to Seller Delivery Term Security in the form of a Letter of Credit and Buyer would prefer to provide a Guaranty instead, once such Guaranty has been issued to Seller from a satisfactory Guarantor (meeting the requirements set forth in the definition thereof) in an amount equal to the then applicable amount of Delivery Term Security, Seller shall return the previously provided Letter of Credit to Buyer.
- (f) Buyer's obligation to maintain the applicable Delivery Term Security shall

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terminate upon the occurrence of the following: (i) the Term of the Agreement has ended, or the Agreement has been terminated pursuant to Section 6.2, as applicable; and (ii) all payment obligations of Buyer arising under this Agreement, including any Incremental TCOS Demand Charges, indemnification payments or other damages are paid in full. Upon the occurrence of the foregoing, Seller shall promptly return to Buyer the unused portion of the applicable Delivery Term Security.

- (g) Any Letter of Credit provided by Buyer pursuant to this Agreement must provide, among other things, that the Seller is entitled to draw the full amount of such Letter of Credit if: (i) the Letter of Credit has not been renewed, extended or replaced within thirty (30) days prior to the expiration date of the Letter of Credit; or (ii) the issuer of the Letter of Credit fails to satisfy the requirements of an issuer of a Letter of Credit under this Agreement, within ten (10) Business Days after receipt of Notice thereof by Seller to replace such Letter of Credit with another Letter of Credit, in a form reasonably acceptable to the issuer of the Letter of Credit and Seller. Costs of any Letters of Credit provided by Buyer shall be borne by Buyer.

## **ARTICLE 9 REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **9.1 *Representations and Warranties.***

On the Effective Date, each Party represents and warrants to the other Party that:

- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) (i) it has all Governmental Approvals necessary for it to perform its obligations under this Agreement, and (ii) all Governmental Approvals necessary to construct, operate and maintain the Project and related interconnection facilities in the case of Buyer;
- (c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Applicable Law;
- (d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;
- (e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt.

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- (f) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and
- (i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or the ability to make or take delivery of the Retail Products as provided in this Agreement.

## **9.2 General Covenants.**

Each Party covenants that throughout the Term:

- (a) it shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;
- (b) it shall maintain (or obtain from time to time as required, including through renewal, as applicable) all Governmental Approvals necessary for it to legally perform its obligations under this Agreement;
- (c) it shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law; and
- (d) it shall not dispute its status as a “forward contract merchant” within the meaning of the United States Bankruptcy Code.

## **9.3 Seller’s Covenants.**

Seller covenants as follows:

- (a) from the date hereof through the expiration or termination of this Agreement, Seller shall comply with this Agreement and Applicable Laws;
- (b) Seller will, at Seller’s expense, reasonably cooperate with Buyer in opposing, and

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will not support any action of any regulatory body having jurisdiction thereover that could result in the modification or vitiation of any of the terms or conditions hereof or have any other material adverse effect on Buyer, the Project or this Agreement; and

- (c) Seller's obligations under this Agreement shall qualify as operating expenses which enjoy first priority payment at all times under any and all bond or other ordinances or indentures to which Seller is a party and shall be included as part of the rate calculations required by any rate-related debt covenants to which Seller is bound.

## **ARTICLE 10 TITLE, RISK OF LOSS, INDEMNITIES**

### **10.1 *Title and Risk of Loss.***

Title to and risk of loss related to the Retail Products shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver to Buyer the Retail Products free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to or at the Delivery Point.

### **10.2 *Indemnities by Seller.***

To the extent allowed by Applicable Law Seller shall release, indemnify, defend, and hold harmless Buyer, its Affiliates, and its and their directors, officers, employees, agents, and representatives against and from any and all actions, suits, losses, costs, damages, injuries, liabilities, claims, demands, penalties and interest, including reasonable costs and attorneys' fees ("**Claims**") resulting from, or arising out of or in any way connected with (i) any event, circumstance, act, or incident relating to the Retail Products delivered under this Agreement up to and at the Delivery Point, (ii) the failure by Seller to comply with Applicable Law, or (iii) any Governmental Charges for which Seller is responsible hereunder, in all cases including any Claim for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such Claim to the extent caused by the willful misconduct or gross negligence of Buyer, its Affiliates, and its and their directors, officers, employees, agents, and representatives.

### **10.3 *Indemnities by Buyer.***

Buyer shall release, indemnify, defend, and hold harmless, Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives against and from any and all Claims resulting from, or arising out of or in any way connected with (i) any event, circumstance, act, or incident relating to the Retail Products received by Buyer under this Agreement after the Delivery Point, (ii) the failure by Buyer to comply with Applicable Laws, (iii) any Governmental Charges for which Buyer is responsible hereunder, (iv) Buyer's development, permitting, construction, ownership, operation and/or maintenance of the Project and the Seller's Interconnection Facilities, including all liabilities arising from or in connection with the completion of the activities

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contemplated in Article 4, or (v) any liens, security interests, encumbrances, or other adverse claims against the Retail Products delivered hereunder made by, under, or through Seller, in all cases including, without limitation, any Claim for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such Claim to the extent caused by the willful misconduct or gross negligence of Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives.

## **ARTICLE 11 GOVERNMENTAL CHARGES**

### **11.1 Cooperation.**

Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

### **11.2 Governmental Charges.**

Buyer shall pay or cause to be paid all taxes imposed by any Governmental Authority (“**Governmental Charges**”) on or with respect to the Retail Products or the transaction under this Agreement including ad valorem taxes and other taxes attributable to the Project, land, land rights or interests in land for the Project. In the event Seller is required by Law or regulation to remit or pay Governmental Charges which are Buyer’s responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. Nothing in this Section 11.2 shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the Law.

## **ARTICLE 12 CONFIDENTIAL INFORMATION**

### **12.1 Confidential Information.**

- (a) The Parties have and will develop certain information, processes, know-how, techniques and procedures concerning the Project that they consider confidential and proprietary (together with the terms and conditions of this Agreement, the “**Confidential Information**”). Notwithstanding the confidential and proprietary nature of such Confidential Information, the Parties (each, the “**Disclosing Party**”) may make such Confidential Information available to the other (each, a “**Receiving Party**”) subject to the provisions of this Section 12.1.
- (b) Upon receiving or learning of Confidential Information, the Receiving Party shall:
  - (i) Treat such Confidential Information as confidential and use reasonable care not to divulge such Confidential

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Information to any third party except as required by law, subject to the restrictions set forth below;

- (ii) Restrict access to such Confidential Information to only those employees, Affiliates, subcontractors, suppliers, vendors, and advisors whose access is reasonably necessary for the development, construction, operation or maintenance of the Project and for the purposes of this Agreement who shall be bound by the terms of this Section 12.1;
  - (iii) Use such Confidential Information solely for the purpose of developing the Project and for purposes of this Agreement; and
  - (iv) Upon the termination of this Agreement, destroy or return any such Confidential Information in written or other tangible form and any copies thereof.
- (c) The restrictions of this Section 12.1 do not apply to:
- (i) Release of this Agreement to any Governmental Authority required for obtaining any approval or making any filing pursuant to Section 11.2, *provided* that each Party agrees to cooperate in good faith with the other to maintain the confidentiality of the provisions of this Agreement by requesting confidential treatment with all filings to the extent appropriate and permitted by Applicable Law;
  - (ii) Information which is, or becomes, publicly known or available other than through the action of the Receiving Party in violation of this Agreement;
  - (iii) Information which is in the possession of the Receiving Party prior to receipt from the Disclosing Party or which is independently developed by the Receiving Party, *provided* that the Person or Persons developing such information have not had access to any Confidential Information;
  - (iv) Information which is received from a third party which is not known (after due inquiry) by Receiving Party to be prohibited from disclosing such information pursuant to a contractual, fiduciary or legal obligation; and

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- (v) Information which is, in the reasonable written opinion of counsel of the Receiving Party, required to be disclosed pursuant to Applicable Law (including any Freedom of Information Act or Texas Public Information Act request); *provided, however*, that the Receiving Party, prior to such disclosure, shall provide reasonable advance Notice to the Disclosing Party of the time and scope of the intended disclosure in order to provide the Disclosing Party an opportunity to obtain a protective order or otherwise seek to prevent, limit the scope of, or impose conditions upon such disclosure.
- (d) Neither Party shall issue any press or publicity release or otherwise release, distribute or disseminate any information, with the intent that such information will be published (other than information that is, in the reasonable written opinion of counsel to the Disclosing Party, required to be distributed or disseminated pursuant to Applicable Law, *provided* that the Disclosing Party has given Notice to, and an opportunity to prevent disclosure by, the other Party as provided in Section 12.1(c)(v)), concerning this Agreement or the participation of the other Party in the transactions contemplated hereby without the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed. This provision shall not prevent the Parties from releasing information which is required to be disclosed in order to obtain permits, licenses, releases and other approvals relating to the Project or as are necessary in order to fulfill such Party's obligations under this Agreement.
- (e) The obligations of the Parties under this Section 12.1 shall remain in full force and effect for three (3) years following the expiration or termination of this Agreement.

## **12.2 Texas Public Information Act.**

Notwithstanding any other provision of this Article 12, the Parties understand that Seller is a governmental entity and is required to comply, and Seller does hereby agree to comply, with the Texas Public Information Act (Chapter 552 of the Texas Government Code) when responding to requests for records in its possession except where the information is considered public power utility competitive information protected by the provisions of the Texas Government Code, Sections 552.101, 552.104, 552.110 and/or 552.133. Disclosure of information required by the Texas Public Information Act shall not constitute a breach of any provision contained herein if so ordered by the State of Texas Attorney General. Notwithstanding the foregoing, the Parties acknowledge and agree that this Agreement is confidential, commercially sensitive information protected from disclosure pursuant to the Texas Public Information Act. In the event that Buyer is requested or required by legal or regulatory authority to disclose this any Confidential Information, Seller shall promptly notify Buyer of such request or requirement prior to disclosure, if permitted by law, so that Buyer may seek an appropriate protective order. In the event that a

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protective order or other remedy is not obtained, Seller agrees to furnish only that portion of the Confidential Information that it reasonably determines, in consultation with its counsel, is consistent with the scope of the subpoena or demand, and to exercise reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information.

## **ARTICLE 13 ASSIGNMENT**

### **13.1 *Successors and Assigns.***

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns.

### **13.2 *Assignment by Buyer.***

- (a) This Agreement shall not be assigned or transferred by Buyer without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, this Agreement may be assigned, without the prior written consent of Seller, (i) by operation of law or (ii) to a purchaser of all or substantially all of Buyer's business, including the Project, so long as such assignee has expressly agreed in writing to assume all obligations of Buyer under this Agreement.
- (b) If the rights and interests of Buyer in this Agreement shall be assumed, sold or transferred as herein provided, the assuming party shall agree in writing to be bound by and to assume, the terms and conditions hereof.

### **13.3 *Assignment by Seller.***

- (a) This Agreement shall not be assigned or transferred by Seller without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.
- (b) If the rights and interests of Seller in this Agreement shall be assumed, sold or transferred as herein provided, the assuming party shall agree in writing to be bound by and to assume, the terms and conditions hereof.

## **ARTICLE 14 FORCE MAJEURE**

### **14.1 *Force Majeure Events.***

To the extent either Party is prevented by a Force Majeure Event from carrying out, in whole or part, its obligations under this Agreement and such Party gives Notice and details of the Force Majeure Event to the other Party as detailed below, then, the Party impacted by the Force Majeure

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Event shall be excused from the performance of its obligations to the extent impacted. As soon as practicable after commencement of a Force Majeure Event, the non-performing Party shall provide the other Party with oral notice of the Force Majeure Event, and within two (2) weeks of the commencement of a Force Majeure Event, the non-performing Party shall provide the other Party with Notice in the form of a letter describing in detail the particulars of the occurrence giving rise to the Force Majeure Event claim. The suspension of performance due to a claim of a Force Majeure Event must be of no greater scope and of no longer duration than is required by the Force Majeure Event. Buyer shall not be required to make any payments for any Retail Products that Seller fails to schedule, deliver or provide as a result of a Force Majeure Event during the term of such Force Majeure Event. This Agreement may be terminated by either Party with no further obligation to the other Party if such Force Majeure Event prevents the performance of a material portion of the obligations hereunder and such Force Majeure Event is not resolved within twelve (12) months after the commencement of such Force Majeure Event.

## **ARTICLE 15 LIMITATIONS ON LIABILITY**

### **15.1 *Disclaimer of Warranties.***

EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED.

### **15.2 *Limitations on Liability.***

TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE. EXCEPT FOR A PARTY'S INDEMNITY OBLIGATION IN RESPECT OF THIRD PARTY CLAIMS OR AS OTHERWISE EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF Article 10, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE

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SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

## **ARTICLE 16 DISPUTE RESOLUTION**

### **16.1 *Intent of the Parties.***

Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement (a “**Dispute**”) is the dispute resolution procedure set forth in this Article 16. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the Dispute by means of the dispute resolution procedure set forth in this Article 16.

### **16.2 *Management Negotiations.***

- (a) The Parties will attempt in good faith to resolve any Dispute by prompt negotiations between each Party’s authorized representative designated in writing as a representative of the Party (each a “**Manager**”). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party’s receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting (“**Initial Negotiation End Date**”), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute (“**Executives**”). Within five (5) Business Days of the Initial Negotiation End Date (“**Referral Date**”), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (b) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (c) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

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- (d) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 16.2(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 16.2(a) above, and subject to Sections 15.2, 17.9 and 17.10 of this Agreement, either Party may pursue all remedies available to it at law or in equity.

**16.3 *Specific Performance and Injunctive Relief.***

Each Party shall be entitled to seek a decree compelling specific performance with respect to, and shall be entitled, without the necessity of filing any bond, to seek the restraint by injunction of, any actual or threatened breach of any material obligation of the other Party under this Agreement. The Parties in any action for specific performance or restraint by injunction agree that they shall each request that all expenses incurred in such proceeding, including, but not limited to, reasonable counsel fees, be apportioned in the final decision based upon the respective merits of the positions of the Parties.

**ARTICLE 17  
MISCELLANEOUS**

**17.1 *Notices.***

Whenever this Agreement requires or permits delivery of a “**Notice**” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication in the manner specified in herein and to the addresses set forth below; provided, however, that Notices of scheduling shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Invoices may be sent by facsimile or e-mail. A Notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such Notice was transmitted if received before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day) and a Notice of overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party. Each Party shall provide Notice to the other Party of the persons authorized to nominate and/or agree to a schedule for the delivery or acceptance of the Retail Products or make other Notices on behalf of such Party and specify the scope of their individual authority and responsibilities, and may change its designation of such persons from time to time in its sole discretion by providing Notice.

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If to Seller: Denton Municipal Electric  
Attention: General Manager  
1659 Spencer Rd.  
Denton, TX 76205  
Telephone: (940) 349-7565  
Fax (940) 349-7334  
E-mail Address: Antonio.Puente@CityofDenton.com

With a copy to: City Attorney  
215 E. McKinney Street  
Denton City Hall  
Denton, Texas 76201  
Telephone: (940) 349-8333  
Fax: (940) 382-7923  
Email: Catherine.Clifton@cityofdenton.com

If to Buyer: Core Scientific, Inc.  
Attention: Todd Duchene, General Counsel  
2800 Northrup Way  
Suite 220  
Bellevue, WA 98004  
legal@corescientific.com

With a copy to: Tenaska, Inc.  
Attention: Tenaska Power Services Contract Administration  
300 E John Carpenter Fwy  
Suite 1100  
Irving, TX 75062

### **17.2 *Effectiveness of Agreement; Survival.***

This Agreement shall be in full force and effect, enforceable and binding in all respects as of the Effective Date until the conclusion of the Term or earlier termination pursuant to the terms of this Agreement; provided however, that this Agreement shall remain in effect until (i) the Parties have fulfilled all obligations under this Agreement, including payment in full of all ERCOT Settlement Amounts and Non-ERCOT Amounts (including all corrections and resettlements thereof) due prior to the end of the Term, the Annual TCOS Charges, the Settlement Amount, indemnification payments or other damages (whether directly or indirectly such as through set-off or netting) and (ii) the undrawn portion of the Delivery Term Security, as applicable, is released and/or returned

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as applicable (if any is due). All indemnity rights shall survive the termination or expiration of this Agreement for the longer of twelve (12) months or the expiration of the statute of limitations period of the claim underlying the indemnity obligation. Notwithstanding any provisions herein to the contrary, the obligations set forth in Sections 7.2, 12.1 and Article 15, the indemnity obligations set forth in Article 10, and the limitations on liabilities set forth herein shall survive (in full force) the expiration or termination of this Agreement.

### **17.3 Exhibits.**

Buyer and Seller hereby agree to abide by the terms and conditions set forth in Exhibits E, K and M attached hereto as if each such Exhibit were executed by each of the Parties as a standalone agreement separate from this Agreement.

### **17.4 Right to Audit.**

Each Party has the right, at its sole expense, during normal working hours and upon no less than three (3) Business Days' advance notice, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived except to the extent any misinformation was from a third party not affiliated with any Party (specifically including ERCOT) and such third party corrects its information after such twelve (12)-month period.

### **17.5 Amendments.**

This Agreement shall not be modified nor amended unless such modification or amendment shall be in writing and signed by authorized representatives of both Parties.

### **17.6 Waivers.**

Failure to enforce any right or obligation by any Party with respect to any matter arising in connection with this Agreement shall not constitute a waiver as to that matter nor to any other matter. Any waiver by any Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing. Such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

### **17.7 Severability.**

If any of the terms of this Agreement are finally held or determined to be invalid, illegal or void, all other terms of the Agreement shall remain in effect; *provided* that the Parties shall enter into

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negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any Applicable Law and the intent of the Parties.

### **17.8 *Standard of Review.***

Absent the agreement of the Parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a Person or the Federal Energy Regulatory Commission acting sua sponte shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008) (the “Mobile-Sierra” doctrine).

### **17.9 *Governing Law.***

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

THIS AGREEMENT WAS EXECUTED IN THE STATE OF TEXAS AND MUST IN ALL RESPECTS BE GOVERNED BY, INTERPRETED, CONSTRUED, AND SHALL BE EXCLUSIVELY ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. VENUE SHALL LIE FOR ANY LAWSUIT DEALING WITH THIS AGREEMENT IN THE APPROPRIATE FEDERAL COURT IN TEXAS, OR, IF THE FEDERAL COURTS DO NOT HAVE JURISDICTION, IN THE STATE DISTRICT COURTS IN AND FOR DENTON COUNTY, TEXAS.

### **17.10 *Waiver of Trial by Jury.***

EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

### **17.11 *Attorneys’ Fees.***

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In any proceeding brought to enforce this Agreement or because of the breach by any Party of any covenant or condition herein contained, the prevailing Party shall be entitled to reasonable attorneys' fees (including reasonably allocated fees of in-house counsel) in addition to court costs and any and all other costs recoverable in said action.

**17.12 *No Third-Party Beneficiaries.***

Except as set forth in Sections 13.1 and Article 15, this Agreement is intended solely for the benefit of the Parties hereto and nothing contained herein shall be construed to create any duty to, or standard of care with reference to, or any liability to, or any benefit for, any Person not a Party to this Agreement.

**17.13 *No Agency.***

This Agreement is not intended, and shall not be construed, to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party.

**17.14 *Cooperation.***

The Parties acknowledge that they are entering into a long-term arrangement in which the cooperation of both of them will be required. If, during the Term, changes in the operations, facilities or methods of either Party will materially benefit a Party without detriment to the other Party, the Parties commit to each other to make Commercially Reasonable Efforts to cooperate and assist each other in making such change.

**17.15 *Further Assurances.***

Upon the receipt of a written request from the other Party, each Party shall execute such additional documents, instruments and assurances and take such additional actions as are reasonably necessary and desirable to carry out the terms and intent hereof. Neither Party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this Section 17.15.

**17.16 *Captions; Construction.***

All indexes, titles, subject headings, section titles, and similar items are provided for the purpose of reference and convenience and are not intended to affect the meaning of the content or scope of this Agreement. Any term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Party.

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**17.17 *Entire Agreement.***

This Agreement shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter of this Agreement.

**17.18 *Forward Contract.***

The Parties acknowledge and agree that this Agreement constitutes a “forward contract” within the meaning of the United States Bankruptcy Code.

**17.19 *Counterparts.***

This Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK –  
SIGNATURES APPEAR ON FOLLOWING PAGE]**

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**IN WITNESS WHEREOF** the Parties have executed this Agreement in the manner appropriate to each on the date set forth above.

**“SELLER”**

**The City of Denton d/b/a Denton  
Municipal Electric**

By: \_\_\_\_\_

Name: Sara Hensley

Title: Interim City Manager

ATTEST:

CITY SECRETARY

By: \_\_\_\_\_

APPROVED AS TO LEGAL FORM:  
Catherine Clifton  
INTERIM CITY ATTORNEY

By: \_\_\_\_\_

**“BUYER”**

**Core Scientific, Inc.**

By: \_\_\_\_\_

Name:

Title:

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**EXHIBIT A**

**RETAIL PRODUCTS CONTRACT PRICE**

The following are all of the amounts required to be paid under the Agreement, including how such costs are calculated.

1. The “**ERCOT Settlement Amounts**” means and includes the Energy Fees, the Ancillary Services Fees and the Load Ratio Share, each of which are set forth below in greater detail:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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## EXHIBIT B

### PROJECT DESCRIPTION

Data center will be housed in several buildings across two parcels to accommodate a phased expansion. The buildings will primarily house ASIC digital asset miners owned by Core Scientific and potentially hosting customers. The ASIC digital asset miners has a very constant and reliable power signature with only a slight uptick in demand during the heat of the day resulting in a load factor of 95% or higher expected.

Conceptual drawing of building locations on the North and South parcels. Final drawings will determine location of substation and tech building



B-1

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| South side property parcel: 175 MW                    | North side property parcel: 125 MW Total   |
|---|--|
| 1 of 25 MW building (325'X80')                        | 5 of 25MW building (325'X80') or (1 of 25MW building (325'X80') & 2 of 50 MW building (675'X80') Not shown here) |
| 3 of 50 MW building (675'X80')                        | Tech building (60'X50') or (55'X55') (not shown here)  |
| Tech building (60'X50') or (55'X55') (not shown here) | Substation (100'X120') (not shown here)  |
| Substation (100'X120') (not shown here)               |  |

Description of each phase

Attaching the reference drawing of building.

earliest possible date phase would be energized. :

Phase 1: [REDACTED]

Phase 2: [REDACTED]

Phase 3: [REDACTED]

latest possible date the facility would be energized.

Phase 1: [REDACTED]

Phase 2: [REDACTED]

Phase 3: [REDACTED]

Facility will employ 2500kVA step down transformers. Power will be fed to 4000 amps switch gear with each feeding 36 125 amps PDUs with C19 receptacles

To condition the input air and improve airflow the facility will employ Evaporative Cooling System (ECS), which is expected to use between [REDACTED] MW for any ancillary services including ECS, fans, MDF room and IDF Cabinets for networking infrastructure.

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## **EXHIBIT C**

[Reserved]

C-1

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## **EXHIBIT D**

[Reserved]

D-1

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**EXHIBIT E**  
**Exhibit E**

**ELECTRICAL TRANSMISSION AND DISTRIBUTION SWITCHING AGREEMENT**  
**BETWEEN THE CITY OF DENTON AND CORE SCIENTIFIC, INC.**

WHEREAS, The City of Denton (the “City”) provides primary and transmission voltage electric service to Core Scientific, Inc. (“Core Scientific”) at three distinct points of interconnection for Core Scientific facilities on Jim Christal Road in Denton, Texas under the terms and conditions of a Power Purchase Agreement (“PPA”) to which this exhibit is attached; and

WHEREAS, Core Scientific operates and maintains its own internal electrical distribution facilities and system that receives electric power from the City and distributes such electric power to the Core Scientific facilities; and

WHEREAS the Parties recognize that coordination and communication in switching of high voltage electrical equipment and understanding the equipment, switch positions, and impact of equipment operations at all times protect City and Core Scientific personnel and ensures the reliability of the City’s and the ERCOT transmission system,

NOW, THEREFORE, in consideration of the foregoing recitals, premises, and representations and other terms and conditions set forth below, the Parties intending to be legally bound, hereby agree as follows:

1. Definitions; Interpretation.

Capitalized terms used in this Agreement are defined herein or in the Power Purchase Agreement (“PPA”) to which this Agreement is appended, and the rules of interpretation relating to such terms and this Agreement set forth herein. Other terms used but not defined in this Agreement shall have meanings as commonly used in the English language.

2. Term

This Electrical Transmission and Distribution Switching Agreement (“Agreement”) is effective as of the Effective Date of the PPA and shall remain in effect until the termination of the PPA.

3. Obligations of the Parties

The obligations of the Parties to this Agreement are intended to ensure electric system reliability and safety for the Parties by establishing electric transmission and distribution system switching procedures in accordance with electric industry standards and best practices.

- a. General Obligations of the City (“DME”). The City’s responsibilities and obligations are as follows; i). complete and absolute authority over the operation of the City’s electrical system up and to the Delivery Points; ii) to keep Core Scientific informed of maintenance activities

that will impact the Core Scientific facilities; iii) provide switching orders to Core Scientific required by DME and/or ERCOT

- b. General Obligations of Core Scientific. Core Scientific responsibilities and obligations are as follows: i) complete switching orders from the City; ii) to keep DME informed of electrical equipment and switches conditions and positions at all time; iii) to follow the procedures specified in this Agreement at all times; iv) to keep DME informed of maintenance activities at the Core Scientific facilities that have the potential to impact the distribution and transmission system of the City and ERCOT; v) to follow the switching orders of DME

#### 4. Operating Procedures

- a. Operation of electrical Equipment. No electrical apparatus should be disturbed, or operational state changed in any way, except to save life or property, except when provided for through scheduled, urgent, or emergency switching instructions without authority from DME as set forth herein. All switching shall be performed with a DME representative onsite during switching to communicate with the DME's electrical system operational staff. The Parties understand that all DME radio communication is recorded for clarification, review and retention purposes.
- b. System Configuration. Within thirty (30) days of the Effective Date, and annually thereafter, Core Scientific will provide DME with electronic copies of the facilities 138KV and 15kV electric system including one-line diagrams and any future proposed system revisions. The digital files shall include at least the following information: i) Location of primary lines; ii) size of primary lines; iii) capacity rating of the primary lines; iv) location of switches; v) capacity rating of switches; vi) configuration and normal status of switches; vii) location of transformers; viii) capacity of transformers connected to the system; ix) location of capacitor banks on the system; and, x) capacity of capacitors banks on the system.
- c. Scheduled Switching. Core Scientific shall contact **DME's Electric System Operations ((940) 349-7644)** regarding all proposed changes to the Core Scientific electric system **at least 48 hours** prior to any Core Scientific switching that would modify the Core Scientific electrical system configuration which potentially could or would impact DME's electrical system. Core Scientific shall respond to DME switching request within 48 hours of notification. DME will follow the same request criteria as Core Scientific. Core Scientific is to request all scheduled switching a minimum of 48 hours in advance of any scheduled switching operation(s). The request shall include the following: Proposed or requested switching orders; drawings showing the switching operation (if needed by either DME or Core Scientific); diagrams of the switches being operated (if needed by either party); copy of the appropriate safety clearance and hold tags; purpose for the requested system configuration change; and, reason for the requested switching.
- d. Urgent Switching. DME will attempt to accommodate same day switching requests for Core Scientific for unexpected load or equipment maintenance issues if DME's system configuration and ampacities will permit. Core Scientific shall contact **DME's System Operations ((940) 349-7644)** regarding all urgent switching operations prior to Core Scientific electric system configuration changes. Core Scientific shall send a marked up drawing of the switching arrangement to DME System Operations by email. After the switching has been successfully

completed, DME's Electric GIS system will be updated to properly reflect the new system configuration.

- e. Emergency Switching. No electrical apparatus will be disturbed in any way, except to save life or property, or as provided for in an emergency switching instruction issued from time to time, without at least verbal authority from the DME System Operator. Emergency switching shall only occur to clear a hazard or to protect life or property. Additional or new electrical loads shall not be picked up or transferred by any emergency switching operation. Core Scientific shall promptly notify **DME's System Operations at ((940) 349-7644)** when emergency switching occurs or becomes necessary.
- f. Operation of a Tie Switch (Future Operations). Operation of a switch capable of connecting two different DME circuits and/or substations and/or transmission lines together shall only be performed when a DME representative is available at the switch. The DME representative will remove the DME padlock from the operator. A Core Scientific representative will be responsible for coordinating the switching operation with the DME system operator and operating the switch. The DME representative will padlock the operator at the tie switch once the switch is in its new position. DME will authorize make-before-break operations at the Core Scientific tie points and before any make-before-break switching operation is performed, the DME substation automatic reclosers shall be turned off at the affected substation(s). The DME System Operator will review the most current SCADA circuit loadings and determine if the two circuits are close enough in ABC phase balance so that the electrical load transfer can occur successfully without tripping or affecting any DME substation relays and that enough circuit and breaker ampacities exist to allow successful tying and transfer of the Core Scientific loads.

#### 5. Notices

Any legal notice required by this Agreement shall be deemed given when personally delivered or mailed by certified or registered United States mail, postage prepaid, addressed as follows:

If to the City:                   Denton Municipal Electric  
  Attention: General Manager  
  1659 Spencer Rd  
  Denton, TX 76205

with a copy to:                   City Attorney's Office  
  215 E. McKinney St.  
  Denton, Texas 76201

If to Core Scientific:       Core Scientific, Inc.  
  Attention: General Counsel  
  2800 Northrup Way  
  Suite 220  
  Bellevue, WA 98004

with a copy to:                   Tenaska, Inc.  
  Attention: Tenaska Power Services Contract Administration  
  300 E John Carpenter Fwy

Suite 1100  
Irving, TX 75062

Any operational notice required under this Agreement shall be deemed given when personally delivered, emailed or communicated via recorded telephonic line to:

Denton Municipal Electric  
Attention: Division Manager, Energy Operations  
1659 Spencer Rd.  
Denton, TX 46205  
Jerry.Looper@cityofdenton.com

With a copy to:

Denton Municipal Electric  
Attention: Supervisor, Energy Operations  
1659 Spencer Rd.  
Denton, TX 46205  
Jonathan.Love@cityofdenton.com  
Cameron.Zahn@cityofdenton.com

6. Limitation of Liability; Indemnification.

a. DAMAGES. BOTH PARTIES SHALL BE LIABLE TO THE OTHER ONLY FOR ACTUAL AND DIRECT DAMAGES ARISING OUT OF, OR IN ANY WAY RELATED TO, THE PARTIES' PERFORMANCE, OR FAILURE TO PERFORM, UNDER THIS AGREEMENT, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE.

b. LIMITATION OF LIABILITY. SUBJECT TO SECTION 6(a) AND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, OR TO ANY THIRD PARTY, FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY NATURE (INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF BUSINESS, LOSS OF REVENUES, LOSS OF USE OF THE RETAIL PRODUCTS OR ANY ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE RETAIL PRODUCTS, FACILITIES OR SERVICE, DOWNTIME, PERSONAL PROFITS, OPERATIONAL INTERRUPTION, OR ANY OTHER PECUNIARY LOSS) ARISING OUT OF OR IN ANY WAY RELATED TO THE PARTIES' PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT (EXCLUDING NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE, EVEN IF THE OTHER PARTY HAS BEEN WARNED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT TO THE EXTENT SPECIFICALLY PROVIDED OTHERWISE IN THIS AGREEMENT, ALL REMEDIES PROVIDED FOR HEREUNDER, INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO TERMINATE THIS AGREEMENT, AND ALL OF THE REMEDIES PROVIDED BY LAW (AND NOT EXCLUDED PURSUANT

TO THE FOREGOING SENTENCE), SHALL BE DEEMED CUMULATIVE AND NON-EXCLUSIVE.

7. Force Majeure.

Neither the City nor CORE SCIENTIFIC shall be liable for any failure or delay in performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; strikes; epidemics; pandemics; riots; power failures; computer failure and any such circumstances beyond its reasonable control as may cause interruption, loss or malfunction of utility, transportation, computer (hardware or software) or telephone communication service; accidents; labor disputes; acts of civil or military authority; governmental actions; or inability to obtain labor, material, equipment or transportation; provided, however, that in the event of a failure or delay, each party shall use its best efforts to mitigate the effects of any such failure or delay.

8. Miscellaneous.

This Agreement represents the entire understanding of the parties and supersedes all prior representations with the exception of the PPA to which it is appended. This Agreement may not be varied orally but must be amended by written document of subsequent date duly executed by the parties. This Agreement shall be governed by the laws of the State of Texas and venue for any action under this Agreement shall be in Denton County, Texas.

If any term or provision of this Agreement or its application, shall be declared invalid, illegal or unenforceable in any respect as written, that shall not affect any other provision of this AGREEMENT, which shall continue to be effective as though the invalid and unenforceable part, clause or invalidation had not been made, and the remainder of this AGREEMENT shall be valid and enforceable to the fullest extent allowed by law.

This AGREEMENT may be signed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute an instrument.



Core Scientific, Inc.

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Title

Signed on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

CITY:  
CITY OF DENTON,  
a Texas home-rule municipal corporation

---

Sara Hensley, Interim City Manager

Signed on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

ATTEST:  
ROSA RIOS, CITY SECRETARY

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APPROVED AS TO FORM:  
Catherine Clifton INTERIM CITY ATTORNEY

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**Attachment A to Switching Agreement**

**CORE SCIENTIFIC, INC. and DME MOU**

**1) Normal Configuration of DME's circuits at CORE SCIENTIFIC Meter Points or Point of Interconnect**

**a) Phase One**

- i. The normal configuration for Phase One is as follows:
  - 1) [REDACTED] distribution feeder from transformer #1 at Jim Christal to a primary meter point
  - 2) [REDACTED] distribution feeder from transformer #2 at Jim Christal to a primary meter point

**b) Phase Two**

[REDACTED] The normal configuration for Phase two is as follows: (Point of Interconnect is the high side of the [REDACTED])

**c) Phase Three**

[REDACTED] The normal configuration for Phase three is as follows: (Point of Interconnect is the high side of the [REDACTED])

**EXHIBIT F**  
**FORM OF LETTER OF CREDIT**

**[ISSUING BANK] IRREVOCABLE STANDBY LETTER OF CREDIT**

**DATE OF ISSUANCE:**  
**[Date of issuance]**

[BENEFICIARY] (“Beneficiary”)  
[Address]  
*Attention:* [Contact Person]

Re: [ISSUING BANK] Irrevocable Standby Letter of Credit No. \_\_\_\_\_

Messrs./Mesdames:

We hereby establish in favor of Beneficiary (sometimes alternatively referred to herein as “you”) this Irrevocable Standby Letter of Credit No. \_\_\_\_\_ (the “Letter of Credit”) for the account of [--- Party A---] [--- Address ---] and [---Party B---, (--- Address ---)] (“Account Parties”), effective immediately and expiring on the date determined as specified in numbered paragraphs 5 and 6 below.

We have been informed that this Letter of Credit is issued pursuant to the terms of that certain [*describe the underlying agreement which requires this LC*].

- 1. Stated Amount.** The maximum amount available for drawing by you under this Letter of Credit shall be [*written dollar amount*] United States Dollars (US\$[*dollar amount*]) (such maximum amount referred to as the “Stated Amount”).
- 2. Drawings.** A drawing hereunder may be made by you on any Business Day on or prior to the date this Letter of Credit expires by delivering to [*ISSUING BANK*], at any time during its business hours on such Business Day, at [*bank address*] (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 9 hereof), a copy of this Letter of Credit together with (i) a Draw Certificate executed by an authorized person substantially in the form of Attachment A hereto (the “Draw Certificate”), appropriately completed and signed by your authorized officer (signing as such) and (ii) your draft substantially in the form of Attachment B hereto (the “Draft”), appropriately completed and signed by your authorized officer (signed as such). Partial drawings and multiple presentations may be made under this Letter of Credit. Draw Certificates and Drafts under this Letter of Credit may be presented by Beneficiary by means of facsimile or original documents sent by overnight delivery or courier to [*ISSUING BANK*] at our address set forth above, *Attention:* \_\_\_\_\_ (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 9 below). In the event of a presentation by facsimile transmission, the original of such documents need not be sent to us.

3. **Time and Method for Payment.** We hereby agree to honor a drawing hereunder made in compliance with this Letter of Credit by transferring in immediately available funds the amount specified in the Draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your Draw Certificate. If the Draw Certificate is presented to us at such address by 12:00 noon, [\_\_\_\_\_] time on any Business Day, payment will be made not later than our close of business on third succeeding business day and if such Draw Certificate is so presented to us after 12:00 noon, [\_\_\_\_\_] time on any Business Day, payment will be made on the fourth succeeding Business Day. In clarification, we agree to honor the Draw Certificate as specified in the preceding sentences, without regard to the truth or falsity of the assertions made therein.
4. **Non-Conforming Demands.** If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice that the demand for payment was not effectuated in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effectuated in conformity with this Letter of Credit, you may correct any such non-conforming demand.
5. **Expiration.** This Letter of Credit shall automatically expire at the close of business on the date on which we receive a Cancellation Certificate in the form of *Attachment C* hereto executed by your authorized officer and sent along with the original of this Letter of Credit and all amendments (if any).
6. **Initial Period and Automatic Rollover.** The initial period of this Letter of Credit shall terminate on [*one year from the issuance date*] (the “**Initial Expiration Date**”). The Letter of Credit shall be automatically extended without amendment for one (1) year periods from the Initial Expiration Date or any future expiration date, unless at least sixty (60) days prior to any such expiration date we send you notice by registered mail or courier at your address first shown (or such other address as may be designated by you as contemplated by numbered *paragraph 9*) that we elect not to consider this Letter of Credit extended for any such additional one year period.
7. **Business Day.** As used herein, “**Business Day**” shall mean any day on which commercial banks are not authorized or required to close in the State of [Texas], and inter-bank payments can be effected on the Fedwire system.
8. **Governing Law.** THIS LETTER OF CREDIT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.
9. **Notices.** All communications to you in respect of this Letter of Credit shall be in writing and shall be delivered to the address first shown for you above or such other address as may from time to time be designated by you in a written notice to us. All documents to be presented to us hereunder and all other communications to us in respect of this Letter of Credit, which other communications shall be in writing, shall be delivered to the address for us indicated above, or such other address as may from time to time be designated by us in a written notice to you.
10. **Irrevocability.** This Letter of Credit is irrevocable.
11. **Complete Agreement.** This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein.

\*

\*

\*

*SINCERELY,*  
[ISSUING BANK]

\_\_\_\_\_  
By: \_\_\_\_\_

Title: \_\_\_\_\_

Address:

**ATTACHMENT A**

**FORM OF DRAW CERTIFICATE**

The undersigned hereby certifies to [ISSUING BANK] (“**Issuer**”), with reference to Irrevocable Letter of Credit No. \_\_\_\_\_ (the “**Letter of Credit**”) issued by Issuer in favor of the undersigned (“**Beneficiary**”), as follows:

- (1) The undersigned is the \_\_\_\_\_ of Beneficiary and is duly authorized by Beneficiary to execute and deliver this Certificate on behalf of Beneficiary.
- (2) Beneficiary hereby makes demand against the Letter of Credit by Beneficiary’s presentation of the draft accompanying this Certificate, for payment of \_\_\_\_\_ U.S. dollars (US\$\_\_\_\_\_), which amount, when aggregated together with any additional amount that has not been drawn under the Letter of Credit, is not in excess of the Stated Amount (as in effect of the date hereof).
- (3) The conditions for a drawing by Beneficiary pursuant to [*describe the draw conditions from the underlying agreement*].
- (4) You are hereby directed to make payment of the requested drawing to: (insert wire instructions)

Beneficiary Name and Address:

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

- (5) Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[*BENEFICIARY*]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT B**

**DRAWING UNDER IRREVOCABLE LETTER OF CREDIT NO.**

Date:

PAY TO: [BENEFICIARY]

U.S.\$ \_\_\_\_\_

FOR VALUE RECEIVED AND CHARGE TO THE ACCOUNT OF LETTER OF CREDIT NO.  
\_\_\_\_\_.

[BENEFICIARY]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ATTACHMENT C

CANCELLATION CERTIFICATE

Irrevocable Letter of Credit No. \_\_\_\_\_

The undersigned, being authorized by the undersigned (“**Beneficiary**”), hereby certifies on behalf of Beneficiary to [ISSUING BANK] (“**Issuer**”), with reference to Irrevocable Letter of Credit No. \_\_\_\_\_ issued by Issuer to Beneficiary (the “**Letter of Credit**”), that all obligations of the Account Parties, under the [*describe the underlying agreement which requires this LC*] have been fulfilled.

Pursuant to Section 5 thereof, the Letter of Credit shall expire upon Issuer’s receipt of this certificate.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[*BENEFICIARY*]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## **EXHIBIT G INSURANCE REQUIREMENTS**

Before the Commercial Operation Date of Phase I, Buyer shall procure and maintain the following insurance, with insurers rated “A-” VII or higher by A.M. Best’s Key Rating Guide, that are licensed to do business in Texas:

- (a) Workers’ Compensation Insurance for statutory obligations imposed by Applicable Laws, including, where applicable, the Alternate Employer Endorsement, the United States Longshoremen’s and Harbor Workers’ Act, the Maritime Coverage and the Jones Act;
- (b) Employers’ Liability Insurance, including Occupational Disease, shall be provided with a limit of (i) One Million Dollars (\$1,000,000) for bodily injury per accident, (ii) One Million Dollars (\$1,000,000) for bodily injury by disease per policy, and (iii) One Million Dollars (\$1,000,000) for bodily injury by disease per employee;
- (c) Business Automobile Liability Insurance which shall apply to all owned, non-owned, leased, and hired automobiles with a limit of One Million Dollars (\$1,000,000) per accident for bodily injury and property damage;
- (d) General Liability Insurance which shall apply to liability arising out of premises, operations, bodily injury, property damage, Retail Products and completed operations and liability insured under and insured contract (contractual liability), with a limit of One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate. The Retail Products and completed operations coverage insurance shall be provided for the duration of any applicable warranty period;
- (e) Excess Liability Insurance which shall apply to Employers Liability, Commercial General Liability and Business Automobile Liability Insurance, required in (b), (c), and (d) above, with a limit of Five Million Dollars (\$5,000,000) per occurrence and Five Million Dollars (\$5,000,000) aggregate;
- (f) Broad Form Property Insurance covering Buyer’s Project.

Except for Workers’ Compensation Insurance and Property Insurance, to the extent of the limits required above, Buyer shall be endorsed as an additional insured on Buyer’s insurance policies required to be maintained under the Agreement and such policies shall provide for a waiver of subrogation in favor of Buyer. All policies of insurance required to be maintained by Buyer hereunder shall provide for a severability of interests clause and include a provision that Buyer’s insurance policies are to be primary and non-contributory to any insurance that may be maintained by or on behalf of Buyer.

In the event that any policy furnished by Buyer provides for coverage on a “claims made” basis, the retroactive date of the policy shall be the same as the Effective Date of the Agreement, or such other date, as to protect the interest of Buyer. Furthermore, for all policies furnished on a “claims made” basis, Buyer’s providing of such coverage shall survive the termination of the Agreement and the expiration of any applicable warranty period, until the expiration of the maximum statutory period of limitations in the State of Texas for actions based in contract or in tort. If coverage is on “occurrence” basis, Buyer shall maintain such insurance during the entire term of the Agreement.

Buyer shall promptly provide evidence of the insurance coverage required under the Agreement in the form of an ACORD certificate or other certificate of insurance. If any of the required insurance is cancelled or non-renewed, Buyer shall within thirty (30) days provide written notice to Seller and file a new certificate of insurance with Seller, demonstrating that the required insurance coverage to be maintained hereunder has been extended or replaced. Neither Buyer’s failure to provide evidence of minimum coverage of insurance following Seller’s request, nor Seller’s decision to not make such request, shall release Buyer from its obligation to maintain the minimum coverage provided for in this Exhibit G.

Buyer shall be responsible for covering all deductibles associated with the foregoing insurance coverage.

**Exhibit H**  
**Technical Specification**  
*For*  
**SUBSTATION CONSTRUCTION SERVICES**

***PROJECT SUMMARY***

The construction work required shall be as described in the plans and specification. As an introduction and summary, the principal components of the work for construction of DME substations are:

**Final site work:** The contractor shall grade and compact any disturbed sections of the site, including but not limited to surface leveling, shaping, and fully re-compacting site **after** installation of the ground grid, foundations, and conduit in accordance with the grading plan for each project.

The Contractor shall manage excess excavated or surplus material on site. If stockpile space is not available or sufficient, contractor shall be required to haul and dispose of surplus material.

Geotechnical boring logs will be provided. The complete Geotechnical Report will be made available upon request.

**Foundation construction:** The Contractor shall provide rebar, concrete, forms, curing material, and all other miscellaneous and necessary items required to construct the foundations for the substation project. The Contractor shall provide surveying to complete the project.

**Ground grid and grounding:** The Contractor shall install the ground grid and all other grounding required for the station in accordance with a Grounding Plan. There is no grounding required for masonry fences. Grounding conductors are to be extended from the ground grid to station structures and equipment. The Contractor shall provide all material and hardware to complete the installation as described. This shall include “Cadweld” material and molds for all welding. All connections below grade shall be welded and or compression fittings. Grounds shall be installed for all instrument transformer secondary wiring cabinets and any other control or wiring cabinets used throughout the station. Owner reserves right to utilize a compression connector ground system.

**Conduit installation:** The Contractor shall provide the material and install the underground conduit system, pull boxes and aboveground conduit system as described on a typical Conduit Plan. The Contractor is responsible for installation and termination of all conduits into all equipment and devices and into the buildings and transformers. Flexible conduit material **shall not be used** anywhere in the station. PVC conduit will not be used above ground. Transition to galvanized or aluminum conduit will be made approximately eight inches above the subgrade to allow the PVC to extend slightly above the gravel. Conduits

from instrument transformers to their respective junction boxes shall be rigid galvanized steel or aluminum. All terminations of rigid galvanized or aluminum conduits into all boxes will be made using weather tight hubs. Sealing lock rings are not acceptable. Contract shall provide all excavation, surplus material management, and trench safety equipment and practices, as required by conduit plan. Contractor shall provide all 1 to 2 sack concrete back fill (flow fill) and labor to place and compact native backfill.

**Structure assembly and installation onto concrete foundations:** The substation steel shall be fabricated and shall be erected as shown on the steel design drawings. The Contractor shall provide all labor, equipment, tools, miscellaneous hardware and any other materials not specifically listed for complete assembly, construction, and installation of the station steel package.

**Installation of electrical bus and equipment:** All electrical bus and equipment shall be installed in accordance with the electrical plans. Equipment shall be installed, adjusted and connected, including breakers, instrument transformers, switches, buses and other devices and equipment required to complete construction for a fully functional station. All conduits for equipment control wire and power conductors shall be extended up and properly terminated to each piece of equipment. All bus work and equipment shall be securely installed, and terminations properly phased per the electrical plans.

**Work required near energized power lines and equipment:** Typically, adjacent transmission and distribution lines will remain energized for the durations of these projects requiring that work be undertaken near energized lines. The Contractor will work with the Owner to establish the locations of all energized equipment in and around the substation work area and to arrange for needed clearances.

Technical questions, drawings, and transmittals shall be directed to:

**Mark Zimmerer**  
Electric Engineering Supervisor  
1671 Spencer Road  
Denton, TX 76205  
(940) 349-7169  
mark.zimmerer@cityofdenton.com

## **I. GENERAL**

### **A. Definitions**

1. The term "Owner" shall mean The City of Denton and their duly authorized representatives, namely Denton Municipal Electric (DME), as well as any persons in whom or authority in which may be vested the duties and functions which the "Owner" is now authorized by law to perform.

2. The term "Engineer" shall mean the Engineer employed by the Owner to provide engineering services for the Project and said Engineer's duly authorized assistants and representatives.
3. The term "Supervisor" and or "Observer" shall mean the person, if any, appointed by the Owner to be the "on-site representative". The term is limited to such special representative of the Owner, if any, who is responsible exclusively to the Owner.
4. The term "Contractor" shall mean any entity that is submitting a proposal for the construction of the project, and subsequently, the entity that is selected to construct the project in accordance with the plans, specifications, and construction drawings provided.
5. The term "Project" shall mean the construction of the work described herein and on the project plans and construction drawings.
6. The term "Completion of Construction" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof including the Contractor's obligations to obtain releases of liens from material men and subcontractors as stated in Section VI in the RFP document.
7. The term "Completion of the Project" shall mean full performance by the Contractor of the Contractor's obligations under the contract and all amendments and revisions thereof and when final payment is made to the Contractor.

#### **B. Conflicts in Documentation**

If conflicts are discovered in this Technical Specification, the more restrictive statements shall apply.

#### **C. Complete and Functional Construction with New Material**

It is the intent of this specification to require complete and fully functional facilities described in this specification. It is not possible to specify or describe every detail of work required or to predict problems that might be encountered. The Contractor will be required to provide all labor, equipment, tools, specified material, and incidental items necessary to undertake the construction and complete the installation of all construction units, as described herein, resulting in fully functional facilities that perform to their intended purposes. Minor omissions from the specification or drawings shall not relieve the Contractor from the obligation to provide a complete installation that is fully functional as intended by the Owner. All work shall be performed and completed in a thorough and workmanlike manner and shall follow the best modern recognized practices, notwithstanding any omissions from this specification.

All materials provided by DME and that are to be used by the Contractor for this project will be new and shall be installed in accordance with manufacturer's standard recommended practices unless other guidance is contained herein.

**D. Site Conditions and Excavation**

The substation site is graded and compacted to specified requirements by others. However, no guarantee is made concerning the exact beginning state of elevations and compaction for any site. Rain, erosion and vehicular traffic can create some variations.

Geotechnical boring logs will be provided, and the complete geotechnical reports will be made available upon request. The logs and reports should be representative of the subsurface conditions; however, there is no guarantee as to the exact soil and subsurface conditions that will be encountered during construction. If solid formations are encountered, the owner will consult with the geotechnical engineer for a decision on approach, and a decision on the acceptability of additional charges will be made at that time.

**E. Locating Underground Utilities**

The Contractor is required to obtain locations for all underground facilities on the site prior to initiation of the work.

**F. Work Required Near Energized Lines**

Appropriate precautions are required to prevent allowing tools or equipment to be placed or operated closer than ten (10) feet from any distribution voltage power line or closer than twenty (20) feet from any transmission voltage power line.

**G. Compliance with Statutes and Regulations**

The Contractor shall comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of governmental agencies having jurisdiction in the premises.

**H. Standard of Work and Codes and Standards**

All work shall be done in a thorough and workmanlike manner in accordance with the plans, specifications, and construction drawings.

The requirements of the National Electrical Safety Code, ANSI C2, latest edition, shall be followed wherever applicable to the work, except where local regulations or specification requirements are more stringent, in which case the more stringent requirements shall govern.

**I. Drawings and Appendices**

All drawings, maps, and other documents contained in Exhibit 4 or otherwise accompanying this specification or listed herein shall be considered a part of this specification.

**J. Locations of Facilities, Surveying, and Staking**

Facilities shall be located and constructed as indicated on the plans and details. Control monuments are located in the station, which includes benchmark elevation data. The Contractor shall be responsible for protection of these references and all grade and facility surveying and staking from these references. The Contractor shall be

responsible for checking the locations of structures and other facilities to be installed and reporting any discrepancies for resolution prior to construction.

#### **K. Safety Requirements**

The Owner considers safety to be the highest core value and priority. The goal is for zero incidents or injuries. The same goal is expected of contractors and subcontractors throughout the project. The Contractor is agreeing to pursue the work with the highest degree of regard for all aspects of safety in the prosecution of the project. The Contractor further agrees that the Owner, or any designated employee or representative of the Owner, has the right to stop work at any time that it is believed that there is, or could be, a compromise to safety; and, that in the case of such a work stoppage, the Contractor will not be allowed to continue the work until the compromise to safety is resolved to the satisfaction of the Owner. Any work stoppage for reasons of safety will not be considered as basis for a claim for additional funds.

1. The work shall be performed in accordance with all applicable federal, state, and local safety regulations and in accordance with all Owner safety policies. The contractor shall comply with all reasonable safety requirements by the Owner.
2. The Contractor shall be responsible for the observance of proper safety practices and the avoidance of unnecessary damage to property by all personnel engaged in the work.
3. The Contractor shall take all steps necessary to prevent damage to or interference with existing power lines, communication facilities, roadways, railroads, waterways, buried cables, pipelines, fences and other facilities adjacent to or crossing the project right-of-way.
4. Neither the professional activities of the Engineer, nor the presence of the Engineer and/or Owner or the Engineer's and /or Owner's employees and sub-consultants at the construction site, shall relieve the general Contractor and any other entity of their obligations, duties, and responsibilities including, but not limited to, construction means, methods, sequences, techniques, or procedures necessary for performing, superintending, or coordinating all portions of the work of construction in accordance with the contract documents and any health or safety precautions required by any regulatory agencies. The Contractor agrees that he is solely responsible for jobsite safety, and warrants that this shall be made evident in the Owner's agreement with the Contractor. The Contractor also agrees that the Owner, the Engineer and the Engineer's consultants shall be indemnified and shall be insured under the Contractor's general liability insurance policy.
5. The Contractor shall be responsible for citations and fines imposed on the Contractor from all sources.

6. The Contractor shall ensure that proper personal protective equipment (PPE) is used at all times by all employees on site. As a minimum, this shall consist of hard hats safety glasses, leather work boots, and appropriate work clothes.
7. The Owner reserves the right to conduct random safety inspections.
8. Daily tailboard conferences shall be conducted by the Contractor and documented as to topics covered and personnel attending (indicated by signature and printed name). Anytime there is a change in the work to be accomplished or additional personnel are assigned to a work crew, another tailboard conference shall be conducted. Documentation of tailboard discussions shall be provided to the Owner upon request.
9. All on-site personnel are required to attend weekly safety meetings. Documentation of meeting content and attendance shall be provided to the Owner.
10. Timeliness of injury notification – injuries, accidents, near misses, and damage to equipment shall be reported to the Owner immediately after occurrence. The Contractor shall conduct an investigation and provide a written report to the Owner within 48 hours of any of the above types of incidents.
11. Return to work procedure – when an employee of the Contractor is injured and the injury requires off-site medical attention, it is required that the employee have a return to work authorization signed by a licensed medical provider stating that the employee is cleared to return to work with or without limitations. The Contractor may also be required to complete a root cause analysis that clearly defines the cause of the incident and the methods that will be instituted for prevention of recurrence. The Owner reserves the right to require that this root cause analysis be completed before resuming the work.

#### **L. Locating Underground Utilities**

The Contractor is responsible for obtaining all required locates for underground facilities prior to any excavation. Should unlocated, or incorrectly located, underground utilities or other structures be encountered during excavation, the Contractor shall consult with the Owner immediately to determine a course of action. The Contractor shall cooperate with all parties in resolving any problems discovered and in keeping any utilities services in operation to the greatest extent reasonable while alternative solutions are implemented. The Contractor shall be responsible for repair of damaged underground facilities where the Contractor has failed to obtain proper locates prior to excavation. Any repairs required shall be done to the satisfaction of the Owner.



#### **M. As Built Drawings**

At the completion of a project, the Contractor shall supply the Owner with one set of redlined "As Built" drawings that show all changes from the original plans and drawings.

#### **N. Errors and Omissions by the Contractor**

No payment shall be made to the Contractor for materials or labor required to correct errors or omissions on the part of the Contractor. Payments shall not be made for work found not to be in accordance with the plans and specifications.

#### **O. Work Staging Areas**

The substation site shall be used as a staging area where practical. If the Contractor must use private land for staging or other construction purposes, the Contractor shall make all necessary arrangements with the landowner and shall pay all rental or other costs. The owner will not be liable for any damage, theft or vandalism that occurs to the contractor's equipment on the site.

Any land, whether belonging to the City of Denton or to a private landowner, used for staging or other construction purposes shall be thoroughly cleaned after use and restored to a smooth surface free of ruts and reseeded if appropriate.

#### **P. Security**

**The Owner will not be liable for any damage, theft or vandalism that occurs to the Contractor's equipment on the substation site or any staging site.** Once Owner supplied materials are issued to the Contractor, the Contractor shall be responsible for damage, theft or vandalism of the materials regardless of where they are stored.

#### **Q. Storm Water Pollution Prevention Plan Compliance**

The Contractor shall comply with all requirements contained in the SWPPP throughout the project and shall maintain all silt fences and drainage restrictions placed for the plan. If adjacent land is used for a staging area, appropriate features of the SWPPP shall apply to use of that land as well.

#### **R. Construction Power**

Construction power (120/240V single-phase service) will be made available at the project site in one location at no cost to the Contractor.

### **S. Portable Toilet**

The Contractor shall provide “port-a-potty” type facilities on site. The Contractor shall provide any additional portable toilet facilities as necessary to accommodate Contractor personnel.

### **T. Site Waste and Spoil Management and Cleanup**

During the course of a project, from beginning to end, the Contractor shall maintain a continuous waste management and cleanup program. All excess spoil shall be stockpiled outside the substation walls and waste material shall be contained daily before leaving the site. Any kind of waste, whether generated by the project or by employees of the Contractor, shall be contained daily in a dumpster or other container and removed from the site at least weekly. This type of waste shall not be left or allowed to accumulate outside the waste container beyond the end of the workday. Pallets may be stacked for later removal unless they are damaged or intended for waste. Spoil from excavation for the piers and excess from all other excavation shall be stockpiled daily in a single location suitable to the Owner. With the exception of any **unused** rock remaining after completion of construction, all trash or unusable debris generated by the Contractor shall be disposed of in a manner suitable to the Owner and at the cost of the Contractor. The Owner shall have the option of hauling spoil from the site or of having the contractor remove the spoil. If the Owner elects to remove the excess spoil, the Contractor shall load trucks. The cost for loading shall be a part of the cost for spoil management.

For the purposes of this section, rough backfill around completed work shall be considered as part of the daily cleanup requirement. Failure to backfill poses a safety hazard to the work area and potentially to the public.

Exceptions will be granted when weather makes cleanup problematic. The Owner must approve exceptions in advance.

The project will not be considered complete until the requirements of this section are complete.

#### **U. Acceptance**

After work has been completed, the site will be inspected, at the expense of the Owner, to determine whether the requirements of these specifications have been fulfilled and the Owner is entirely satisfied with the construction, as related to the Contractor’s work, all test reports are furnished, and the site is brought into compliance with all plans and specification requirements.

## **II. CONSTRUCTION**

### **A. Time and Manner of Construction**

1. The Contractor and Owner will agree to a specific Commencement Date and Completion Date. The Contractor agrees to prosecute diligently and to complete

construction in strict accordance with the plans, specifications, and construction drawings by **the date agreed upon**.

2. The time for completion of construction is critical. It is not anticipated that there will be any reason for an extension of the time required to complete. Extensions of time for completion will be considered only as a last resort and only for causes that are beyond the control and without the fault of the Contractor, including acts of God, fires, floods, inability to obtain materials, and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible. Provided, however, that no such extension of time for completion shall be granted the Contractor unless within five (5) days after the happening of any event relied upon by the Contractor for such an extension, Contractor shall have made a request therefore in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes except acts or omissions of the Owner, shall result in any liability on the part of the Owner.
3. The Contractor shall submit a construction plan that includes the intended sequence and intended schedule for construction as soon as practical after the Notice to Proceed is given. The Owner shall have approval authority for the construction plan.
4. The Owner may from time to time during the progress of the construction of a project make such changes, additions to or subtractions from the plans, specifications, construction drawings, list of materials and sequence of construction provided for in the previous paragraph as conditions may warrant. If any change in the construction shall require an extension of time, a reasonable extension will be granted if the Contractor shall make a written request to the Owner within five (5) days after any such change is made.

#### **B. Environmental Protection**

The Contractor shall perform work in such a manner as to maximize preservation of beauty, conservation of natural resources, and minimize marring and scarring of the landscape and silting of streams. The Contractor shall not deposit trash in streams or waterways and shall not deposit herbicides or other chemicals or their containers in or near streams, waterways or pastures. The Contractor shall follow, under the general direction of the Owner and/or Engineer, the criteria relating to environmental protection as specified herein by the Owner and/or Engineer.

#### **C. Contractor's Resources**

The Contractor agrees that he will make available for use in connection with the proposed construction all necessary resources to prosecute the project within the expected time. This shall include, as a minimum, tools, equipment, and qualified superintendents, foremen, technicians, and other labor resources.

#### **D. Supervision and Inspection**

1. The Contractor shall provide constant supervision by a competent and qualified superintendent employed by the Contractor (hereinafter called the "Superintendent")

who shall be present at all times during working hours where construction is being carried on. The worksite shall have continuous English-speaking supervision. The Contractor shall also employ, in connection with the construction of the project, capable, experienced and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent by the Owner shall be binding upon the Contractor.

2. The Owner reserves the right to observe, directly or through an independent engineering or testing firm, the activities of the Contractor and to require changes to procedures that, in the Owner's or his representative's opinion, do not meet the requirements or intents of this specification.
3. The Contractor shall plan and coordinate the work with the Owner such that notice, and opportunity is afforded for inspection. As a minimum, all excavations shall be inspected before concrete or backfill is placed; all elevations shall be verified prior to pouring concrete; and placement of underground conduits and grounding shall be inspected prior to being covered.
4. The Owner reserves the right to require the removal from the project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner, Engineer or the Supervisor has the right to suspend the work wholly if the Contractor or any of the Contractor's employees are being abusive or in any way trying to intimidate the Owner, Engineer or the Supervisor. If work is suspended due to this provision, there will be a meeting with the following entities represented to resolve and correct any problems: the Supervisor, the Engineer, the Contractor and the Contractor's Surety. The Owner, Engineer or the Supervisor, if any, shall have the right to require the Contractor to increase the number of its employees and to increase or change the number or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of its obligations to complete the work within the time and in the manner specified in this proposal.
5. The manner of construction of projects, and all materials and equipment used therein, shall be subject to the inspection, tests and approval of the Owner and/or Engineer and the Contractor shall furnish all information required by the Owner and/or Engineer concerning the nature or source of any materials incorporated or to be incorporated in a project. The Contractor shall provide all reasonable facilities necessary for such inspection and tests and shall maintain an office at the site of the project, with telephone service where obtainable (mobile phone acceptable). The Contractor shall have an authorized agent accompany the Owner and/or Engineer when final inspection is made and, if requested by the Owner, when any other inspection is made.
6. In the event that the Owner or the Engineer shall determine that the construction contains or may contain defects, it shall be the duty of the Contractor and the

Contractor's surety or sureties to have an inspection made by an Engineer approved by the Owner, for the purpose of determining the exact nature, extent and location of such defects.

7. The Engineer may recommend to the Owner that the Contractor suspend the work wholly or in part for such period or periods as the Engineer may deem necessary due to unsuitable weather or such other conditions as are considered unfavorable for the satisfactory prosecution of the work, excessive easement damage, or because of the failure of the Contractor to comply with any of the provisions of the specification: provided, however, that the Contractor shall not suspend work pursuant to this provision without verbal authority from the Owner to do so. If verbal instruction is given, it shall be verified within twenty-four hours by written notification from the Owner. The time of completion herein above set forth shall be increased by the number of days of any such suspension, except when suspension is due to the failure of the Contractor to comply with any of the provisions of this contract. In the event that work is suspended by the Contractor with the consent of the Owner, the Contractor before resuming work shall give the Owner at least twenty-four (24) hours' notice.

#### **E. Defective Materials and Workmanship**

1. The acceptance by the Owner or the Engineer of any materials equipment (including owner-furnished materials) or any workmanship shall not preclude the subsequent rejection thereof if such materials, equipment, or workmanship shall be found defective after delivery or installation, and any such materials, equipment or workmanship found defective before final acceptance of the construction shall be replaced or remedied, as the case may be, by and at the expense of the Contractor. Any such condemned material or equipment shall be immediately removed from the site of the Project by the Contractor at the Contractor's expense. The Contractor shall immediately notify the Owner, Engineer, or Supervisor of any damage that is caused to any Owner furnished materials due to accident or negligence. If the Owner deems it necessary, the damaged material shall be replaced by the Contractor at Contractor's expense. The Contractor shall not be entitled to any payment hereunder so long as any defective materials, equipment or workmanship in respect to the Project, of which the Contractor shall have had notice, shall not have been replaced or remedied, as the case may be.
2. Notwithstanding any certificate which may have been given by the Owner or the Engineer, if any materials, equipment (except Owner-furnished materials) or any workmanship which does not comply with the requirements of this specification shall be discovered within one (1) year after completion of construction of the project, the Contractor shall replace such defective materials or equipment or remedy any such defective workmanship within thirty (30) days after notice in writing of the existence thereof shall have been given by the Owner. In the event of failure by the Contractor to do the requested correction, the Owner may replace such defective

materials or equipment or remedy such defective workmanship, as the case may be, and in such event the Contractor shall pay to the Owner the cost and expense thereof.

### **III. GENERAL REQUIREMENTS OF THE CONTRACTOR**

#### **A. Protection to Persons and Property**

1. The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of federal, state, and municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America unless such instructions are incompatible with federal, state or municipal laws or regulations.
2. The following provisions shall not limit the generality of the above requirements:
  - a. The Contractor shall at no time and under no circumstances cause or permit any employee of the Contractor to perform any work upon energized lines, or upon poles carrying energized lines.
  - b. The Contractor shall limit the movement of its crews and equipment so as to cause as little damage as possible to access ways and areas adjacent to the project site and shall endeavor to avoid marring the lands. All fences, which are necessarily opened or moved during the construction of the project, shall be replaced in as good condition as they were found. Except for access by public roads to a substation site, the Contractor shall confine all activities to land owned by the City of Denton that are part of the substation sites or access easements thereto. Damage to adjacent properties shall be the responsibility of the Contractor. The Contractor shall be monetarily responsible to the Landowner for any damages to adjacent property or associated livestock.
  - c. A project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided, shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the construction of the project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the project or any portion thereof under the control of the Contractor by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence. The Contractor shall hold the Owner harmless from any and all claims for injuries to persons or for damage to property happening by reason of any negligence on the part of the Contractor or any of the Contractor's agents or employees during the control by the Contractor of the project or any part thereof.

- d. The Contractor shall remove any and all excess or unusable rock, debris, underbrush and other useless material from the site of the project as rapidly as practicable as the work progresses.
- e. Upon violation by the Contractor of any of the provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor to do so, the Owner may correct such violation at the Contractor's expense: Provided, however, that the Owner may, if it deems it necessary or advisable, correct such violation at the Contractor's expense without such prior notice to the Contractor.
- f. The Contractor shall submit to the Owner monthly reports in duplicate of all accidents, giving such data as the Owner may prescribe.

#### **B. Accountability for Material Provided by the Owner**

1. At appropriate times and as requested by the Contractor, material to be provided by the Owner will be made available to the Contractor. The Contractor will take possession of materials at the warehouse of the Owner at 901-B Texas Street, Denton, Texas or other storage locations in Denton. Loading at the warehouse or other storage locations, transportation to the project site and unloading shall be the responsibility of the Contractor. Once the Contractor accepts possession of material, he shall be responsible for the value of the material until the Owner accepts the project and all excess material is returned to the Owner. Security against loss, theft, or damage shall be the responsibility of the Contractor.
2. The material provided to the Contractor will be based on estimates of the amounts needed for a project. Additional material will be provided where justified by the Contractor through demonstration that the estimate was not adequate. Excess material shall be returned to the warehouse or other designated location before conclusion of the project. The Contractor will be charged for any excess material not returned. Wire will be issued in available reels, which will likely contain more wire than the amount required for the project. The Contractor shall be responsible for the security and handling of reels until returned to the Owner's warehouse. The Contractor will be charged for loss or material returned damaged.
3. Material transfers to and from the Contractor will be accompanied by specific inventories prepared and verified at the time transfer is made. All inventories shall be signed by at least one representative of the Contractor and Owner who are present at the time the transfer is made. Notations of damage shall be made on the inventory prior to being signed.

#### **C. Restoration and Cleanup**

The Contractor shall maintain a continuous cleanup program throughout construction both with regard to refuse and the surface condition of the site. All refuse, either project related or that generated by the Contractor's personnel, shall be properly disposed of by

the end of each workday. The Contractor shall keep the surface of the site in a reasonably graded state with ruts repaired, spoil from excavation stockpiled or used where additional fill is needed, and excavations for foundations restored immediately upon completion of the foundation. For example, spoil from drilled piers shall be stockpiled in a common location by the end of the day. Excess excavated material may be temporarily stockpiled in a common location on site to accumulate amounts that will allow truckload disposal to be efficient. Concrete waste shall be kept in one area, through the use of a washout container, and disposed of when the container is full. Maintenance and disposal is the responsibility of the contractor. The Owner reserves the right to require more frequent removals.

#### **D. Special Requirements**

1. **City of Denton Requirements** -- The Contractor shall comply with all City of Denton construction, traffic control, and other regulatory or rule requirements. Contractor shall install and maintain Silt fences as required. The Contractor shall comply with the requirements contained in the SWPPP and any amendments made thereto.
2. **Vehicle Inspection** -- Each vehicle that is to be used on the project may be inspected by the Owner at any time for excessive oil leaks. If significant oil leaks are found, the Contractor shall fix them before putting the equipment on a substation site. The Contractor shall be responsible to keep all his equipment maintained in such a manner to prevent oil leaks on the Owner's properties.

### **IV. ENVIRONMENTAL CONTROLS**

To protect the environment and to minimize damage claims against the Contractor and the Owner, every person working on a project must understand and follow the guidelines set out below. The construction contract requires that the Contractor perform the work "in such manner as to minimize marring and scarring of the landscape and silting of streams". The Engineer's and Owner's personnel will also be subject to these requirements. The following requirements shall be followed wherever applicable, except where local regulations or Land Owner requirements are more stringent, in which case the more stringent requirements shall govern.

#### **A. Hunting**

There will be no hunting by the Contractor, his employees, or guests, on the project site, or on the privately owned lands adjacent to a project. No firearms are to be carried by personnel engaged in the construction of this project.

#### **B. Fires**

Open fires of any type shall not be permitted on project site, or on adjacent property. All grass fires that start in the vicinity where the Contractor is working shall be the responsibility of the Contractor and all damage payments to the Landowner and Tenant or governmental agency shall be made by the Contractor.



**C. Contamination**

Crankcase oil, hydraulic oil, gasoline, etc., shall never be dumped into streams or onto the ground, but must be removed from the project for proper disposal. All used cans, boxes, packages and litter of all types shall be removed from the site immediately after use and shall never be allowed to be scattered by wind or to cause a fire hazard.

**D. Arroyo or Wash Crossings**

The Contractor may choose to build a construction trail other than the access provided by the Owner. If this is done, the Contractor will be required to return the embankments as nearly as possible to their previous natural conditions after completion of construction. Before any dozing is accomplished, the Contractor shall obtain written permission from the Landowner and secure permission from the Owner and/or Engineer.

**E. Excavation**

Any and all excess earth, rock, debris, underbrush, and all other unusable excavated material shall be removed from the site of the project as soon as reasonable quantities are accumulated.

**F. Open Holes**

No drilled shafts shall be left open or unfilled overnight. If concrete cannot be placed, holes shall be refilled and redrilled.

**G. Markers**

No section corner markers, property corner or corner post shall be disturbed in any way. If the placement of a structure is set too close to the marker or corner, the Contractor shall contact the Owner and/or Engineer to resolve the problem.

**H. Roads**

The Right of Way shall be used by the Contractor between public roads for the travel of the Contractor's vehicles. An exception to this requirement is granted to the Contractor in those specific circumstances stated on the plan and profile sheets or addendum, that existing roads may be used. If the Contractor desires to use other existing trails or roads through private property, he will obtain written permission from the Land Owner with a copy thereof provided to the Engineer and Owner for their files before the trail or road is used by the Contractor.

**I. Speed Limits**

The speed limit of all vehicles shall be limited to 10 MPH.

**J. Fences**

The Contractor shall protect all fences on or adjacent to the Owner's property.

**K. Gates**

Gates shall be used for all ingress and egress. Gates shall be closed and locked in accordance with the Owner's instruction during the course of a project.

**L. Domestic or Ranch Animals**

Should any Contractor related activity cause injury to any domestic or ranch animal, the Contractor shall immediately notify the Owner of the animal and medical help for the animal should be obtained, if required. All claims need to be settled with the Owner of the animal immediately and a report given to the Owner.

**M. Notification**

The Contractor shall notify the project Observer and Denton Municipal Electric dispatcher each working day concerning the planned location of each Contractor crew on the project. The Owner may require other notifications to meet operational and safety requirements.

**N. Firearms**

There shall be absolutely no firearms carried by any individual or in any vehicle on a substation site or adjacent property.

**IT IS STRONGLY SUGGESTED THAT THE CONTRACTOR GIVE EACH EMPLOYEE A COPY OF THE ABOVE SPECIFICATION REQUIREMENTS.** A written report will be provided to the Contractor by the Owner for each incident that is observed.

**V. ACCESS**

**A. Ingress and Egress**

1. The activities of the Contractor are to be restricted to the Owner's property. This property will be described on site-specific plans. The Contractor is responsible for assuring that the property boundaries are known and that activities are confined to the property and easements.
2. The Contractor shall repair any damage to ingress and egress routes caused by the Contractor's activities. The project will not be considered complete until such repairs are made.

**B. Temporary Access Improvements.**

Access improvement or other temporary access measures may be required for a project. The Owner will notify the Contractor on a project basis when Notice to Proceed is given. The Contractor will arrange with the Owner at that time an agreeable method of creating temporary access improvements.

**VI. CONCRETE & FOUNDATIONS**

**A. General**

The Contractor shall provide all foundations defined for the project. The contractor shall correlate all dimensions between the electrical, structural, and foundation plans before construction and notify the Owner of any discrepancies or inconsistencies before proceeding with the work. The Contractor must comply with all the instructions given

by the Owners geotechnical engineer in preparing the engineered or native fill under all foundations where rework of the areas under foundations is specified.

## **B. Strength**

The concrete for foundations shall be of a quality so as to produce a minimum compressive strength of 4000 PSI at 28 days. All testing services will be supplied by Contractor.

## **C. Materials**

1. **Cement:** Cement shall be type I or II of a standard brand of Portland cement, which shall conform to the appropriate ASTM standard.
2. **Aggregates:**
  - a. Aggregates shall conform to Specifications for Concrete Aggregates (ASTM C33) or Materials and Methods of Concrete Construction (CSA A23.1). Aggregates failing to meet these requirements but producing concrete of the required quality as shown by special test or actual service may be used where authorized by the Owner.
  - b. The maximum size of aggregate shall be no larger than one-fifth of the narrowest dimension between sides of forms within which concrete is to be cast, nor larger than three-fourths of the minimum clear spacing between reinforcing bars, or between reinforcing bars and forms.
3. **Water:** Water used in mixing concrete shall be potable.
4. **Reinforcing Bars:**
  - a. Reinforcing bars shall be new Grade 60 as defined by ASTM A615, specifications for Deformed Billet-Steel Bars for Concrete Reinforcement.
  - b. Deformation on bars shall conform to ASTM A615.
  - c. Bar and rod mats for concrete reinforcement shall conform to Specifications for Fabricated Steel Bar or Rod Mats for Concrete Reinforcement (ASTM A184).
  - d. Wire for concrete reinforcement shall conform to Specifications for Cold-Drawn Steel Wire for Concrete Reinforcement (ASTM A82).
  - e. Welded wire fabric for concrete reinforcement shall conform to Specifications for Welded Steel Wire Fabric for Concrete Reinforcement (ASTM A185) except the weld shear strength requirement of these specifications shall be extended to include a wire size differential up to and including six gauges.

## **D. Air-entraining Admixtures**

Air-entraining admixtures shall conform to Specifications for Air-Entraining Admixtures for Concrete (ASTM C260). Other admixtures, if used, shall conform to appropriate ASTM standards.

**E. Storage**

1. Storage of cement and aggregates shall be such as to prevent deterioration or intrusion of foreign matter. Liquid admixtures shall be protected from freezing and from settling out of solution. No deteriorated or damaged material shall be used for concrete.
2. No frozen materials or materials containing snow or ice shall be used.

**F. Quality Assurance**

1. The Contractor shall provide concrete testing. The Contractor shall schedule testing 24 hours in advance.
2. Prior to the pouring of any concrete, a batch design from which an actual batch sample has been tested for compressive strength is to be provided to the Owner for approval.
3. Unless determined otherwise by the Owner at the time, a minimum of five test cylinders shall be prepared per ten cubic yards or per truck for smaller pours as determined by the Owner's testing lab. The cylinders will be tested for compressive strength at 7 and 28 days. The Owner will furnish and make all test cylinders and will provide all compressive strength tests. The test cylinders shall be labeled as to the truck and foundation to which they correspond. A copy of all test reports will be provided to the Contractor. Specimens will be tested according to Method of Test for Compressive Strength of Molded Concrete Cylinders (ASTM C39, CSA A23.2.13).
4. The slump of the concrete shall not exceed four (4) inches as determined by the Method of Test for Slump of Portland Cement Concrete (ASTM C143, CSA A23.2.20).
5. Concrete will be sampled in accordance with Method of Sampling Fresh Concrete (ASTM C172).

**G. Concrete Proportions and Consistency**

1. The proportions of the concrete shall produce a mixture that will work readily, with the placement method used, into corners and angles of forms and around reinforcement. Segregation of materials in the mixture shall not be permitted nor shall collection of excess free water on the surface be permitted. The minimum quantity of cement per cubic yard of concrete shall be 565 pounds.
2. Concrete used in pier foundations does not require entrained air.

3. Flatwork concrete requires air entrainment admixture. The air content of air-entrained concrete shall be 3 percent by volume plus or minus 1 percent and shall not exceed 5%.
4. The methods of measuring concrete materials shall permit proportions to be accurately controlled and easily checked. Measurement of material for ready mixed concrete shall conform to Specifications for Ready-Mixed Concrete (ASTM C94).

#### **H. Preparation for Concrete Placement**

1. Before placement, all equipment for mixing and transporting the concrete shall be cleaned, and all debris and ice shall be removed from the places to be occupied by the concrete. Forms shall be thoroughly wetted (except in freezing weather) or oiled. The reinforcement shall be thoroughly cleaned of ice, dirt, loose rust and mill scale, or other coatings.
2. Water shall be removed from place of deposit before concrete is placed.
3. The following tolerances of drilled shaft excavation shall be complied with:
  - a. Shafts shall not be out of plumb more than 1.0% of the entire length of the drilled shaft, nor exceed 2", whichever is less.
  - b. The top of the drilled shaft shall be within one (1") inch of the required location.
  - c. In no case will the distance from the reinforcement to the shaft wall be less than three (3) inches.
4. The Owner, Owner's Representative, and/or Engineer must make inspection and approval of drilled shafts prior to the placement of concrete.
5. Open shafts shall not be left uncovered overnight. Any hole that is drilled on any specific workday shall be filled or covered before the end of that workday. Prior to placement of concrete, hole sidewalls shall be wetted.
6. The Contractor shall be responsible for providing safe and adequate shoring for all parts of the construction.

#### **I. Mixing of Concrete**

1. Ready-mixed concrete shall be mixed and delivered in accordance with Specifications for Ready-Mixed Concrete (ASTM C94; CSA A23.1, Clauses 12 and 13).
2. The maximum duration from the time when the concrete is mixed until the concrete is placed shall be 60 minutes. The Contractor shall have documentation available on every batch to verify when the concrete was mixed and when the concrete was placed.

## **J. Placement of Concrete**

1. Concrete shall be conveyed from the mixer to the place of final deposit by methods that will prevent separation or loss of materials. Equipment for chuting, pumping, and pneumatically conveying concrete shall be of such size and design as to ensure a practically continuous flow of concrete at the delivery end without separation of materials.
2. Concrete shall be deposited as nearly as practicable in its final position to avoid segregation due to re-handling or flowing. Concrete shall be placed at such a rate that it is at all times plastic and flows readily between and around bars. Concrete contaminated by foreign material shall not be used, nor shall re-tempered concrete be used.
3. When placing is started, it shall be carried on as a continuous operation until placement of the panel or section is completed. No more than 90 minutes shall elapse between trucks.
4. All concrete shall be thoroughly consolidated during placement. It shall be thoroughly worked around reinforcement and embedded fixtures and into the corners of the forms.
5. Concrete shall not be allowed to "free fall" more than three feet at any time. A concrete pump or "tremie" shall be used where needed to limit the free fall distance.
6. Vibrate the top 8'-0" of concrete piers.
7. The Contractor shall have, on the Project, two operating vibrators and an operating generator or alternate power source, before any concrete is ordered.
8. All reinforcement, forms, and ground with which the concrete is to come in contact shall be free from snow, ice, oil or other coatings that adversely affect bond.
9. All reinforcement cages shall be braced to retain their configuration and alignment throughout the placing of concrete.
10. Concrete shall not be placed in freezing weather conditions.
11. Dewater drilled pier excavation prior to placing concrete. In the event that an inflow of water into the drilled shafts cannot be properly controlled, the concrete shall be pumped or placed with a watertight tremie. Free fall is not an acceptable method of concrete placement in shafts to be poured under water. The concrete should have a slump between 6" and 8" when placing under water. Vibrating of concrete is not required when placing under water.

## **K. Casing the Shaft**

1. Ground water has been encountered in excavating for drilled piers in recent DME substations projects. To date the water been at a level where pumping of the hole prior to pouring has been adequate. Geotechnical boring logs will be provided, and

the complete geotechnical reports will be made available upon request. The logs and reports should be representative of the subsurface conditions, but there is no guarantee of the exact soil conditions that will be encountered during construction.

2. Casings, if required, shall be extracted from the shaft as the concrete is placed.

#### **L. Curing**

1. The Contractor shall use liquid membrane-forming curing compounds that conform to ASTM C 309. Curing compounds with white pigmentation shall be applied to the concrete surface within one hour of finishing. Curing compounds which could be easily washed or brushed off shall be used.
2. The application of curing compounds to the concrete that is still bleeding or has visible water sheen on the surface shall not be allowed.
3. The concrete surface shall be protected from damage during the curing process by means appropriate to the location. This may include blocking the area from use by barricading or covering with appropriate material. The Owner shall approve the method used.
4. In cold weather all concrete placed in forms shall be cooled at the rate of 5°F per hour for the first 24 hours. Concrete shall be protected from freezing by maintaining a temperature of 50°F or higher for a period of three days using adequate heating equipment. Curing methods that retain moisture, rather than wet curing, should be used when freezing temperatures are anticipated. Additional time necessary to ensure proper curing of the concrete shall be provided as directed by the Owner. No dependence shall be placed on salt or other chemicals for the prevention of freezing.
5. In hot weather, suitable precautions shall be taken to avoid drying of the concrete prior to finishing operations. The Contractor shall provide windbreaks, sunshades, fog sprays, or other devices as appropriate to the conditions. The Owner reserves the right to specify these steps at the time of installation.
6. Concrete deposited in hot weather shall not have a placing temperature that will cause difficulty from loss of slump, flash set, or cold joints. Concrete temperature shall be less than **90° F** at the time of placement.

#### **M. Forms**

1. Forms shall conform to shapes, lines, and dimensions of the members as called for on the plans and shall be sufficiently tight to prevent leakage of mortar. They shall be properly braced or tied together so as to maintain position and shape.
2. Forms shall be removed in such a manner as to ensure the complete safety of the structure. No forms shall be removed until at least 24 hours after the concrete was placed.

## **N. Steel Reinforcement**

1. At the time concrete is placed, metal reinforcement provided by the Contractor shall be free from loose, thick rust; oil; dirt, mill scale or other coatings that will destroy or reduce the bond. All bars shall be bent cold.
2. Metal reinforcement and anchor bolts shall be accurately placed according to the plans and adequately secured in position by concrete, metal, or other Owner approved chairs, spacers, or ties. All detailing, fabrication, placing, and supporting shall be in accordance with A. C. I. 318-95 and C. R. S. I.
3. No splices of reinforcement shall be made. No welding shall be allowed on the reinforcing steel.
4. Reinforcement shall be protected by the thickness of concrete indicated in the plans. Except for drilled shaft walls, or unless shown differently on plans, there shall be a minimum of three inches of concrete between all reinforcing steel and any face of foundations, including the bottom face.

## **O. Anchor Bolts**

1. Anchor bolts shall be set with the aid of anchor bolt setting templates.
2. Anchor bolts shall be rigidly secured in position and verified to have proper bolt orientation, be at the correct elevation, and be in the proper location horizontally prior to placing of the concrete.

## **P. Construction Methods**

1. Construction joints in the concrete shall not be allowed unless shown otherwise on the drawings.
2. The Contractor shall devise a method to ensure that the anchor and reinforcement cages in drilled foundations are centered initially and stay centered during the pouring operation.
3. Before placing any concrete, the Contractor shall provide the Owner with the Contractor's proposed procedure for purchasing and placing the concrete. This plan shall include the Ready-Mix plant chosen, the distance from the ready mix plant to the job-site, and details of the proposed concrete mix. The Owner shall be notified 24 hours prior to any concrete placement to enable the Owner to have inspection available if required.
4. A three-quarter (3/4") inch chamfer shall be made on all exposed edges.
5. All exterior of exposed concrete shall be consolidated by internal vibration in accordance with A.C.I. 309, "Recommended Practice for Consolidation of Concrete."



6. The Contractor shall be responsible for removing and reconstructing any foundations that are completed in the wrong location or incorrectly oriented.

#### **Q. Exposed Surface Treatment**

Concrete surfaces shall be treated to a point to four inches below the soil line. All exposed concrete surfaces shall be treated immediately after removal of forms by one of the following methods:

1. Grout Cleaned Finish
  - a. **After the concrete has been pre-dampened, a slurry consisting of one part cement (including Mix of 10% of white cement) and one and one half parts sand passing the No. 16 sieve, by damp loose volume, shall be spread over the surface with clean burlap pads or sponge rubber floats and allowed to dry thoroughly.**
  - b. **Any surplus shall be removed by scraping and then rubbing with clean burlap. The finish shall be cured in an approved manner.**
2. Smooth Rubbed Finish
  - a. **Smooth rubbed finish shall be produced on freshly hardened concrete. All necessary patching shall be accomplished immediately after the forms are removed, and rubbing shall be completed no later than the following day.**
  - b. **Surfaces shall be wetted and rubbed with Carborundum brick or other abrasive until a uniform color and texture are produced.**
  - c. **No cement grout or slush shall be used other than the cement paste drawn from the green concrete itself by the rubbing process.**
3. Sand Floated Finish
  - a. The forms shall be removed before the surface has fully hardened.
  - b. The surface shall be wetted and rubbed with a wood float by a uniform circular motion, with fine sand being rubbed into the surface until the resulting finish is even and uniform in color and texture.

#### **R. Miscellaneous**

1. Any over-excavation must be filled at Contractor's expense.
2. The Contractor shall set all foundations relative to an elevation benchmark reference monument set by the Owner.

## VII. CONDUIT SYSTEM

### A. General

1. The Contractor shall install all buried, embedded, and above ground electrical conduits and associated conduit fittings required
2. The conduit system will be generally depicted on a Conduit Plan. The Owner shall approve the methods and exact locations for all conduits. .
3. Conduit shall have solvent-welded joints and be watertight below grade and to points 8” to 10” above grade. Conduits for the instrument transformers shall be rigid if routed between stands to the junction box for the instrument transformers. Conduits into the switchgear buildings shall be PVC. **Conduits above ground from the PVC fitting to breakers and junction boxes must be galvanized steel (EMT or rigid) or aluminum.**
4. All conduits shall be cleared of debris using compressed air or by vacuuming and having pull tapes installed as a means of demonstrating their integrity. Pull tapes will be secured and left in all conduits.
5. All angles in PVC conduits shall be made using pre-formed, long radius bends. This is not intended to prevent use of heat bending to make adaptations in unique situations. Metallic conduits may be bent using appropriate tools designed to produce bends in the type of conduit being formed.
6. Conduits are to be installed to the depths required to match the existing installation where attaching to the Owners conduit and to depths indicated on the Conduit Plan. As a minimum, conduit for control cable shall be installed such that the top surface is a minimum of 36 inches below the final compacted soil subgrade. Conduits for underground primary shall be installed such that the top surface of the topmost conduit in a bank is at least 48 inches below the final compacted soil subgrade. These dimensions do not include the crushed stone cover.
7. Concrete encasement shall be installed as indicated on the plan. Where concrete encasement is not required, native soil backfill shall be installed around conduit. The balance of the trench shall be backfilled with native soil unless the excavated material is unsuitable. Excess excavated material shall be stockpiled by the Contractor and loaded onto the Owners trucks for disposal. Other than the spacers, the Contractor shall provide the means of stabilizing the conduit and preventing floating or other movement while concrete for encasement sets up.
8. Where encasement is required or where multiple conduits are in a single trench, conduits shall be placed on a spacer system. Spacers shall raise conduit at least three inches above the trench bottom and provide at least two inches between conduits such that concrete can flow freely around and beneath all conduits in the trench. Contractor shall supply rebar for anchoring all conduit saddles. The contractor will provide all concrete for encasement.

9. Concrete encasement shall provide at least three inches of cover in all directions from the extents of the duct bank. The concrete will be a one to two-sack slurry mix with using pea gravel as the aggregate with the largest rock being no more than ½ inch in diameter. Concrete for encasement will be provided by the Contractor.
10. Conduit ends for equipment connection shall be installed to a point six to eight inches above finished soil grade. Ends shall be vertical and have no fitting at the end except a cap fitting over the outside of the end to keep debris out. The cap shall not be glued in place. Conduits to be terminated in the switchgear buildings shall be terminated in the building cubicles in accordance with the Conduit Plan and located within the installation plate in accordance with instructions from the Owner to facilitate proper termination of incoming cables.
11. The maximum distance between spacers along a duct bank shall be 5 feet. Conduits and duct banks shall be supported on both sides of bends or offsets.
12. All backfilling shall be compacted to avoid settlement.
13. Owner supplied marking tape shall be placed approximately 12” above all conduit and conduit banks.
14. Where rigid conduit is used, zinc rich paint shall be applied to all threaded areas and pipe wrench marks after installation to inhibit rusting.
15. The Contractor shall provide excavation and install pull-boxes according to the drawing and manufacturer’s recommendations. The Contractor will backfill as required.

## **VIII. SITE WORK**

### **A. General**

1. The Contractor shall perform all earthwork as required to dress the site to final subgrade. Site work shall include, but not be limited to, excavation, embankments, compaction, backfill, drainage, surfacing, and any associated tasks to return the site to final subgrade after the installation of the substation equipment. The Contractor shall remove and dispose of excess soil from the site.
2. The site will be graded and compacted close to the required subgrade elevations indicated on the grading plan. No guarantee is made regarding the state of elevations and compaction due to rain, erosion, and vehicular traffic. The Grading Plan elevations are intended to be finished subgrade elevations. The sites will be tested for compaction. The Contractor shall protect the final grading, repair any damage, and restore the compacted grades after excavation and the required work is completed. After excavation work is completed, the contractor shall grade and compact the site to achieve smooth transitions and drainage. The final grades will be expected to conform to the Grading Plan and must be approved by the Owner. The

Owner reserves the right to require minor adjustments in the final sub grade and drainage swales.

3. The Contractor shall provide all material and labor for the tasks specified herein. All materials shall be hauled to the site and installed by the Contractor.

## **B. Excavation and Grading**

The Contractor shall perform all excavation for the construction. This shall include finish grading and excavating for foundations for substation structures and equipment; trenches for buried electrical conduit and ground grid conductors; and any other excavating or grading required to complete the project. Excavation under this contract includes segregating, temporarily stockpiling excavated materials, , labor and materials necessary to maintain excavations during construction, and removing temporary construction when no longer required.

The substation site is graded and compacted to elevations shown on the Grading Plan for a project. Erosion and other activities on the site since the initial grading and compacting may have altered the site to some degree. The Owner makes no representations as to the current state of a site and its conformance to the Grading Plan.

Soil test information will be provided in the Geotechnical Bore Logs for each station.

1. Excavated surfaces, except surfaces of auger excavations, upon or against which concrete is to be placed, shall be finished to the dimensions required, moistened with water and tamped or rolled to form firm and compact areas for placing concrete foundations. Special preparation of surfaces of auger excavations is not required. Auger excavations for structures shall be performed with earth auguring equipment. Undercuts for bells shall be made in undisturbed material or compacted embankments.
2. Except where directed by the Owner, overexcavation and required concrete or compacted backfill due to such over excavation shall be at the Contractor's expense. If material is excavated or loosened beyond the excavation lines, the Contractor shall remove loosened material and fill over excavation as follows:
  - a. With concrete where concrete structures are required to be placed upon or against excavated surfaces.
  - b. With native or selected material as approved by the Owner for other over excavations.
3. Select backfill material placed in over excavations shall be provided by the contractor and placed according to the Compaction Section. Concrete placed in over excavations shall conform to the concrete specifications described herein.
4. Where additional excavation is deemed necessary and directed by the Owner to remove unsuitable materials, excavation, compacted backfill and concrete shall be in accordance with the applicable sections of these specifications and the Contractor

shall not be compensated for over excavation and backfill until the total over excavated amount directed specifically by the Owner exceeds 20 cubic yards. For over excavation and backfill more than the 20 cubic yard amount, the Contractor and Owner shall agree on a compensation amount in advance.

5. The Grading Plan will provide final subgrade soil levels for all areas. Gravel installation is to be above this level.
6. Grade to the lines, grades and dimensions shown on the drawings. Drainage ditches shall be clear of obstructions and diverge sufficiently at the lower ends to prevent erosion.
7. Excavation for structures shall be as indicated on the drawings and includes at least the following: concrete foundations for steel structures and electrical equipment. Excavations shall provide for concrete foundations and footings of the dimensions shown on the drawings.
8. Trench excavations are required for the following: ground grid conductors and conduit.
9. Excavation for ground grid conductors shall be to depths of 18 to 24 inches. Excavation for electrical conduits shall be as shown on the project drawings. Where no depth is shown on the drawings, a minimum of 48 inches of cover (not including rock) shall be provided for conduits.
10. If the material discovered at the bottom of a trench might cause unequal settlement or provide unequal bearing for conduits, the unsatisfactory materials shall be removed, and the over-excavation backfilled and compacted with selected materials approved by the Owner. Backfill shall be placed as described herein. When unsuitable material is encountered in the bottom of a pipe trench, the trench shall be over-excavated to a depth six (6) inches greater than the required depth. Backfill approved by the owner shall be used to replace the over excavation to achieve the prescribed depth.
11. Material excavated from the site may not be suitable for reuse. The owner will make this determination during all phases of construction. Material from excavation or final site grading not suitable or required for earthwork shall be removed from the site and disposed of in a manner suitable to the Owner. Such disposal shall be at the Contractor's expense.

### **C. Removal of Excess or Unusable Excavated Material**

The Contractor will remove and dispose of excess or unusable excavated material from the site. Material that must be removed from the site shall be segregated, stockpiled, and loaded onto trucks for disposal by the Contractor.

The Owner will decide as to the suitability of the excavated material for reuse in the station. Any large rocks or unsuitably hard clay pieces shall be segregated for disposal

and are not to be reused unless approved by the Owner. For the purpose of this specification, "large" shall be defined as anything more than six (6") inches in size. Any large pieces of material that are found to be in conflict with excavation must be removed for disposal off-site.

#### **D. Embankments**

Embankments shall remain at the same grade as presently exists at each site. The Contractor is expected to restrict his activities to the Owner's site. Should the embankments be damaged by the Contractor's activities, they will be restored and stabilized to the satisfaction of DME.

#### **E. Compaction**

1. Where compacting earth materials is required, materials shall be deposited in horizontal layers as specified, except that the density and moisture requirements for gravel surfacing shall be in accordance with its own section.
2. Excavating, placing, moistening and compacting operations shall result in materials being uniformly compacted throughout the required section and homogeneous, free of lenses, pockets, streaks or laminations.
3. All compaction shall be done by the Contractor in accordance with instructions from the Owner's geotechnical testing consultant. The Owner may employ a testing laboratory to perform other compaction tests throughout the construction.
4. If a test of compaction reveals that work has been inadequate, the Contractor shall perform corrective work in accordance with recommendations of the Owner's geotechnical consultant in order to achieve the requirements in the specification, all at his own expense. The Owner reserves the right to require verification testing of such additional work also at the Contractor's expense.
5. When compacting the clayey or silty materials, the thickness of the horizontal layers shall not be more than 6 inches. Excavating and placing operations shall result in materials, when compacted, being blended sufficiently to secure the highest practicable density, impermeability and shear strength. Prior to and during compacting operations, materials shall have moisture content of not greater than 2% wet or less than 2% dry of optimum moisture. Moisture content shall be uniform throughout each layer. If moisture is outside tolerance, compaction shall not continue until the material has been wetted or dried to within tolerance, or as approved by the Owner. When material has been conditioned, it shall be compacted by rollers or by hand or power tampers. Where tampers are used in confined areas, they shall be equipped with suitably shaped heads to obtain required density.
6. The density (dry) of the soil fraction in the compacted material shall not be less than 95% of the standard maximum soil density (dry) as determined by ASTM D 698-78, Method A test for the particular material. The standard maximum soil density is the dry weight per cubic foot of the soil compacted at optimum moisture content.

7. The Contractor shall be responsible for grading and compaction of the **entire** work area at the conclusion of the project prior to placement of the gravel on the finished grade surface. Surface compaction shall meet the requirements of Paragraph 6 immediately above (95% of the standard maximum dry soil density as determined by ASTM D 698-78, Method A test for the particular material).
8. After placement of the gravel, it shall be rolled to achieve the best practical density. Transitions from gravel to driveways shall be even with to ½” below the concrete and compacted to prevent settlement from vehicular traffic.
9. When compacting cohesionless materials, the thickness of horizontal layers after compaction shall be not more than 6 inches if compaction is by rollers or tampers; not more than 12 inches if compaction is by treads of crawler-type tractor, surface vibrators or similar equipment; and not more than the penetrating depth of the vibrator if compaction is by internal vibrators. Water shall be added as required to obtain the specified density. Relative density of the compacted material shall not be less than 70% as determined by ASTM D 4253-83 and ASTM D 4254-83.

#### **F. Backfilling**

1. It is anticipated that excavated material obtained from the site will be suitable for reuse as backfill on the site to the degree that it is needed.
2. Backfill for conduit where concrete encasement is not required shall consist be native soil as that described above.
3. The manner of depositing backfill shall be approved by the Owner. Material shall not be placed when either the material or the surface on which it will be placed is frozen. Stripped materials shall not be used for backfilling.
4. Backfill shall be compacted as described in the compaction section.

#### **G. Site Drainage**

1. Site drainage shall be maintained at all times during the course of construction. Placement of excess excavated material shall not create any ponding or other drainage obstruction.
2. French drains (perforated pipe in a gravel bed) shall be placed as determined by the Owner during the construction of a project. If French drains are necessary, the Contractor will provide perforated pipe and installation on a linear foot basis.

### **IX. STATION GROUNDING**

#### **A. General**

1. The Contractor shall furnish all labor required hereunder for the grounding system as shown on the drawings, and as specified herein.

2. The Contractor shall completely install the aboveground grounding system. The Contractor shall furnish all labor required hereunder to completely ground all substation equipment as shown on the drawings, and as specified herein.
3. The Contractor shall provide all interconnections for the underground grid. This includes cable-to-cable and cable-to-ground rod connections. All grounding cable connections that are buried or embedded in concrete shall be made using “Cadweld” Retail Products. Welds shall follow the recommendation of the material manufacturer as to mold, size of charge, and installation methods. Material shall be new and from fresh stock. Molds and weld materials shall be “Cadweld”, no exceptions.
4. 4/0 copper grounds shall be provided from the ground grid to all equipment, buildings and structures, exposed metal surfaces, etc. The Grounding Plan shows the intended points of connection. The Contractor will make ground connections to all structures and equipment at every location where there is an equipment grounding connection regardless of whether it is shown on the grounding drawing.

## **B. Installation**

1. The underground ground grid shall be installed as shown on the drawings. The ground grid shall be at a depth of between 18 and 24 inches below finished earth subgrade; except where solid rock is encountered, the depth of burial may be reduced to 6 inches.
2. Excavation and placing and compacting backfill shall be as described in the section on compaction.
3. Ground rods shall be driven vertically the full length of the rod until the top is at least 14 inches below finished subgrade. When solid rock is encountered, the ground rod shall be grouted into a vertical hole of such depth that the top of the rod will be 14 inches below finished subgrade. The diameter of the holes shall be at least 1-½ times the diameter of the ground rod.
4. All copper ground wires installed and exposed above the ground surface shall be sprayed with a gray zinc rich compound to help conceal the look of bright copper ground wire in an attempt to deter potential copper theft.

## **X. STEEL STRUCTURES AND BUSWORK**

### **A. General**

1. The Contractor shall completely install all substation steel and buswork according to the following specifications and erection/detail drawings in the package. The Contractor shall provide installation of each piece complete with erection, assembly, alignment, bus and bus connections, equipment grounding and all labor and materials. The installation items described herein, and their installation requirements defined include but are not limited to the following equipment:



- a. Substation structural steel, including all bus supports, equipment stands, takeoffs
- b. Substation electrical bus including insulators, pipe/cable electrical bus and connectors
- c. Lightning arresters

**B. Structure Erection**

1. All structure material shall be hauled to the site by the Contractor.
2. All parts of the structures shall be assembled and erected as shown on the approved erection drawings. All base plates shall be set accurately to the grade and alignment designated on the drawings. Take care to set the poles so that the light mount brackets face in the direction desired as shown on the drawings.
3. All galvanized steel shall be handled with care to avoid bending or damage to the galvanizing. The repair or replacement of steel with damaged galvanizing will be at the expense of the Contractor unless the damage was clearly identified and documented when the material was received by the Contractor. The method of repair to the structural members or the galvanizing will be approved by the Engineer.
4. The Contractor shall bear sole responsibility for the judicious selection and placement of bolt sizes, types and lengths in the assembly and erection of the steel. All bolts shall be drawn up tight, but not to such a degree as to endanger the strength of the bolt. The use of wrenches, which may deform the nut, or cut or flake the galvanizing, will not be permitted.
5. A reasonable amount of drifting will be allowed in assembling the steel structures, but reaming for correction of mismatched holes will only be permitted as approved by the Engineer.
6. No flame cutting of the structures shall be permitted without written approval of the Engineer.
7. All errors in erection of structures shall be corrected by the Contractor at no additional cost to the Owner.
8. All new structure material is to be shipped assembled unless specifically noted otherwise on the drawings.
9. All steel structures shall be grounded as described herein and according to the drawings.

**C. Substation Buses**

1. The Contractor shall install all conductor pipe buses, cable buses, cable connectors, station insulators and hardware for buses and other conductor as shown on the drawings.

2. The Contractor shall use only swag type connectors for the whole project. Any exceptions to this shall be approved by Owner.
3. Buses that are used in tension shall be free from joints or splices. All bus conductors shall be clamped firmly and locked securely. Particular care shall be taken at all times to ensure that no conductor becomes damaged or abraded in any manner. If the conductors are damaged, the Contractor shall replace the damaged sections in a manner satisfactory to the Engineer and at no additional cost to the Owner. All sections of the conductors damaged by the application of gripping attachments shall be repaired or replaced before the conductors are installed.
4. The aluminum alloy tubing and associated connections will be installed per manufacturer's recommendations with fittings as shown on the drawings.
5. Any tubing runs requiring bends shall be pre-formed prior to erection, to prevent damage to equipment terminals. All tubing bends shall have standard radii, and shall be free from kinks, indentations or flat surfaces.
6. Any tubing, which in the opinion of the Engineer becomes damaged and unsuitable for use in construction, will be replaced by the Contractor at the Contractor's expense. If tubing quantities are determined to be insufficient due to Contractor's workmanship, waste or choice of lengths to be cut for construction purposes, the Contractor will furnish such additional lengths of tubing required to complete the construction, at the Contractor's expense.
7. Conductor functioning as a vibration damper shall be installed in the pipe buses as shown on the drawings.
8. All compression connections shall be made in accordance with manufacturer's recommendations. Special care shall be exercised to prevent the conductor from "birdcaging" when compression connections are made.
9. Weepholes shall be drilled in all pipe bus according to the bus schedule.
10. All bolted connections shall be tightened to the manufacturer's recommendations. All bolted copper-to-aluminum connections shall be installed with bi-metallic plates.
11. **At the completion of a project, the Contractor shall inspect all bolted connections to detect any that might have loosened since installation. The Contractor shall then tighten all loose connections to specification before the station is energized.**
12. Oxide inhibitor shall be used in all connections. Excess oxide inhibitor shall be cleaned from all buswork. Contractor shall ensure that only "non-gritted" oxide inhibitor is utilized in pad-to-pad connections. Any additional oxide inhibitor that may be needed for inside of barrels on compression terminal connectors shall be "gritted" type.

13. The Contractor will assemble and install all station type insulator assemblies, as shown in the drawings, as necessary for the installation of the buses and tubing. Insulators shall be thoroughly cleaned and free of debris before mounting.
14. The Contractor shall install the overhead 3/8" EHS static wires (OHGW) between the static positions inside the substation as shown on the drawings. The Contractor shall sag the static wire as directed by the Engineer.

#### **D. Lightning Arresters**

1. The Contractor will haul to the site, set and install all lightning arresters. The Contractor shall install the equipment per manufacturer's recommendations.
2. The Contractor shall exercise extreme care in handling this equipment. The Contractor shall inspect the equipment before accepting to ensure equipment is in proper working order and has not been damaged before receipt.
3. Station class arresters are to be mounted on all transmission dead-end structures as shown on the drawings.
4. The Contractor shall install all buswork connections to the lightning arresters as required and as shown on the drawings. This includes bus connections to the lightning arrester terminal pads.
5. The Contractor shall install all grounding to the lightning arresters as required and as shown on the drawings. The grounding will be run to a continuous #4/0 copper loop which goes across the structure so that the arresters will be grounded to the grid in two places.

## **XI. ELECTRICAL EQUIPMENT**

### **A. General**

1. The Contractor shall completely install all major electrical equipment according to the following specifications and the arrangement/detail drawings in the package. The Contractor shall provide installation of each piece complete with erection, assembly, alignment, bus and bus connections, equipment grounding, above ground conduit and all labor and materials.
2. The installation items described herein, and their installation requirements defined that make up the substation electrical units include but are not limited to the following equipment:
  - a. 138 kV circuit breakers
  - b. Instrument transformers
  - c. Electrical assembly items

### **B. 138 kV Circuit Breakers**

1. The Contractor will haul to the site, set and install 138 kV circuit breakers. The Contractor shall install the equipment per manufacturer's recommendations. All external items removed for shipment shall be installed by the Contractor. All connections to the equipment will be made by the Contractor.
2. The Contractor shall exercise extreme care in handling this equipment. The Contractor shall inspect the equipment before accepting to ensure equipment is in proper working order and has not been damaged before receipt.
3. The Contractor shall install the circuit breakers on the foundations and adjust the height of the circuit breakers as directed by the drawings. The Contractor shall orient the circuit breakers in the substation according to each job specific layout unless instructed by the Engineer to do otherwise.
4. The Contractor shall install all buswork connections to the circuit breakers as required in and as shown on the drawings. This includes bus connections to the bushings.
5. The Contractor shall provide and install all conduit to breaker cabinets as required and as shown on the drawings.
6. The Contractor shall install all grounding to the circuit breaker as required and as shown on the drawings. The circuit breakers shall be grounded by means of two #4/0 copper runs attached to the ground grid from opposite legs of each breaker as shown on the drawings. The grounds shall be extended to the control cabinets with #4 copper wire.

### C. Instrument Transformers

1. The Contractor shall haul to the site and completely install the 138kV instrument transformers per manufacturer's recommendations. The Contractor shall exercise extreme care in handling these devices. All items removed for shipment shall be installed by the Contractor. The Contractor shall inspect the equipment before accepting to ensure equipment is in proper working order.
2. The Contractor shall be responsible for installing the instrument transformers as shown on the drawings. **In particular, orientation of polarity marks as indicated on plans shall be adhered to.** All buswork and grounding connections shall be performed herein.
3. The Contractor shall install all instrument transformer junction boxes and shall provide and install all conduit between the junction boxes and the instrument transformers.
4. All instrument transformers shall be grounded by a #4/0 copper cable attached to the ground grid. Junction boxes attached to the stands supporting these devices shall have case grounds attached to the #4/0 copper runs on the stands.

## **XII. WARRANTY AND GUARANTEE**

The Contractor shall guarantee that the material and workmanship furnished shall be free from all defects and shall give successful service under the intended operating conditions. The Contractor shall also agree upon notice from the Owner to promptly and without charge, and to the satisfaction of the Owner, make such changes, replacements, corrections, etc., which may be required to make good all defects developing in the material or equipment under its intended use with proper care for a minimum period of 18 months following project completion or 12 months from the date the station construction is accepted by the Owner.

**EXHIBIT I**  
**QSE SERVICES**

The agreed QSE services Seller will provide to Buyer in Seller's capacity as Project QSE under the Agreement include (collectively, the "**QSE Services**") the below services.

- (a) Schedule with ERCOT, at the direction of Buyer, Retail Products and Buyer Ancillary Services consistent with the ERCOT Protocols for a Load Resource.
- (b) Assist Buyer in registering the Seller's Interconnection Facilities as a Load Resource with ERCOT.
- (c) Register a sub-QSE with ERCOT for the Seller's Interconnection Facilities and the Project.
- (d) Perform all ERCOT settlements on behalf of Buyer.
- (e) Process ERCOT invoices as specified in Section 7.1(a) of the Agreement.

The associated terms and conditions with such QSE Services are set forth below:

- 1.1 Day-Ahead Requirements. Buyer shall provide Seller all bids, offers, schedules, and/or other such information relevant to or required by the governing rules, pertaining to any Retail Products and Buyer Ancillary Services relating to Buyer's Project, to be included for submission to ERCOT to satisfy all relevant data and information required for participation in the day-ahead market (to the extent such is required by or applicable to the ERCOT Protocols) and/or to satisfy the obligation to submit data and information to ERCOT for day-ahead operations (collectively, "**Day-Ahead Schedules**"). Such Day-Ahead Schedules shall be provided to Seller in those time increments, quantities, duration, and terms required by the governing rules, for Buyer's Project in accordance with this Agreement and in compliance with the governing rules; each component of Buyer's Day-Ahead Schedules (collectively and individually) shall satisfy the requirements of the governing rules when provided to Seller. If Buyer's Day-Ahead Schedules conflict with the requirements of the governing rules, Seller shall promptly notify Buyer and shall coordinate with Buyer to modify Buyer's Day-Ahead Schedules. If such Day-Ahead Schedules cannot be modified then Seller shall have the right to reject Buyer's Day-Ahead Schedules. Buyer shall provide or make available to Seller all such Day-Ahead Schedules using the format, software, and communication format and specifications, and other technical criteria mutually agreed between the Parties. Buyer shall provide Seller the Day-Ahead Schedules at least one (1) hour prior to any applicable deadline specified under the governing rules; however, nothing herein shall be construed as restricting Buyer from providing updated Day-Ahead Schedules to Seller at any time.

- 1.2 Adjustment Period Requirements. Buyer shall provide Seller all bids, offers, schedules, and/or other such information relevant to or required by the governing rules, pertaining to any Retail Products and Buyer Ancillary Services relating to Buyer's Project, to be included for submission to ERCOT (or to update existing information with ERCOT) to satisfy all relevant data and information required for participation in any applicable adjustment period market or service and/or to satisfy the obligation to submit, update, and/or maintain data and information to ERCOT for the adjustment period (collectively, "**Adjustment Period Schedules**"). Such Adjustment Period Schedules shall be provided to Seller in those time increments, quantities, duration, and terms required by the governing rules, for Buyer's Project, in accordance with this Agreement and in compliance with the governing rules; each component of Buyer's Adjustment Period Schedules (collectively and individually) shall satisfy the requirements of the governing rules when provided to Seller. If Buyer's Adjustment Period Schedules conflict with the requirements of the governing rules, Seller shall promptly notify Buyer and shall coordinate with Buyer to modify Buyer's Adjustment Period Schedules. If such Adjustment Period Schedules cannot be modified then Seller shall have the right to reject Buyer's Adjustment Period Schedules to remedy any conflict therewith. Buyer shall provide or make available to Seller all such Adjustment Period Schedules using the format, software and communication format and specifications, and other technical criteria mutually agreed between the Parties. Buyer shall provide Seller the Adjustment Period Schedules at least one (1) hour prior to the earlier of (i) any applicable deadline specified by the governing rules. Nothing herein shall be construed as restricting Buyer from providing updated Adjustment Period Schedules to Seller at any time, and Seller shall implement such schedules as soon as reasonably practicable.
- 1.3 Schedule Changes. Subject to Sections 1.1 and 1.2 herein, Buyer may change information provided to Seller as part of its schedules as allowable under the governing rules. Seller will use Commercially Reasonable Efforts to implement any such change as soon as reasonably practicable. Notices shall be made to Seller by telephone and followed up by written communication via email or through other mutually agreed electronic communication. In the event that any schedule or schedule change provided to Seller differs from a prior schedule for the same time period, such subsequent schedule shall supersede the prior schedule, and Seller will rely upon and implement the most recent schedule when submitting such to ERCOT for Buyer and any additional costs or fees arising from or attributable to such a schedule change shall be Buyer's responsibility.
- 1.4 Scheduling Validation. Seller will use Commercially Reasonable Efforts to schedule Buyer's obligations on Buyer's behalf pursuant to Buyer's schedules; *provided, however*, if Buyer's schedules fail to meet with the validation requirements of ERCOT, Seller shall promptly notify Buyer and shall coordinate with Buyer to modify Buyer's schedules. If such schedules cannot be modified then Seller may rescind any component of Buyer's schedule(s) to the extent such schedules fail to meet any validation requirement of ERCOT. In addition, Seller shall not be required to employ extraordinary means or to incur hardship

or loss to schedule a modified transaction for Buyer. For the avoidance of doubt, in no event shall Seller be required to schedule any of Buyer's schedules to the extent such Buyer's schedule instructs Seller to sell volumes of Buyer Ancillary Services in excess of the Project's Capacity.

- 1.5 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary: (i) Buyer shall indemnify and hold Seller harmless from and against any and all damages, costs, liabilities and expenses arising from or in connection with Seller's provision of QSE Services hereunder except to the extent that such amounts are the result of Seller's gross negligence or willful misconduct and (ii) the total aggregate liability of Seller under this Exhibit I or otherwise resulting from the provision of QSE Services shall not in any event exceed the aggregate QSE Fees actually paid by Buyer to Seller hereunder.



## **EXHIBIT J**

### **OPERATING PROCEDURES CRITERIA**

The Operating Procedures for the Project to be agreed upon by Buyer and Seller pursuant to Section 3.13 shall address, among others, the following:

- I. Buyer Curtailment Orders**
- II. Outage Notification**
- III. Day-Ahead Availability Notice**
- IV. Contact Information**

**EXHIBIT K**

**INTERCONNECTION AGREEMENT**

**BETWEEN**

**DENTON MUNICIPAL ELECTRIC**

**AND**

**CORE SCIENTIFIC, INC.**

**DATED:**

**INTERCONNECTION AGREEMENT  
BETWEEN  
DENTON MUNICIPAL ELECTRIC  
AND  
[Core Scientific, Inc.]**

This Agreement is made and entered into this \_\_\_ day of \_\_\_\_\_, 2021, by and between Denton Municipal Electric (“Utility” or “DME”) and [Core Scientific, Inc.] (“Company”) each sometimes hereinafter referred to individually as “Party” or both referred to collectively as “Parties”.

**WITNESSETH**

WHEREAS, the Parties desire to interconnect their respective electric systems in the respects and under the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions herein set forth, the Parties agree as follows:

**ARTICLE I – EFFECTIVE DATE AND TERM**

This Agreement shall become effective on the date Commercial Operations Date as defined in the Power Purchase Agreement (PPA) of Denton City Council approval and shall continue in effect thereafter until all Facility Schedules in this Agreement have been terminated, or this Agreement in its entirety has been terminated, each in accordance with the terms of this Agreement.

**ARTICLE II – OBJECTIVE AND SCOPE**

2.1 It is the intent of the Parties, by this Agreement, to state the terms and conditions under which the Parties’ electric systems will be interconnected and to identify the facilities and equipment provided by each Party at the Points of Interconnection.

2.2 This Agreement shall apply to the ownership, design, construction, control, operation, and maintenance of those facilities that are specifically identified and described in the Facility Schedules.

**ARTICLE III – DEFINITIONS**

For purposes of this Agreement, the following definitions shall apply:

3.1 Agreement shall mean this Agreement with all schedules and attachments hereto, and any schedules and attachments hereafter added by amendment to this Agreement.

3.2 ANSI Standards shall mean the American National Standards Institute Standards in effect at the time a new Point of Interconnection is constructed.

3.3 ERCOT shall mean the Electric Reliability Council of Texas, Inc., or its successor in function.

3.4 ERCOT Requirements shall mean the ERCOT Operating Guides, ERCOT Protocols, as well as any other binding documents adopted by ERCOT relating to the interconnection and operation of

electric systems in ERCOT, including any amendments of those Guides, Protocols, and binding documents that are adopted by ERCOT from time to time, and any successors thereto.

3.5 Facility Schedule(s) shall mean the addendum(s) attached to and made a part of this Agreement that describe the responsibilities of the Parties at, or in association with, the Point(s) of Interconnection, including, but not limited to, with respect to ownership, design, construction, control, operation, and maintenance.

3.6 Good Utility Practice shall have the meaning ascribed thereto in PUCT Rule 25.5(56) or its successor.

3.7 IEEE Standards shall mean the Institute of Electrical and Electronic Engineers Standards in effect at the time a new Point of Interconnection is constructed.

3.8 NERC shall mean the North American Electric Reliability Corporation or its successor in function.

3.9 NERC Reliability Standards shall mean the electric reliability standards enforced by NERC and applicable to the Parties to this Agreement.

3.10 NESC shall mean the National Electrical Safety Code in effect at the time a new Point of Interconnection is constructed.

3.11 Person shall mean any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

3.12 Point(s) of Interconnection shall mean the points of interconnection specified in Annex A and described in the Facility Schedule(s) where the electrical systems of the Parties are connected or may, by the closure of normally open switches, be connected, such that electric power may flow in either direction.

3.13 PUCT shall mean the Public Utility Commission of Texas or its successor in function.

#### **ARTICLE IV – ESTABLISHMENT, MODIFICATION, AND TERMINATION OF POINTS OF INTERCONNECTION**

4.1 The Parties agree to interconnect their facilities at each Point of Interconnection in accordance with the terms and conditions of this Agreement.

4.2 The Parties agree to cause their facilities being newly constructed after the effective date of this Agreement, in conjunction with the establishment of a new Point of Interconnection, to be designed and constructed in accordance with (a) Good Utility Practice, (b) applicable laws and regulations, (c) the applicable provisions of the NERC Reliability Standards and ERCOT Requirements, and (d) the applicable provisions of the following standards in effect at the time of construction of this Point of Interconnection: NESC, ANSI Standards, and IEEE Standards.

4.3 With respect to Points of Interconnection newly constructed after the Effective Date of this Agreement, each Party will design its system protection facilities to isolate any fault occurring on its system that would negatively affect the other Party's system at such Point of Interconnection in accordance with applicable ERCOT Requirements and NERC Reliability Standards. The protection schemes used by the Parties at that Point of Interconnection will be determined by both Parties in a cooperative effort to achieve

system coordination. Prior to commissioning that Point of Interconnection, both Parties will perform a complete calibration test and functional trip test of their respective system protection equipment including communication circuits between facilities.

4.5 A Point of Interconnection may be added to or deleted from this Agreement or have its normal status changed (closed or open) as mutually agreed by the Parties, in accordance with applicable laws and regulations, or as ordered by a regulatory authority having jurisdiction thereof. Prior to such addition, deletion, or status change of a Point of Interconnection, the Parties shall engage in coordinated joint planning studies to evaluate the impact of such addition, deletion, or status change and identify any mitigation measures (including but not limited to new or upgraded facilities) that might be needed in conjunction therewith. Such Point of Interconnection will not be connected, disconnected, or the normal status changed until the evaluation process described in the preceding sentence has been completed, all required mitigating measures have been implemented, any required regulatory approval has been obtained, and the appropriate Facility Schedule has been added, terminated, or amended, as the case may be. In the event a Point of Interconnection is deleted from this Agreement in accordance with this paragraph, each Party shall disconnect its facilities at such Point of Interconnection. Further, each Party will discontinue use of the facilities of the other Party associated with such Point of Interconnection, except to the extent mutually agreed by the Parties.

#### **ARTICLE V - SYSTEM OPERATION AND MAINTENANCE**

5.1 The Parties agree to cause their facilities at each Point of Interconnection, and their other facilities having, or which may reasonably be expected to have, an impact upon the facilities of the other Party to be operated and maintained in accordance with Good Utility Practice, applicable laws and regulations, and the applicable provisions of the ERCOT Requirements and NERC Reliability Standards.

5.2 If either Party proposes to make equipment changes or additions to (a) its equipment at a Point of Interconnection (including its system protection equipment) or (b) its system protection equipment at any other location that may affect the operation or performance of the other Party's facilities at a Point of Interconnection ("Changes"), such Party agrees to notify the other Party, in writing, in advance of making such proposed Changes, and the Parties will coordinate and cooperate on the assessment of the impact of such Changes on the electric systems of the Parties and the identification of any required mitigation measures (including but not limited to new or upgraded facilities). Those Changes will not be made until the required aforementioned mitigation measures have been implemented. The Parties will communicate with each other with respect to other equipment changes or additions in accordance with the ERCOT Requirements and NERC Reliability Standards.

5.3 A Party may interrupt service at a Point of Interconnection in accordance with applicable laws, regulations, and ERCOT Requirements.

5.5 Neither Party will take any action that would cause the other Party that is not a "public utility" under the Federal Power Act to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

## **ARTICLE VI – INDEMNIFICATION**

6.1 Each Party (the “Indemnifying Party”) shall assume all liability for, and shall indemnify the other Party (the “Indemnified Party”) for, any losses resulting from negligence or other fault in the design, construction, or operation of their respective facilities. Losses shall include costs and expenses of defending an action or claim made by a third Person, payments for damages related to the death or injury of any individual, damage to the property of the Indemnified Party, and payments by the Indemnified Party for damages to the property of a third Person, and damages payable by the Indemnified Party for the disruption of the business of a third Person. This Section 6.1 does not create a liability on the part of either Party to a retail customer or other third Person, but requires indemnification where such liability exists. The indemnification required under this Section 6.1 does not include responsibility for either Party’s costs and expenses of prosecuting or defending an action or claim against the other Party or damages for the disruption of such Party’s business. The limitations on liability set forth in this Section 6.1 do not apply in cases of gross negligence or intentional wrongdoing.

## **ARTICLE VII –NOTICES**

7.1 Any notices, claims, requests, demands or other communications between the Parties hereunder, including but not limited to a notice of termination, notice of default, request for amendment, change to a Point of Interconnection, or request for a new Point of Interconnection, shall be (a) forwarded to the designees listed below for each Party, (b) deemed properly given if delivered in writing, and (c) deemed duly delivered when (i) delivered if delivered personally or by nationally recognized overnight courier service (costs prepaid), (ii) sent by facsimile or electronic mail with confirmation of transmission by the transmitting equipment (or, the first business day following such transmission if the date of transmission is not a business day), or (iii) received or rejected by the addressee, if sent by U.S. certified or registered mail, return receipt requested; in each case to the following addresses, facsimile numbers or electronic mail addresses and marked to the attention of the individual (by name or title) designated below:

If to Denton Municipal Electric:

Denton Municipal Electric  
ATTN: General Manager  
1659 Spencer Rd.  
Denton, Texas 76205  
Telephone: 940-349-7565  
Electronic Mail: terry.naulty@cityofdenton.com

If to Buyer :

CORE SCIENTIFIC, INC.  
Attention: General Counsel  
2800 Northrup Way  
Suite 220  
Bellevue, WA 98004

7.2 The above listed names, titles, and contact information of either Party may be changed upon written notification to the other Party.

## **ARTICLE VIII - SUCCESSORS AND ASSIGNS**

8.1 Subject to the provisions of Section 8.2 below, this Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the respective Parties.

8.2 Neither Party shall assign, directly or indirectly by operation of law or otherwise, any of its rights or obligations under this Agreement in whole or in part without the prior written consent of the other Party. Such consent shall not be unreasonably withheld, conditioned, or delayed, provided that neither Party will be required to consent to any assignment that would (a) subject it to additional federal or state regulation; (b) result in the imposition of additional costs of administration that the Party requesting consent to assignment does not agree to reimburse; or (c) in any way diminish the reliability of its system, enlarge its obligations, or otherwise create or maintain an unacceptable condition. Notwithstanding the foregoing, a Party may assign, without the consent of the other Party, its interest in this Agreement, in whole or in part, (a) to a successor to all or a substantial portion of the Party's transmission business; (b) to any transmission service provider (including an affiliate of the assigning Party) with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement; or (c) for collateral security purposes in connection with any financing or financial arrangements. The respective obligations of the Parties under this Agreement may not be changed, modified, amended, or enlarged, in whole or in part, by reason of any direct or indirect assignment, including pursuant to the sale, merger, or other business combination of either Party with any other Person. Any attempted assignment that violates this Section 8.2 shall be void and ineffective *ab initio*. Any assignment of this Agreement shall not relieve a Party of its obligations hereunder without the written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

8.3 This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any Persons other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties.

#### **ARTICLE IX – GOVERNING LAW AND REGULATION**

9.1 This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof except as to matters exclusively controlled by the Constitution and statutes of the United States of America. This Agreement is subject to all valid applicable federal, state, and local laws, ordinances, rules, regulations, orders, and tariffs of, or approved by, duly constituted regulatory or other governmental authorities having jurisdiction.

9.2 This Agreement and all obligations hereunder, are expressly conditioned upon obtaining all required approvals, authorizations, or acceptances for filing by any regulatory authority whose approval, authorization or acceptance for filing is required by law. Both Parties hereby agree to support the approval of this Agreement before such regulatory authority and to provide such documents, information, and opinions as may be reasonably required or requested by either Party in the course of approval proceedings.

#### **ARTICLE X – DEFAULT AND FORCE MAJEURE**

10.1 The term "Force Majeure" as used herein shall mean any cause beyond the reasonable control of the Party claiming Force Majeure, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party's obligations hereunder, including but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or imminent threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, national emergency, or restraint by any federal, state, local or municipal body having jurisdiction over a Party.

10.2 Neither Party shall be considered to be in Default (as hereinafter defined) with respect to any obligation hereunder, other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the

occurrence of the cause relied upon. Telephone notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

#### **ARTICLE XI - TERMINATION ON DEFAULT**

11.1 The term "Default" shall mean the failure of either Party to perform any obligation in the time or manner provided in this Agreement. No Default shall exist where such failure to discharge an obligation is excused pursuant to Section 10.2 or is the result of an act or omission of the other Party or any of its agents. Upon discovery of a Default, the non-defaulting Party may give notice of such Default to the defaulting Party. Except as provided in Section 11.2, the defaulting Party shall have thirty (30) days from receipt of the Default notice within which to cure such Default; provided, however, if such Default is not capable of cure within thirty (30) days, the defaulting Party shall commence such cure within twenty (20) days after receipt of the Default notice and continuously and diligently exercise its efforts to complete such cure within ninety (90) days from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

11.2 If a Default is not cured as provided in Section 11.1, or if a Default is not capable of being cured within the period provided for therein, the non-defaulting Party shall have the right, subject to receipt of any regulatory approvals required by applicable law, (a) to terminate, in its sole discretion, by written notice at any time until cure occurs either (i) this Agreement or (ii) any Facility Schedules as to which the Default relates and disconnect the associated Points of Interconnection, (b) to be relieved of any further obligation (i) hereunder (other than obligations associated with its own Defaults, if any, occurring prior to termination) if that Party shall have elected to terminate this Agreement or (ii) with respect to the terminated Facility Schedules and disconnected Points of Interconnection if it shall have elected to terminate any Facility Schedules as to which the Default relates and (c), whether or not that Party terminates this Agreement or any Facility Schedule, to recover from the defaulting Party all amounts due and receive all other remedies to which it is entitled hereunder. The provisions of this Section 11.2 will survive termination of this Agreement.

11.3 The failure of a Party to insist, on any occasion, upon strict performance of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties by this Agreement.

11.4 Any event of default under the PPA (or any of the other agreements referenced therein or executed in connection therewith) by either Utility or Company shall be Default hereunder.

#### **ARTICLE XII- MISCELLANEOUS PROVISIONS**

12.1 Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of that Party to the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of this Agreement.

**12.2 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING BUT**



**NOT LIMITED TO LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT DAMAGES FOR WHICH A PARTY MAY BE LIABLE TO THE OTHER PARTY UNDER ANOTHER AGREEMENT (OR TO ANY THIRD PARTY) WILL NOT BE CONSIDERED TO BE SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES HEREUNDER.**

12.3 This Agreement is applicable only to the interconnection of the facilities of the Parties at the Points of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary to receive any other service that either Party may desire from the other Party or any third party.

12.4 This Agreement, including all Facility Schedules, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof if not set forth or provided for herein. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein; such agreements are unaffected by this Agreement.

12.5 This Agreement shall not affect the obligations or rights of either Party with respect to other agreements (other than those specifically superseded by Section 12.4). Each Party represents to the other that there is no agreement or other obligation binding upon it, which, as such Party is presently aware, would limit the effectiveness or frustrate the purpose of this Agreement.

12.6 This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced in writing and executed by the Parties.

12.7 If any provision in this Agreement is finally determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this Agreement.

12.8 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

12.9 This Agreement will be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

12.10 Each party to the interconnection agreement shall perform routine inspection and testing of its facilities and equipment in accordance with good utility practice and regulatory requirements to ensure the continued interconnection of the facilities with DME's transmission system. Each party shall, at its own expense, have the right to observe the testing of any of the other party's facilities and equipment whose performance may reasonably be expected to affect the reliability of the observing parties' facilities and equipment. Each party shall notify the other party in advance of facility and equipment testing, and the other party may have a representative attend and be present during such testing. If a party observes any deficiencies or defects on (or becomes aware of a lack of scheduled maintenance and testing with respect to) the other party's facilities and equipment that might reasonably be expected to adversely affect the observing

party's facilities and equipment, the observing party shall provide notice to the other party that is prompt under the circumstance, and the other party shall make any corrections required in accordance with good utility practices and as required by regulatory agencies.

12.11 Party shall notify DME, verbally within 24 hours upon discovery of any Release of any Regulated Substance caused by the Party's operations or equipment that impacts the property or facilities of the other Party, or which may migrate to, or adversely impact the property, facilities or operations of the other Party and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies addressing such events. Such verbal notification shall be followed by written notification within five (5) days. The Party responsible for the Release of any Regulated Substance on the property or facilities of the other Party, or which may migrate to, or adversely impact the property, facilities or operations of the other Party shall be responsible for: (1) the cost and completion of reasonable remediation or abatement activity for that Release, and; (2) required notifications to governmental agencies and submitting of all reports or filings required by environmental laws for that Release. Advance written notification (except in Emergency situations, in which verbal, followed by written notification, shall be provided as soon as practicable) shall be provided to the other Party by the Party responsible for any remediation or abatement activity on the property or facilities of the other Party, or which may adversely impact the property, facilities, or operations of the other Party. Except in Emergency situations such remediation or abatement activity shall be performed only with the consent of the Party owning the affected property or facilities.

12.12 The Parties agree to coordinate, to the extent necessary, the preparation of site plans, reports, environmental permits, clearances and notifications required by federal and state law or regulation, including but not limited to Spill Prevention, Control and Countermeasures (SPCC), Storm Water Pollution Prevention Plans (SWPP), Act 451 Part 31 Part 5 Rules, CERCLA, EPCRA, TSCA, soil erosion and sedimentation control plans (SESC) or activities, wetland or other water-related permits, threatened or endangered species reviews or management and archeological clearances or notifications required by any regulatory agency or competent jurisdiction. Notification of permits applied for and/or received will occur in a timeframe manner suitable to the interests of both Parties.

### **ARTICLE XIII- SYSTEM DESIGN REQUIREMENTS**

13.1 The specification and requirements in Exhibit H to the Power Purchase Agreement will apply to the Project at all times.

### **ARTICLE XIV- SYSTEM PERFORMANCE REQUIREMENTS**

#### ***Harmonic Levels***

End-user facilities shall not have harmonic current distortion levels exceeding the levels recommended in the most recent revision of IEEE-519 , *Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems*. End-user facilities must meet the stated current limits specified in the Current Distortion Limits tables for the applicable voltage levels. Due to copyright requirements, this table cannot be provided in this document.

#### ***Voltage Requirements***

Transmission facilities and end-user facilities are required to limit voltage fluctuations to the limits specified in the most recent revision of IEEE-1423.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by the undersigned authorized representatives.

**DENTON MUNICIPAL ELECTRIC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_


Date: \_\_\_\_\_

**Annex A**

**LIST OF FACILITY SCHEDULES AND POINTS OF INTERCONNECTION**

| <b>FACILITY SCHEDULE NO.</b> | <b>NAME OF POINT OF INTERCONNECTION</b> | <b>INTERCONNECTION VOLTAGE (KV)</b> |
|------------------------------|---|-------------------------------------|
| <b>1</b>                     | <b>Jim Christal</b>                     | <b>138</b>                          |

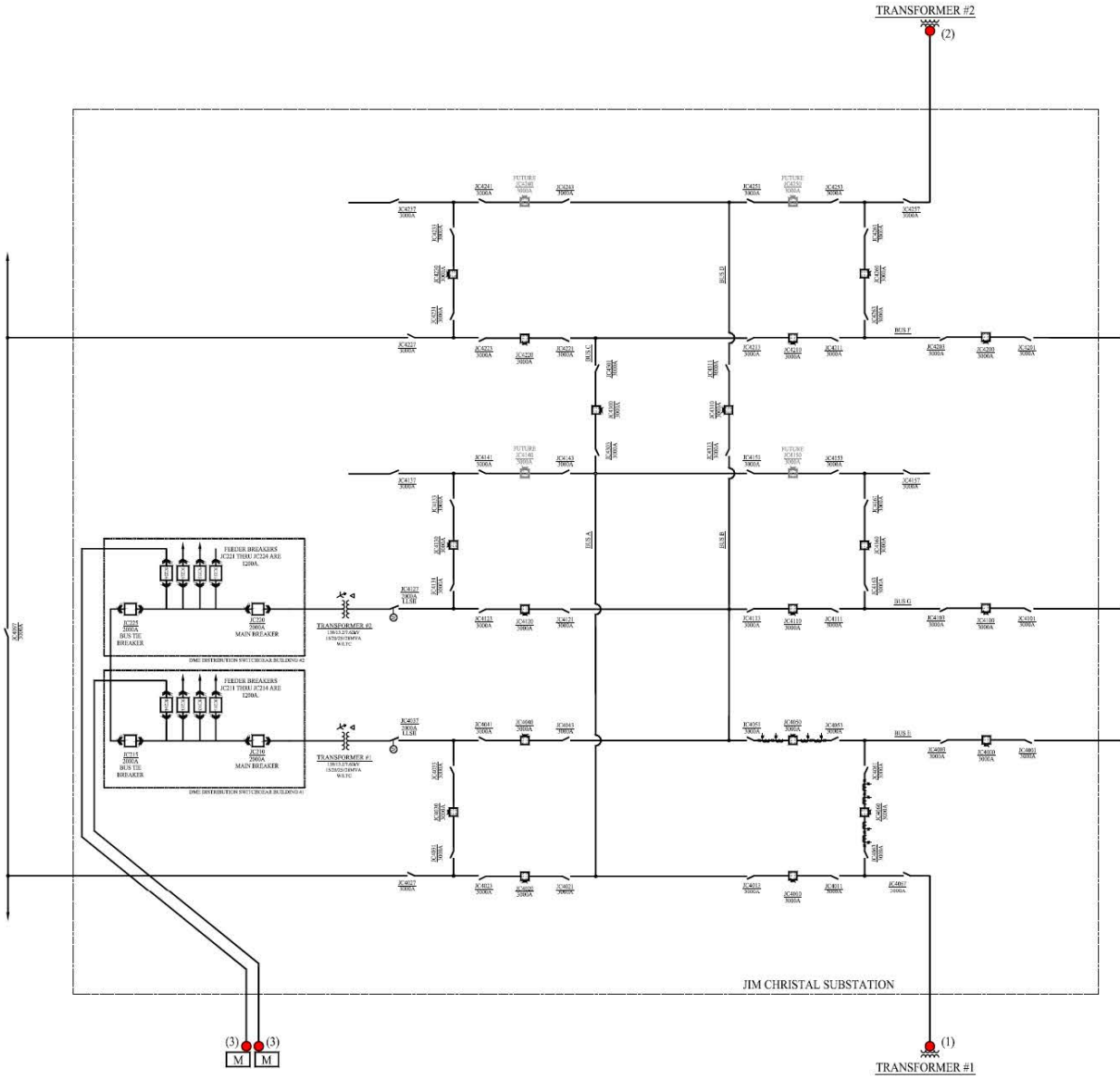
## FACILITY SCHEDULE NO. 1

1. Name: Jim Christal
2. Point of Interconnection location: (1) 
3. Delivery voltage: 13.2kV and 138 kV
4. Metering (voltage, location, losses adjustment due to metering location, and other): Metering shall be at the 13.2kV and 138kV levels. Instrument transformers, cabling, and meters for the 138kV interconnections shall be located inside of DME's Jim Christal Substation. Losses from the metering location to the point of interconnection will be calculated and agree upon by both parties. Instrument transformers, cabling, and meters for the 13.2kV interconnection shall be located on the metering cabinet.
5. Normally closed (check one):  Yes /  No
6. One line diagram attached (check one):  Yes /  No
7. Equipment Ownership:  
DME shall own all equipment inside Jim Christal and the transmission line up to the 138kV transformer for Points of Interconnection 1 and 2 described above in #1. DME shall own all equipment inside Jim Christal and the distribution facilities up to the 13.2kV metering cabinet for Point of Interconnection 3 described above in #1.
9. Cost Responsibility:  
Each Party shall be responsible for all costs it incurs associated with facilities it owns at, connected to, or associated with, the Points of Interconnection, including, but not limited to, costs associated with the ownership, engineering, procurement, construction, operation, maintenance, replacement, repair and testing of such facilities; provided, however, that this Paragraph 9 is subject to Article VI, Section 6.1 of this Agreement (Indemnification). This Paragraph 9 shall not relieve either Party of its respective obligation under that section
10. Switching and Clearance:  
Each Party has adopted formal switching procedures that govern safety related issues concerning the operation of its switches connected to this Point of Interconnection and will provide a copy of those procedures to the other Party upon request. Each Party agrees to comply with the aforementioned switching procedures of the other Party with respect to holds requested on switching devices owned by such Party.
11. Standards:  
The Parties agree to cause their facilities being newly constructed, as described in this Facility Schedule, to be designed and constructed in accordance with (a) Good Utility Practice, (b) applicable laws and regulations, (c) the applicable provisions of the NERC Reliability Standards and ERCOT Requirements, and (d) the applicable provisions of the following standards in effect

at the time of construction of this Point of Interconnection: NESC, ANSI Standards, and IEEE Standards.

12. Supplemental terms and conditions attached (check one): \_\_\_\_\_ Yes /  No

# ONE LINE DIAGRAM PHASE I, II AND III - FACILITY SCHEDULE NO. 1 Jim Christal



# EXHIBIT L

## MATERIAL LIST

| Spare Tubular Steel Poles |             |             |      |            |                       |                 |        |                         |                              |                 |                                       |
|---------------------------|-------------|-------------|------|------------|-----------------------|-----------------|--------|-------------------------|------------------------------|-----------------|---------------------------------------|
| Phase                     | Structure # | Unused/Used | Year | Pole Name  | Description           | Foundation Type | Height | Anchor Bolt Cage Length | Total Anchor Bolt Cage Price | Pole Unit Price | Total Price (Pole & Anchor Bolt Cage) |
| 2                         |             | Unused      | 2020 | 1.5 TUS-5A | 3-Way Deadend 90° Tap | Foundation      | 85'    | 30'-0"                  | \$ 17,038.00                 | \$66,804        | \$ 83,842.00                          |
| 3                         |             | Unused      | 2020 | 1.5 TUS-5A | 3-Way Deadend 90° Tap | Foundation      | 85'    | 30'-0"                  | \$ 17,038.00                 | \$66,804        | \$ 83,842.00                          |

| Spare Circuit Breaker |          |             |      |              |                       |  |              |
|-----------------------|----------|-------------|------|--------------|-----------------------|--|--------------|
| Phase                 | Serial # | Unused/Used | Year | Manufacturer | Model #               | Description  | Total Price  |
| 2                     |          | Unused      | 2020 | Siemens      | SPS2-145-63-3000-3PST | 138kV 3000 Amp Circuit Breaker<br>Bushing BCTs: Bushing 1-3-5: (6) 2000:5 MR C800, RF 2.0;<br>Bushings 2-4-6: (6) 2000:5 MR C800, RF 2.0 | \$ 75,855.00 |
| 3                     |          | Unused      | 2020 | Siemens      | SPS2-145-63-3000-3PST | 138kV 3000 Amp Circuit Breaker<br>Bushing BCTs: Bushing 1-3-5: (6) 2000:5 MR C800, RF 2.0;<br>Bushings 2-4-6: (6) 2000:5 MR C800, RF 2.0 | \$ 75,855.00 |

| Spare Instrument Transformers |      |             |      |             |         |  |     |            |              |
|-------------------------------|------|-------------|------|-------------|---------|--|-----|------------|--------------|
| Phase                         | Type | Unused/Used | Year | Manufacture | Model # | Description                              | Qty | Unit Price | Total Price  |
| 2,3                           | PT   | Used        | 2020 | Pfiffner    | #EOF145 | 138kV/115-67V<br>700/1200:1              | 6   | \$5,785.00 | \$ 34,710.00 |
| 2                             | CT   | Unused      | 2020 | Pfiffner    | #JOF145 | 138kV<br>150:5, Rating Factor 4, Acc. 15 | 3   | \$5,785.00 | \$ 17,355.00 |

| Spare Surge Arresters |         |             |      |                |   |     |            |             |  |
|-----------------------|---------|-------------|------|----------------|---|-----|------------|-------------|--|
| Phase                 | Type    | Unused/Used | Year | Model #        | Description   | Qty | Unit Price | Total Price |  |
| 2,3                   | Siemens | Used        | 2010 | 108-2PM31-4NH5 | SURGE ARRESTER, STATION CLASS. TYPE PVN,<br>POLYMER, MCOV 84, 10" B.C. MTG. | 6   | \$945.36   | \$ 5,672.16 |  |

| Spare Conductor |                       |  |          |               |             |  |
|-----------------|-----------------------|--|----------|---------------|-------------|--|
| Phase           | Type                  | Description                                    | Qty (FT) | Unit Price/FT | Total Price |  |
| 2               | 795 MCM AAC - Arbutus | 4' wood reels - several full and partial reels | 1,500    | \$1.33        | \$ 1,995.00 |  |
| 3               | 795 MCM AAC - Arbutus | 4' wood reels - several full and partial reels | 3,400    | \$1.33        | \$ 4,522.00 |  |

| Dead End Structure |   |     |                 |                                       |
|--------------------|---|-----|-----------------|---------------------------------------|
| Phase              | Description   | Qty | Pole Unit Price | Total Price (Pole & Anchor Bolt Cage) |
| 2                  | Dead End Structure (Anchor Bolt Cages not included) | 2   | \$14,161        | \$ 28,322.00                          |



## EXHIBIT M

### Operation and Maintenance of Buyer High Voltage Systems by DME

The City of Denton, Texas, acting through Denton Municipal Electric (“DME”), will operate and maintain the Equipment (as defined below) in accordance with the provision of this Exhibit M.

#### ARTICLE 1

1.1. *Definitions.* Capitalized terms used herein and not defined in the body of the Power Purchase Agreement shall have the meanings given such terms as is set forth below:

“*Equipment*” means all high voltage equipment from the Delivery Point to Buyer’s distribution system voltage including switch gear and transformers (consider including a one line or list of equipment ) feeding the Project individual structures that will house the computing equipment and other operations of the Buyer.

1.2. *Term.* The term of this Exhibit shall be for the term of the Power Purchase Agreement. If the Power Purchase Agreement is terminated for any reason, the agreements under this Exhibit shall be automatically terminated and this Exhibit shall be of no further force and effect except with respect to Sections 1.8 and 1.10 of this Exhibit, which shall survive any termination of this Exhibit.

1.3. *Operation and Maintenance.*

a. DME shall operate and maintain the Equipment in accordance with (i) any applicable operation and maintenance manuals, (ii) the applicable contractor, manufacturer and vendor recommended procedures and warranties, (iii) all Applicable Laws, (iv) Prudent Operating Practices, (v) insurer requirements, (vi) limitations of the design and construction of the Seller’s Interconnection Facilities, (vii) to the extent applicable, ERCOT, Public Utility and NERC requirements and guidelines and (xi) this Exhibit; *provided* that it is expressly agreed and understood that DME, without altering its obligations hereunder, may subcontract for any or all activities related to the foregoing with any parties it determines in its sole discretion; *provided further, however*, that DME will be responsible for the performance (or nonperformance) by such subcontractors. Any contractors or subcontractors of DME performing work at or on the Equipment must provide certificates of insurance to Buyer evidencing insurance coverage sufficient for the type of work being performed by such contractor or subcontractor. To the extent permitted by Applicable Law, all policies procured by such subcontractors must require the insurer to waive subrogation against Buyer and their respective officers, directors, employees and

Affiliates. Buyer and its officers, directors, employees and Affiliates must each be an additional insured under such policies.

b. DME will procure goods, services, consumables, parts and equipment as needed from time to time for the operation and maintenance of the Equipment. DME will select suppliers that are competent and appropriately licensed to perform the applicable contract or purchase order and shall monitor the performance of suppliers. With the prior written approval of Buyer, DME may procure used or refurbished equipment and parts when appropriate.

c. DME will implement protocols for the on-site management of all wastes (including hazardous materials) generated by or used in the operation of the Equipment. DME will be responsible for, and coordinate with all third party waste transportation and disposal providers, for the delivery of waste into the custody of such third parties for disposal.

d. DME will provide and make available as necessary all labor and professional, supervisory and managerial personnel required to perform the services. Such personnel will be qualified and experienced in the duties to which they are assigned and will meet any qualifications for personnel imposed by Prudent Operating Practices, and will meet any requirements of Applicable Law for operating personnel and possess permits if required by Applicable Law. All individuals employed by DME in the performance of the obligations under this Exhibit will be the employees of DME, and their working hours, rates of compensation and all other matters relating to their employment will be determined solely by DME. DME will retain sole authority, control and responsibility with respect to its employment policy.

e. DME shall obtain those permits required by Applicable Law to be in DME's name prior to provision of the services hereunder, if any.

f. DME will comply with all Applicable Law

g. In the event of an emergency affecting the safety, health or protection of, or otherwise endangering, any persons or property located at or about the Equipment (an "Emergency"), DME will take prompt action to prevent or mitigate any damage, injury or loss threatened by such Emergency, and will endeavor to notify Buyer of such Emergency and the response thereto as soon as practical under the circumstances.

1.4. *Change in Applicable Laws or Industry Standards.* If at any time after the Effective Date there is a change in Applicable Law that would require DME, in order for DME to perform its obligations under this Exhibit, to (a) install additional equipment or facilities, or (b) change

DME's operating procedures, then DME shall (i) notify Buyer of such additional required Equipment and Buyer shall, using commercial reasonable efforts, procure and install such additional Equipment and/or (ii) implement any new operating procedures after the Project Manager (as defined below) provides notice to Buyer and makes any changes deemed necessary by DME pursuant to the Switching Agreement (Exhibit E attached hereto). In the event Buyer does not install the additional required Equipment or consent to operational changes required by DME, upon the effectiveness of such changes, DME shall be excused from all obligations hereunder except those, if any, that can reasonably continue to be performed without threatening the safety of DME personnel, Buyer personnel, the Equipment, Seller's Interconnection Facilities or the Transmission Operator's System.

1.5. *Operational Limitation.* To the extent that (i) an operational issue occurs with respect to the Equipment, or (ii) compliance, in DME's reasonable judgement, with the adoption of or change in any Applicable Law, or changes in the interpretation of any Applicable Law requires the reduction in the electric capacity that can be made available with the Equipment, the Parties agree that DME shall have no liability for any such reduction.

1.6. *Waiver.* Except as specifically provided herein, DME expressly disclaims and negates, and Buyer hereby waives, any and all warranties, including any statutory implied or express warranty of merchantability or fitness for a particular use or purpose of any of the Equipment.

1.7. *Acknowledgement by Buyer.* Buyer expressly acknowledges and agrees that outages and malfunctions of the Equipment may be caused by factors within or beyond the control of DME and Buyer agrees that DME shall not be liable to Buyer for any outages or malfunctions of the Equipment, or for any losses, damages or liabilities suffered by Buyer on account of any of the foregoing.

1.8. *Limitation of Liability.*

a. Notwithstanding any other provision in this Exhibit, neither Party, nor any of their respective Affiliates, shall be responsible or liable to the other Party or to its Affiliates, or its or their respective members, partners, directors, officers, shareholders, managers, employees, agents, representatives, or contractors, for any lost profits, lost business opportunities, or interruption of business, or for any indirect, special, incidental, consequential, exemplary, or punitive damages of any kind, whether under this Exhibit or otherwise in connection with performance hereunder, regardless of the causes of same unless due to the willful misconduct or gross negligence of the

other Party, even if the other Party has been advised of the possibility of such damages, or such damages are caused by the negligence of such first Party or if liability without fault is sought to be imposed upon such first Party. Notwithstanding any other provision to the contrary in this Exhibit, in no event shall the total cumulative aggregate liability of DME resulting from, arising out of or in connection with this Exhibit exceed, with respect to any Contract Year, fifty percent (50%) of the total value of the aggregate compensation for such Contract Year (the "Liability Limitation"), regardless of the legal theory upon which the claim of liability is based; provided, however, that the Liability Limitation shall not limit or apply to, or be reduced by any claim or loss caused by the willful misconduct of DME, which shall be separate from, unlimited, and in addition to, the Liability Limitation.

b. Buyer's sole recourse under this Exhibit for any claims in connection with DME's performance of the services, except to the extent for any claims arising in connection with DME's willful misconduct, will be to terminate this Exhibit upon [sixty (60)] days' notice to DME.

1.9. *Project Manager.* On or before the Effective Date, DME will appoint an individual (the "Project Manager"), who will be authorized and empowered to act for and on behalf of DME concerning the day-to-day administration of this Exhibit and DME's obligations hereunder. In all such matters (but excluding any amendments or modifications of the Power Purchase Agreement), DME will be bound by the written communications, directions, requests and decisions made by the Project Manager.

1.10. *Indemnity.* Buyer will indemnify and hold harmless DME and its Affiliates, and their respective officers, directors, employees, agents and representatives (the "DME Indemnitees") from and against, and no DME Indemnitee will be responsible hereunder for, any and all claims, assertions, demands, suits, damages, judgments, losses, obligations, liabilities, actions and causes of action, fees (including reasonable attorney's fees and disbursements), costs (including court costs), expenses, investigations, inquiries, administrative proceedings, penalties, fines and sanctions (collectively, "Liabilities") sustained or suffered by any DME Indemnitee in connection with the injury or death to any individual or loss of or damage to the property of any third party arising in connection with the services under this Exhibit, except to the extent caused by DME's willful misconduct. The provisions of this Section shall survive any termination or expiration of the Power Purchase Agreement and shall not be limited by any limitation of liability contained herein.

## ARTICLE 2

2.1. *Compensation for Service.* The compensation for the operation and maintenance of the Equipment performed by DME will be on a time and material basis consistent with Schedule 1 to this Exhibit.

2.2. *Billing and Payment.*

a. DME (also known as “Seller” in the Power Purchase Agreement) shall include in its monthly invoice pursuant to Section 8.1(b) of the Power Purchase Agreement the amounts owed by Buyer to DME for services provided under this Exhibit.

b. The monthly invoice will provide itemized details of the hours and associated rates for all labor provided and the cost of all materials. Materials and subcontract service will be billed to Buyer at DME’s cost with no mark-up.

c. Payment of invoices for service provide under this Exhibit shall be due and payable consistent with the provisions of Section 8 of the Power Purchase Agreement as a Non-ERCOT Charge.

## Schedule 1 to Exhibit M

### DME Time and Materials Rates

| <u>Personnel:</u>       | <u>Unit:</u> | <u>Cost per Hour<br/>(regular):</u> | <u>Cost per Hour<br/>(overtime):</u> |
|-------------------------|--------------|-------------------------------------|--------------------------------------|
| Crew Foreman            | Hour         | \$64.08                             | \$96.11                              |
| Senior Lineman          | Hour         | \$59.24                             | \$88.86                              |
| Lineman IV              | Hour         | \$52.90                             | \$79.35                              |
| Lineman III B           | Hour         | \$47.76                             | \$71.65                              |
| Lineman III A           | Hour         | \$43.13                             | \$64.69                              |
| Lineman II D            | Hour         | \$39.49                             | \$59.24                              |
| Lineman II C            | Hour         | \$35.16                             | \$52.75                              |
| Lineman II B            | Hour         | \$31.75                             | \$47.63                              |
| Lineman II A            | Hour         | \$28.66                             | \$43.00                              |
| Lineman I B             | Hour         | \$25.89                             | \$38.84                              |
| Lineman I A             | Hour         | \$23.38                             | \$35.06                              |
|                         |              | -                                   | -                                    |
| <b><u>Vehicles:</u></b> |              |                                     |                                      |
| Foreman Truck           | Hour         | \$46.88                             | \$46.88                              |
| Crew Truck              | Hour         | \$46.88                             | \$46.88                              |
| Bucket Truck            | Hour         | \$65.63                             | \$65.63                              |
| Line Truck              | Hour         | \$65.63                             | \$65.63                              |
| Vermeer Vactron         | Hour         | \$65.63                             | \$65.63                              |
| Service Truck           | Hour         | \$65.63                             | \$65.63                              |
| Service Truck           | Hour         | \$65.63                             | \$65.63                              |

## EXHIBIT N

### BILL OF SALE

This BILL OF SALE (this “**Bill of Sale**”) is made, executed and delivered as of August [●], 2021, by and between the City of Denton, Texas, dba Denton Municipal Electric, a Texas Municipal Corporation and Home-Rule City, acting by and through its City Council (“**Transferor**”), and Core Scientific, Inc., a Delaware corporation (“**Transferee**”). Transferor and Transferee may be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, this Bill of Sale is being delivered in connection with the transactions contemplated by that certain Power Purchase Agreement, dated as of [●], 2021, by and between Transferor, as seller, and Transferee, as buyer (the “**PPA**”);

WHEREAS, Section 3.15(a)(x) of the PPA contemplates the transfer of certain equipment and materials by Transferor to Transferee in connection with Transferee’s obligations under the PPA; and

WHEREAS, Transferor and Transferee wish to implement the transfer of the Transferred Assets (defined below) as contemplated under the PPA.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained and intending to be legally bound hereby, Transferee and Transferor hereby agree as follows:

1. **Transfer.** In accordance with the terms of the PPA, Transferor hereby transfers, conveys, assigns and delivers to Transferee all of Transferor’s right, title and interest in, to and under the equipment and materials listed on Exhibit A hereto (the “**Transferred Assets**”).

2. **No Warranty.** TRANSFEEE ACKNOWLEDGES AND AGREES THAT THE TRANSFERRED ASSETS ARE CONVEYED “AS IS, WHERE IS” AND IN THEIR PRESENT CONDITION WITH ALL FAULTS AND WITHOUT RECOURSE AGAINST TRANSFEROR, AND THAT TRANSFEROR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, WITH RESPECT TO THE NATURE, QUALITY OR CONDITION OF THE TRANSFERRED ASSETS.

3. **Title; Risk of Loss.** Title to and risk of loss related to the Transferred Assets shall pass from Transferor to Transferee immediately upon the Transferred Assets being picked up by or on behalf of Transferee at Transferor’s storage facilities. Transferee shall be solely responsible for and shall pay all costs and expenses associated with shipping, transporting and delivering the Transferred Assets from Transferor’s storage facilities to Transferee’s designated location, and shall indemnify and hold Transferor harmless from and against any and all liabilities arising in connection therewith.

4. **Further Assurances.** Promptly upon request of the other Party, Transferor and Transferee shall each execute and deliver to the other such further assurances and take such further actions as may be reasonably required or appropriate to perfect the transfer of the Transferred Assets and otherwise carry out the intent and purpose of this Bill of Sale.

5. **Binding Effect and Assignment.** This Bill of Sale shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

6. **Conveyance Subject to PPA.** This Bill of Sale is made pursuant to the PPA. In the event of any inconsistency or conflict between any provision of this Bill of Sale, on the one hand, and any provision of the PPA, on the other hand, the provisions of the PPA shall govern.

7. **Governing Law.** This Bill of Sale shall be interpreted in accordance with and governed by the laws of the State of Texas without giving effect to the principles of conflicts of law thereof.

8. **Counterparts and PDF.** This Bill of Sale may be executed in multiple counterparts, any one of which need not contain the signature of more than one Party, but all such counterparts taken together will constitute one and the same instrument. Any counterpart, to the extent signed and delivered by means of a facsimile machine, .PDF or other electronic transmission, will be treated in all manners and respects as an original contract and will be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

[Signature Page Follows]



IN WITNESS WHEREOF, the Parties have caused this Bill of Sale to be duly executed as of the date first written above.

**TRANSFEROR:**

**The City of Denton d/b/a Denton Municipal  
Electric**

By: \_\_\_\_\_

Name:

Title:

**TRANSFeree:**

**Core Scientific, Inc.**

By: \_\_\_\_\_

Name:

Title:

## Exhibit A

### Transferred Assets

| Spare Tubular Steel Poles |             |             |      |            |                       |                 |        |                         |                              |                 |                                       |
|---------------------------|-------------|-------------|------|------------|-----------------------|-----------------|--------|-------------------------|------------------------------|-----------------|---------------------------------------|
| Phase                     | Structure # | Unused/Used | Year | Pole Name  | Description           | Foundation Type | Height | Anchor Bolt Cage Length | Total Anchor Bolt Cage Price | Pole Unit Price | Total Price (Pole & Anchor Bolt Cage) |
| 2                         |             | Unused      | 2020 | 1.5 TUS-5A | 3-Way Deadend 90° Tap | Foundation      | 85'    | 30'-0"                  | \$ 17,038.00                 | \$66,804        | \$ 83,842.00                          |
| 3                         |             | Unused      | 2020 | 1.5 TUS-5A | 3-Way Deadend 90° Tap | Foundation      | 85'    | 30'-0"                  | \$ 17,038.00                 | \$66,804        | \$ 83,842.00                          |

| Spare Circuit Breaker |          |             |      |              |                       |  |              |
|-----------------------|----------|-------------|------|--------------|-----------------------|--|--------------|
| Phase                 | Serial # | Unused/Used | Year | Manufacturer | Model #               | Description  | Total Price  |
| 2                     |          | Unused      | 2020 | Siemens      | SPS2-145-63-3000-3PST | 138kV 3000 Amp Circuit Breaker<br>Bushing BCTs: Bushing 1-3-5: (6) 2000:5 MR C800, RF 2.0;<br>Bushings 2-4-6: (6) 2000:5 MR C800, RF 2.0 | \$ 75,855.00 |
| 3                     |          | Unused      | 2020 | Siemens      | SPS2-145-63-3000-3PST | 138kV 3000 Amp Circuit Breaker<br>Bushing BCTs: Bushing 1-3-5: (6) 2000:5 MR C800, RF 2.0;<br>Bushings 2-4-6: (6) 2000:5 MR C800, RF 2.0 | \$ 75,855.00 |

| Spare Instrument Transformers |      |             |      |             |         |   |     |            |              |
|-------------------------------|------|-------------|------|-------------|---------|---|-----|------------|--------------|
| Phase                         | Type | Unused/Used | Year | Manufacture | Model # | Description                               | Qty | Unit Price | Total Price  |
| 2,3                           | PT   | Used        | 2020 | Pfiffner    | #EOF145 | 138kV/115-67V<br>700/1200:1               | 6   | \$5,785.00 | \$ 34,710.00 |
| 2                             | CT   | Unused      | 2020 | Pfiffner    | #JOF145 | 138kV<br>150:5, Rating Factor 4, Acc. .15 | 3   | \$5,785.00 | \$ 17,355.00 |

| Spare Surge Arresters |         |             |      |                |  |     |            |             |  |
|-----------------------|---------|-------------|------|----------------|--|-----|------------|-------------|--|
| Phase                 | Type    | Unused/Used | Year | Model #        | Description  | Qty | Unit Price | Total Price |  |
| 2,3                   | Siemens | Used        | 2010 | 108-2PM31-4NH5 | SURGE ARRESTER, STATION CLASS, TYPE PVN, POLYMER, MCOV 84, 10' B.C. MTG. | 6   | \$945.36   | \$ 5,672.16 |  |

| Spare Conductor |                       |  |          |               |             |
|-----------------|-----------------------|--|----------|---------------|-------------|
| Phase           | Type                  | Description                                    | Qty (FT) | Unit Price/FT | Total Price |
| 2               | 795 MCM AAC - Arbutus | 4' wood reels - several full and partial reels | 1,500    | \$1.33        | \$ 1,995.00 |
| 3               | 795 MCM AAC - Arbutus | 4' wood reels - several full and partial reels | 3,400    | \$1.33        | \$ 4,522.00 |

| Dead End Structure |   |     |                 |                                       |
|--------------------|---|-----|-----------------|---------------------------------------|
| Phase              | Description   | Qty | Pole Unit Price | Total Price (Pole & Anchor Bolt Cage) |
| 2                  | Dead End Structure (Anchor Bolt Cages not included) | 2   | \$14,161        | \$ 28,322.00                          |