

September __, 2020

Tim Healy
Napa Sanitation District
1515 Soscol Ferry Rd, Napa, CA 94558
thealy@napasan.com

Re: Napa Sanitation District – 240 kW_{AC} Mainspring Linear Generator System

Dear Mr. Healy:

This letter of intent (“**Letter of Intent**”), effective when executed by the parties hereto, will evidence the current mutual intent, as set forth in Article 1 below, of NextEra Energy Resources Development, LLC, a Delaware limited liability company (“**NEER Development**”), which is an indirect, wholly-owned subsidiary of NextEra Energy Resources, LLC, a Delaware limited liability company (“**NextEra**”), and Napa Sanitation District, a California county sanitation district (“**NapaSan**”), with respect to (a) the installation of an approximately 240 kW_{AC} Mainspring linear generator system (the “**Generator System**”) to be located at 1515 Soscol Ferry Rd, Napa, CA 94558 (the “**Premises**”) and (b) the provision of Gas-to-electricity conversion services and environmental attributes by NEER Development, or its affiliate, to NapaSan, all as more specifically described in Exhibit A. NEER Development and NapaSan are sometimes referred to individually as “**Party**” and collectively as the “**Parties**.”

This Letter of Intent is intended to serve as a basis for further discussions and negotiations between the Parties with respect to the Energy Services Agreement (as defined below). Notwithstanding anything to the contrary herein, the matters set forth in the first three (3) paragraphs and Article 1 of this Letter of Intent, including the matters set forth in Exhibit A, are not intended to and do not constitute a binding agreement of the Parties with respect to the Energy Services Agreement or otherwise. The matters set forth in Article 2 constitute binding agreements of the Parties.

In consideration of the rights and obligations of the Parties hereunder, and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged by the Parties, the Parties hereby agree as follows:

ARTICLE 1 **THE ENERGY SERVICES AGREEMENT**

- 1.1 Energy Services. The Parties intend to negotiate an agreement under which NEER Development, through an indirect, wholly-owned subsidiary of NextEra, would install the Generator System at the Premises and sell the energy generated by the Generator System, as well as the environmental attributes associated therewith, to NapaSan, pursuant upon such terms and conditions as are mutually acceptable to the Parties, which the Parties intend to be substantially in accordance with the terms set forth in Exhibit A (such agreement, the “**Energy Services Agreement**”).
- 1.2 Due Diligence Requirements; Approval. In order to pursue the potential Energy Services Agreement, the Parties will require completion of customary due diligence review which may include, but not be limited to: technical and legal diligence regarding the Premises and general due diligence of NapaSan, including financing and credit review, permitting information, environmental documentation, tax abatement agreements, interconnection agreements or queue

NextEra Energy Resources Acquisitions, LLC

700 Universe Boulevard, Juno Beach, FL 33408

position documentation and associated deposits, and other relevant information. Consummation of the Energy Services Agreement will be subject to NEER Development (or its applicable affiliate) obtaining any necessary internal, investor or other applicable approvals.

ARTICLE 2
BINDING AGREEMENT

- 2.1 **Exclusivity.** Each Party agrees that, for a period of one hundred eighty (180) days following the date hereof, or such longer period as mutually agreed by the Parties in writing (the “**Exclusivity Period**”), it shall not, directly or indirectly, through any officer, director, employee, agent, affiliate or any other representative, solicit, initiate, consider, evaluate, or encourage submission of any proposal or offer from any person, group or entity relating to the installation of any generator system or the sale of gas-to-energy conversion services at or near the Premises, or any other similar transaction (a “**Competing Transaction**”), participate in negotiations regarding a Competing Transaction or furnish to any other person any information with respect to a Competing Transaction. Each Party represents that neither it nor any of its affiliates have entered into any other similar exclusivity arrangement with any other person that is not an affiliate in connection with a Competing Transaction which such arrangement has not been terminated prior to the date hereof. Each Party shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, in connection with any Competing Transaction. In the event that either Party (or any officer, director, employee, agent, affiliate or any other representative of such Party) receives any proposal for, or inquiry respecting, any possible Competing Transaction or any request for non-public information in connection with a Competing Transaction, such Party shall notify the other Party in writing immediately after the notifying Party’s receipt of such proposal, inquiry, or request. Each Party further agrees that during the term of the Exclusivity Period, it shall promptly notify the other Party in writing if it becomes aware of an occurrence of material adverse developments affecting the technical feasibility of generating and selling energy at the Premises. Each Party agrees that during the Exclusivity Period, it shall promptly notify the other Party of any event that would make impossible the consummation of the Energy Services Agreement.
- 2.2 **Confidentiality.** Napa Sanitation and NEER Development executed a Confidentiality Agreement dated July 30, 2020 (the “**Confidentiality Agreement**”), and each of the Parties acknowledges and agrees that the terms and conditions of such Confidentiality Agreement remain in full force and effect, and will govern this Letter of Intent and the exchange of information between the Parties.
- 2.3 **Execution.** No Party, and no affiliate of a Party, shall be bound by the Energy Services Agreement until each Party, or such Party’s applicable affiliate, has executed such Energy Services Agreement.
- 2.4 **Entire Agreement.** This Letter of Intent constitutes the entire agreement of the Parties relating to the subject matter hereof and supersedes all prior discussions, agreements or understandings, whether oral or written, relating to such subject matter. There are no other written or oral agreements or understandings between the Parties or their affiliates. Any amendment of this Letter of Intent must be written and signed by both Parties.
- 2.5 **Governing Law.** This Letter of Intent will be governed by and construed under the laws of the State of California without giving effect to any conflict or choice of law provision that would result in the application of another state’s laws. The Parties agree that any suit, action or other legal proceeding by or against any Party (or its affiliates or designees) with respect to or arising out of this letter of Intent shall be brought in the federal courts of the United States or the courts of the State of California sitting in Napa County, California. TO THE EXTENT PERMITTED

BY LAW, 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 LETTER OF INTENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS LETTER OF INTENT.

- 2.6 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees in addition to any other relief to which such Party may be entitled.
- 2.7 Non-Inclusive; Non-Binding. This Letter of Intent does not contain all matters upon which agreement must be reached in order for the Energy Services Agreement to be completed. This Letter of Intent does not create and is not intended to create a binding and enforceable contract between the Parties, or any affiliate of a Party, with respect to the provisions of the first three (3) paragraphs and Article 1 of this Letter of Intent, including the provisions set forth in Exhibit A, and such provisions shall not be relied upon by a Party or any affiliate of a Party as the basis for a contract by estoppel or other equitable relief or otherwise for the completion of the Energy Services Agreement. A binding commitment with respect to the matters contemplated herein can only result from mutual consent and the execution and delivery of the Energy Services Agreement.
- 2.8 Relationship of Parties. The Parties shall not be deemed in a relationship of partners or joint venturers by virtue of this Letter of Intent, nor shall either Party be an employee, agent, representative, trustee or fiduciary of the other. Neither Party shall have any authority to bind the other to any agreement. In the performance of work, duties and obligations imposed by this Agreement, NEER Development and its officers, employees, and agents are at all times acting as an independent contractor practicing his, her, or their profession and not as an employee of NapaSan.
- 2.9 Costs. Each Party shall assume its own counsel costs, fees and expenses incurred in the preparation and negotiation of this Letter of Intent and the Energy Services Agreement, and the Parties shall not have the right to claim any compensation and/or damages in connection therewith.
- 2.10 Remedies. In the event of a violation of a binding term of this Letter of Intent, the aggrieved Party may apply to a court of competent jurisdiction to restrain further violation and to obtain any relief that may be appropriate or available under the circumstances, including injunctive or other equitable relief without posting a bond therefor. This Section 2.9 is not intended to and shall not restrict the rights or remedies of either Party otherwise available under applicable law or in equity in respect of any such violation. NOTWITHSTANDING ANYTHING CONTAINED IN THIS LETTER OF INTENT, EACH PARTY'S LIABILITY TO THE OTHER PARTY IN CONNECTION WITH THIS LETTER OF INTENT AND ANY ACTIVITIES UNDERTAKEN IN CONNECTION WITH THE EVALUATION OF THE ENERGY SERVICES AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES AND SHALL EXCLUDE ANY OTHER LIABILITY, INCLUDING WITHOUT LIMITATION LIABILITY FOR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES IN CONTRACT, TORT, WARRANTY, STRICT LIABILITY OR OTHERWISE. No officer, official, employee or agent of NapaSan shall be personally liable to NEER Development in the event of any breach by NapaSan or for any amount which may become due to NEER Development pursuant to this Letter of Intent.

- 2.11 Conflict of Interest Statement. NEER Development covenants that NEER Development, its officers or employees or their immediate family, presently has no interest, including, but not limited to, other projects or independent contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance under this Agreement or actions otherwise related to the due diligence investigation or matters described herein.
- 2.12 Termination. This Letter of Intent shall remain effective until the earlier of the full execution of the Energy Services Agreement, or the termination or expiration of the Exclusivity Period, at which time this Letter of Intent shall expire unless extended in writing by the Parties.
- 2.13 Survivability. In the event of termination of this Letter of Intent, Sections 2.2 and 2.4 through 2.17 of this Article 2 shall survive for a period of two (2) years from the effective date of this Letter of Intent.
- 2.14 Assignment. This Letter of Intent shall not be assigned or transferred in any manner by either Party without the express prior written consent of the other Party not to be unreasonably withheld.

If the provisions of the first three (3) paragraphs and Article 1 of this Letter of Intent, including the provisions set forth in Exhibit A, correctly set forth the current understanding of the Parties, and the provisions of Article 2 correctly set forth the binding agreement of the Parties, please execute both originals of this Letter of Intent in the space provided below, retain one (1) fully-executed original for your file, and return the other original to the undersigned. This Letter of Intent may be executed in counterparts, and all such counterparts together shall constitute but one agreement.

Very truly yours,

**NEXTERA ENERGY RESOURCES
DEVELOPMENT, LLC**

By: _____
Name: _____
Title: _____
Date: _____

Acknowledged, Agreed to and Accepted:

NAPA SANITATION DISTRICT

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A
ENERGY SERVICES AGREEMENT TERMS

Capitalized terms used and not defined in this Exhibit A have the meaning ascribed to such terms in the Letter of Intent.

Energy Services Agreement Overview	
(a) Seller:	A Delaware limited liability company that will be an indirect, wholly-owned subsidiary of NextEra (such limited liability company, the “ Seller ”)
(b) Buyer:	Napa Sanitation District (“ Buyer ”)
(c) Generator System Description:	Approximately 240 kW _{AC} linear generator operating on 100% biogas provided by Buyer, to be located at the Premises
(d) Term of Agreement:	Fourteen (14) years from the commercial operation date, which may be extended as agreed by the Parties (the “ Term ”).
(e) Energy Conversion Charge Rate:	\$36.86/MWh escalated at two percent (2%) per year (the “ Contract Price ”) The Contract Price will be subject to adjustment on the basis of (i) any interconnection upgrades required by the electric or gas utility, and (ii) Seller’s receipt of funding from the California Self-Generation Incentive Program.
(f) Product and Environmental Attributes:	Buyer will purchase as part of the Contract Price: <ol style="list-style-type: none"> 1. one hundred percent (100%) of the net electric output delivered by the Generator System during the Term of the Energy Services Agreement (the “Product”); and 2. one hundred percent (100%) of the environmental attributes, offsets and other non-electric products related to the Generator System or the Product (“Environmental Attributes”). <p>Buyer shall provide one hundred percent (100%) of the biogas required to operate the Generator System at tolerances to be set forth in the Energy Services Agreement.</p>
(g) Credit Support	Seller, in procuring and installing the Generator System, is relying on Buyer to (a) be Investment Grade, or (b) provide Credit Support in the event Customer is no longer Investment Grade, in order to support Customer’s obligations during the Term.
(h) Ownership; No Liens:	Seller, or a Financing Party (as defined below), will be the legal owner of the Generator System. The Generator System will be personal property and will not attach to the Premises.

(i) Production Guarantee	Seller will provide a production guarantee to be set forth in the Energy Services Agreement, which will be subject to further adjustment to account for certain outages, actions or omissions by the local electric utility, force majeure events, sunlight interference, and relevant breaches by Buyer. Shortfalls are credited in subsequent invoices.																														
(j) Generator System Maintenance:	Seller will maintain the Generator System in accordance with (1) applicable law and (2) prudent industry practices.																														
(k) Access Rights; Easement:	Buyer shall grant recordable, insurable access rights to Seller for the development, installation and maintenance of the Generator System.																														
(l) Permits:	Seller will be responsible for obtaining all permits necessary for the construction, commissioning, and operation of the Generator System. Buyer will cooperate with Seller as necessary to secure such permits.																														
(m) Assignability:	Seller will be free to assign the Energy Services Agreement (i) to an affiliate of Seller, (ii) through merger, consolidation, or similar event, (iii) to one or more third party investors and/or lenders (each a “ Financing Party ”), including collateral assignment or the pledge of Seller’s interests in the Energy Services Agreement and/or the Generator System, or (iv) to a third party of comparable experience and financial capability.																														
(n) Purchase Option	<p>Buyer will have the option to purchase the Generator System on the end of the Term (the “Purchase Option”) subject to agreement with the Generator System manufacturer. The option price will be a dollar amount equal to the greater of (i) the fair market value of the PV System and (ii) the Termination Value (as defined below).</p> <table border="1" data-bbox="829 1255 1248 1892"> <thead> <tr> <th style="text-align: center;"><i>End of the Period (Year)</i></th> <th style="text-align: center;"><i>Buyout Values (\$000)</i></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">\$938</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">\$856</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">\$766</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">\$670</td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;">\$566</td></tr> <tr><td style="text-align: center;">6</td><td style="text-align: center;">\$453</td></tr> <tr><td style="text-align: center;">7</td><td style="text-align: center;">\$442</td></tr> <tr><td style="text-align: center;">8</td><td style="text-align: center;">\$427</td></tr> <tr><td style="text-align: center;">9</td><td style="text-align: center;">\$411</td></tr> <tr><td style="text-align: center;">10</td><td style="text-align: center;">\$391</td></tr> <tr><td style="text-align: center;">11</td><td style="text-align: center;">\$369</td></tr> <tr><td style="text-align: center;">12</td><td style="text-align: center;">\$345</td></tr> <tr><td style="text-align: center;">13</td><td style="text-align: center;">\$318</td></tr> <tr><td style="text-align: center;">14</td><td style="text-align: center;">\$289</td></tr> </tbody> </table>	<i>End of the Period (Year)</i>	<i>Buyout Values (\$000)</i>	1	\$938	2	\$856	3	\$766	4	\$670	5	\$566	6	\$453	7	\$442	8	\$427	9	\$411	10	\$391	11	\$369	12	\$345	13	\$318	14	\$289
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<p>(o) End of Term; Early Termination; Termination Payment</p>	<p>At the Energy Services Agreement’s expiration or termination (other than a termination arising from a Buyer default), Seller will, at its expense, remove the Generator System from the Premises.</p> <p>In the event of early termination by Buyer, Buyer will pay to Seller the Termination Value set forth for the year of the Term in which the termination occurs.</p>
<p>(p) Financing Accommodations:</p>	<p>Buyer acknowledges that Seller may finance the acquisition and installation of the Generator System by entering into financing accommodations with one or more Financing Parties, and Buyer agrees (i) to execute any related consents to assignment or acknowledgements; and (ii) to provide such opinions of counsel as may be reasonably requested by Seller or the Financing Party in connection with the financing or sale of the Generator System, in each case at Seller’s expense.</p>
<p>(q) Governing Law:</p>	<p>California</p>