

**POWER PURCHASE AGREEMENT
FOR DISTRIBUTED GENERATION SERVICE
between
MINNESOTA POWER
and
[CUSTOMER]**

Selling Party: _____ (“Customer”)

Purchasing Party: Minnesota Power

Definitions: Definitions are as set forth in the Rider for Distributed Generation Service, the Rider for Standby Service, and the State of Minnesota Interconnection Agreement for the Interconnection of Extended Parallel Distributed Generation Systems with Electric Utilities (or its associated documents).

Type of Sale: This Agreement provides for the payment to Customer for capacity and/or energy from the Distributed Generation System to Minnesota Power.

Term: This Agreement shall be coterminous with the ESA between Minnesota Power and Customer.

Quantity: Minnesota Power shall pay Customer for that eligible portion of the capacity and energy from the Distributed Generation System made available to Minnesota Power as defined in the Rider for Distributed Generation Service.

The capacity payment shall be based upon Customer’s accredited capacity, and Customer is obligated to promptly inform Minnesota Power in writing of any change to the capacity accreditation. The initial accredited capacity for Customer is __ kW.

Minnesota Power shall have exclusive right to the capacity and or energy from the Distributed Generation System and no capacity or energy from the Distributed Generation System shall be sold to any party without Minnesota Power’s prior consent.

Demand Charge: The monthly demand charge payable by Minnesota Power to Customer for the capacity shall be \$_____/kW-mth, as defined in the Customer’s Capacity and Energy Payment Schedule, and shall not change during the Term of this Agreement.

Energy Charge: The energy charge payable by Minnesota Power to Customer for energy shall be based upon Minnesota Power's Distributed Generation Capacity and Energy Payment Schedule as filed annually with the Minnesota Public Utilities Commission, and shall be a variable payment by month and time period pursuant to Minnesota Power's Rider for Distributed Generation Service.

Points of Delivery: Minnesota Power and Customer agree to utilize the Point of Delivery as described in the ESA for the delivery of the capacity and energy contemplated herein.

Uncontrollable Forces: Neither of the parties to this Agreement shall be liable to the other party for any form of consequential damages, or for any direct damages in any way occasioned by matters beyond their control, including, but not limited to such matters as failure to perform under the terms hereof. Further, no party shall be liable either directly or consequently, for interruption in delivery of service if such interruption is necessary for repairs or changes in the plant, generating equipment, transmission or distribution system of the party whose duty it is to make delivery. Each party shall indemnify, defend and hold harmless the other party, its officers, directors, employees, agents, contractors, invitees and successors, from and against any and all costs, losses, expenses and damages of any kind to the extent caused by: (i) the indemnifying party's breach of this Agreement; or (ii) the negligent act or omission or willful misconduct of the indemnifying party, its officers, directors, employees, agents, contractors, invitees or successors.

Regulatory Approval and Accreditation: This Agreement shall be subject to the approval of applicable regulatory authority. Payment of demand charges shall be subject to continued accreditation of the Distributed Generation System pursuant to MAPP standards from the MAPP Generation Reserves Subcommittee and the Accreditation Working Group (or such appropriate successor organization), of the transactions contemplated in this Agreement as capacity purchases for Minnesota Power's benefit during the term of this Agreement.

In the event of a material change in MAPP's currently existing load and capability or accreditation responsibilities the Parties shall immediately and in good faith renegotiate the terms of this Agreement so as to maintain the respective economic benefits to each Party as set forth in this Agreement.

If any regulatory agency having jurisdiction over this Agreement revises this Agreement in a manner which either party considers substantial, or denies a petition for regulatory approval, the Parties shall immediately and in good faith renegotiate the terms of this Agreement to accommodate regulatory requirements while maintaining the respective economic benefits to each party as set forth in this Agreement.

Liability:

The electric energy furnished by Customer to Minnesota Power under this Agreement is supplied upon the express condition that, after it passes the designated Point of Delivery between Customer and Minnesota Power, the energy becomes the property of Minnesota Power.

Termination:

Either party shall have the right to terminate this Agreement if, after five (5) days' prior, written notice from such party, the other party fails to cure a breach of its obligations under this Agreement. Termination of the Agreement will result in the termination of Paragraph 7 of the ESA.

Delay in Enforcement of Rights:

No delay by either party in enforcing any of its rights under this Agreement shall be deemed a waiver of any of its rights nor shall a waiver by either party of any of its rights on one occasion be deemed a waiver of such right with regard to any subsequent occasion on which it would be entitled to enforce such right.

Successors and Assigns:

This Agreement shall be binding upon the respective parties, their successors and assigns, on and after its effective date.

Confidentiality; Non Disclosure

No party hereto shall disclose any information regarding any part of this Agreement except to the extent that disclosure is required by law, required for evidentiary purposes in any legal proceeding relating to enforcement of this Agreement, required for filing reports with or furnishing information to the regulatory authorities having jurisdiction over Minnesota Power or Customer and other appropriate governmental authorities, required for purposes of obtaining financing, or upon written consent of all parties to this Agreement. All parties shall request regulatory bodies or governmental authorities to respect the confidentiality of this Agreement before making any disclosure to those bodies or authorities. Where disclosure to non-parties is required or permitted, notice shall be given to all other parties, and to the extent possible, such notice shall be given in advance of disclosure. This provision shall not prohibit disclosure to third party consultants and professional advisors provided such third

parties enter into and agree to be bound by a non-disclosure agreement containing terms which the other party in its sole discretion deems to be sufficient to protect its interests hereunder. If such agreement contains terms identical to this Paragraph, it shall be considered sufficient.

Notices:

Any notices, demands or requests required or authorized by this Agreement shall be deemed properly given to Minnesota Power if mailed, postage prepaid to _____, Minnesota Power, 30 West Superior Street, Duluth, Minnesota 55802 or faxed to (218) 723-_____. Such notices, demands or requests shall be deemed properly given to Customer if mailed, postage prepaid to _____.

The designation of the person to be notified or the address of such person may be changed at any time by similar notice. This provision shall not be deemed applicable to day-to-day communications between power coordinators or system operators of the parties unless requested in writing by either party.

Dispute Resolution:

All questions concerning the meaning, intention or validity of the terms of this Agreement, as well as the performance of the parties under this Agreement, shall be determined and resolved by consulting in that order of priority: Minnesota Power's Service Regulations, and then information contained in Minnesota Power's Distributed Generation Docket (In the Matter of Minnesota Power's Petition for Approval of Rider for Distributed Generation Service and Rider for Standby Services Docket No. E015/M-04-2030). Thereafter, this Agreement shall be governed by and construed in accordance with the internal laws of the State of Minnesota, excluding its choice of law provisions. The parties agree to submit to the exclusive jurisdiction of the State and Federal courts sitting in St. Louis County, Minnesota, and waive any objections to such location based on jurisdiction, venue or inconvenient forum.

Dated as of this _____ day of _____.

MINNESOTA POWER

CUSTOMER

By _____

By _____

Title: _____