

NON-BINDING TERM SHEET

Qualifying Facilities with Capacities Greater than Five Megawatts

The following non-binding term sheet setting forth certain anticipated terms for Qualifying Facilities (“QFs”) with capacities greater than five megawatts (5 MW) is posted pursuant to WAC 480-106-030(5):

Term:	To be negotiated.
Rate:	Negotiated avoided cost rate.
Data:	QF to provide data necessary to determine avoided cost rate, including the data to be provided under Avista’s Schedule 62.
Commercial Operation Date:	No later than three (3) years after execution of PPA.
Delivery:	QF shall deliver output, less any losses and facility service, power to Avista at a mutually agreed upon point of delivery.
Security:	Dependent on the specifics of the QF. Any security required for the QF shall be in a form reasonably acceptable to Avista.
Insurance:	QF to maintain general liability insurance with minimum limit of \$2,000,000 and property insurance consistent with prevailing practices for similar operations in the State of Washington.
Transmission:	For QFs that require third-party transmission service, QF must provide evidence of ability to deliver on a firm basis and provide firm hourly schedule.
Interconnection and metering:	QF to provide valid interconnection agreement.
Environmental Attributes:	All Environmental Attributes associated with the QF will be owned by Avista if negotiated avoided cost rate is based on avoided costs of an eligible renewable resource as defined in RCW 19.285.030.

This Term Sheet is preliminary and non-binding and is intended to serve as a basis for further discussion and negotiations between the parties. This term sheet does not contain all matters upon which agreement must be reached in order for a transaction to be completed. The matters set forth herein are not intended to and do not constitute a binding agreement or establish any obligation by any party, and this communication may not be relied upon as the basis for a contract by estoppel or otherwise. A binding agreement will arise only upon the negotiation, execution and delivery of mutually satisfactory definitive agreement and the satisfaction of the conditions set forth therein, including completion of due diligence and the approval of such agreements by the respective governing bodies and management of each party, which approval shall be in the sole subjective discretion of the respective governing bodies and management. Any actions taken by a party in reliance on the non-binding terms expressed herein or on statements made during negotiations of the transactions contemplated hereby shall be at that party's own risk. Avista may update this term sheet at any time.