April 26, 2017

REQUEST FOR PROPOSALS
BY THE
ARIZONA POWER AUTHORITY
FOR
SCHEDULING ENTITY SERVICES

I. INTRODUCTION

The Arizona Power Authority (the "Authority"), a body corporate and politic created by the State of Arizona, purchases and markets the State of Arizona's share of power (approximately 410 MW and associated energy) generated by the federal government at the Boulder Canyon Project ("Arizona's Allocation"). The Authority's statutory powers and duties can be found in Arizona Revised Statutes §§ 30-101 *et seq*. and 45-1701 *et seq*., and its regulations at Ariz. Admin. Code §§ R12-14-101 *et seq.*, available at www.azleg.gov/arstitle/.

Under the contractual arrangements governing the Authority's purchase and sale of Arizona's Allocation, the Authority must designate one or more entities (each, a "Scheduling Entity") to perform scheduling coordination services for the delivery of Arizona's Allocation to the Authority's customers (each, a "Customer").

In accordance with its procurement policies, the Authority issues this Request for Proposals (RFP) for purposes of soliciting proposals from prospective Scheduling Entities. This RFP is open to utilities, power marketing organizations, independent power producers, or other eligible entities in the western United States, operating or doing business in the WECC area, and more specifically within the Arizona market, and meeting the minimum qualifications set forth in Exhibit A attached hereto.

II. SUMMARY

The Authority has entered into an Electric Service Contract (the "ESC") with the Western Area Power Administration ("WAPA"), which provides for the Authority's purchase of Arizona's Allocation, defined in the ESC as the "Contractor's Allocation." The term of the ESC is 50 years, beginning on October 1, 2017 and continuing through September 30, 2067. A copy of the ESC is attached to this RFP as Appendix 1.

The Authority has allocated to each of its 63 Customers a share of Arizona's Allocation, together with a share of any other resources made available to the Authority under the ESC (each "Customer's Allocation"). To facilitate the Authority's sale and provision of the Customer's Allocations, the Authority and each Customer have entered into a Power Sales Contract (each, a "Power Sales Contract") with a term of 50 years, beginning on October 1, 2017 and continuing through September 30, 2067. Each Customer's Allocation includes Hoover Capacity and Hoover Energy, as those terms are defined in the Power Sales Contract. A copy of the form of Power Sales Contract is attached to this RFP as Appendix 2.

Under the ESC and Power Sales Contracts, the Authority must identify and enter into an agreement ("Scheduling Entity Agreement," as defined in the Power Sales Contract) with one or more Scheduling Entities to provide scheduling coordination services (collectively, "Scheduling Services") for the delivery of Arizona's Allocation and each Customer's Allocation (collectively, the "Contracted Resources"). The Scheduling Services consist generally of the following:

(a) Scheduling the delivery of Contracted Resources in compliance with the Metering and Scheduling Instructions described in the ESC (the "MSI");

(b) Scheduling the delivery of Customer's Allocations and Firming Capacity and Firming Energy purchased according to the Power Sales Contract, in coordination with the Authority and the Customer, and in accordance with the written scheduling and accounting procedures developed and agreed upon by the Authority, the Customer (including authorized representatives), and the Scheduling Entity;

(c) Coordinating deliveries of the Customer’s Allocations at Mead Substation in southern Nevada (i.e., the Point of Delivery under the ESC and Power Sales Contracts);

(d) Coordinating with the Authority and the Customers to develop programs to manage mismatches between the monthly energy available from Hoover and the monthly amount of energy requested by the Customer; and

(e) Coordinating schedules resulting from programs (e.g., power pooling, banking, or exchange) that may be established under Section 8 of the Power Sales Contract.

For the delivery of the Customer’s Allocations to the Customer’s load, the Scheduling Entity shall coordinate with Customers to utilize (a) transmission rights procured by the Customer, (b) transmission rights procured by the Authority (See Appendix 3), or (c) other transmission rights procured by the Scheduling Entity on behalf of the Authority or a Customer.

In real-time, the Scheduling Entity will coordinate the scheduling and delivery of Contracted Resources on behalf of certain Customers, using a dynamic signal when applicable, up to the amount of each Customer’s Entitlement (as defined in the Power Sales Contract). The Authority anticipates that the Scheduling Entity may integrate its share of Hoover Power, if any, with the Scheduling Entity's other resources for the maximum economic and operational benefit that the Hoover resource brings to Arizona. The Authority anticipates that the Scheduling Entity will utilize a dynamic signal to schedule Contracted Resources. The precise scope of the Scheduling Services will be set forth in the Scheduling Entity Agreement.

Under Section 5 of the Power Sales Contract, the Customer is granted the right to a pro-rata share of Ancillary Services (as defined in the Power Sales Contract), generally consisting of regulation, ramping, and reserves. Each Customer may access its share of Ancillary Services (“Customer Ancillary Services”) through the use of a dynamic signal. With respect to its Customer Ancillary Services, as detailed in Section 5 of the Power Sales Contract, a Customer may elect one of the following options:

(a) The Customer may directly access the Customer Ancillary Services through a dynamic signal maintained by that Customer (the “Direct Access Option”). The Direct Access Option will effectively be available only to those Customers that also serve as a balancing authority;

(b) The Customer may be a retail customer of a host utility, in which case the Customer may provide Customer Ancillary Services to the host utility under a bill crediting or benefit crediting contract (the “Bill Credit Option”).

(c) The Customer may utilize Customer Ancillary Services by granting a third-party selected by the Customer the right to access and manage a dynamic signal associated with the Customer’s Ancillary Services (the “Customer Management Option”). Under the Customer Management Option, Customers may have already selected the third party for dynamic signal management, or may select the third party after evaluating the responses to this RFP; or

(d) Under section 5(f) of the Power Sales Contract, the Customer may explicitly ask the Authority to use its best efforts to market Customer Ancillary Services and associated dynamic signal and find a third-party to manage the Customer Ancillary Services and dynamic signal for the benefit of that Customer (the “Authority Marketing Option”).

For Customers pursuing the Customer Management Option, provision of dynamic signal management will be pursuant to a written agreement between that Customer and the third-party, which will serve as a Scheduling Entity (a “Dynamic Signal Agreement”). The Dynamic Signal Agreement will be subject to the Authority’s approval, not to be unreasonably withheld.

For Customers electing the Authority Marketing Option, based on the responses to this RFP, the Authority will recommend to the Customer the best option for dynamic signal management. The designated Scheduling Entity will enter into a Dynamic Signal Agreement with the Customer; alternatively, the Customer will enter into a Dynamic Signal Agreement with the Authority, and the Authority’s agreement with the designated Scheduling

Entity will provide for dynamic signal management services for that Customer. The net benefit from any such agreement will be passed through to the Customer.

For Customers pursuing either the Customer Management Option or the Authority Marketing Option (each, a “Dynamic Signal Management Customer”), the Dynamic Signal Management Customer will ultimately receive dynamic signal management services pursuant to a Dynamic Signal Agreement, subject to terms and conditions agreed upon with the designated Scheduling Entity.

Exhibit C to this RFP lists the Customers, organized by balancing authority area. The Authority previously surveyed Customers concerning their intentions for Customer Ancillary Services under section 5(e) of the Power Sales Contracts. The results of that survey are summarized as follows:

- 1 Customer, with a Customer Allocation totaling 38.782 MW, elected the Direct Access Option;
- 5 Customers, with Customer Allocations totaling 3.040 MW elected the Bill Credit Option;
- 12 Customers, with Customer Allocations totaling 179.365 MW, pursued the Customer Management Option and have selected a preferred third party for dynamic signal management;
- 35 Customers, with Customer Allocations totaling 182.027 MW, pursued the Customer Management Option and have not yet identified a third party for dynamic signal management;
- 8 Customers, with Customer Allocations totaling 3.331 MW, have asked the Authority to market their Customer Ancillary Services.
- 2 Customers, with Customer Allocations totaling 3.141 MW did not respond to the survey, and are therefore, uncategorized.

Given this distribution, it is possible that only 3.331 MW will be available to the respondents if all of those seeking the Customer Management Option select their own provider.

The Authority intends to identify all Scheduling Entities that will utilize Customer Ancillary Services and/or manage the dynamic signal through this RFP, and as required by section 12 of the Power Sales Contract, enter into a Scheduling Entity Agreement with successful respondents. Accordingly, any Scheduling Entity that has executed or that will execute a Dynamic Signal Agreement with a Customer must respond to this RFP, with the following qualification. Because of transmission constraints and other factors, some Customers may utilize their Customer Ancillary Services through a dynamic signal managed by WAPA, and it may be necessary for WAPA to serve as the Scheduling Entity for these Customers. As a federal agency, WAPA will not respond to a state agency bidding process. Thus, the Authority will not condition the effectiveness of a Dynamic Signal Agreement or Scheduling Entity Agreement with WAPA on participation in this RFP.

In sum, this RFP is intended (1) to identify the Scheduling Entities with which the Authority will enter into Scheduling Entity Agreements; and (2) provide an opportunity for successful respondents to manage Customer Ancillary Services and the dynamic signal for the Customers that have not yet identified a third party for dynamic signal management or that have asked the Authority to market Customer Ancillary Services on their behalf. See Sections VI - VIII below for more detailed information on the Authority's resources, scheduling considerations and processes, and Authority offerings.

III. REQUESTED PROPOSAL

With this RFP, the Authority is requesting proposals from qualified entities to perform the Scheduling Services as a designated Scheduling Entity for purposes of the ESC and Power Sales Contracts. The Authority anticipates designating more than one Scheduling Entity to effectively and efficiently meet the needs of, and deliver the greatest value to, Customers, who are located across the State, in different balancing authority areas, and at different points on the transmission grid.

The successful respondent(s) under this RFP must agree to enter into a Scheduling Entity Agreement for a term of 1 to 5 years, commencing on October 1, 2017. The Scheduling

Entity Agreement will contain terms and conditions substantially similar to those set forth on Exhibit B attached hereto, together with any other terms and conditions on which the Authority and the Scheduling Entity may agree.

The successful respondent(s) under this RFP must also agree, as part of their proposal, to provide dynamic signal management to Dynamic Signal Management Customers.

Notwithstanding the Authority's acceptance of a respondent's proposal, the execution of a Scheduling Entity Agreement with the respondent is conditioned upon satisfaction of at least one of the following conditions: (a) the respondent, if the respondent is a Customer, having elected the Direct Access Option, or (b) a Dynamic Signal Management Customer, or the Authority on behalf of a Dynamic Signal Management Customer, electing to contract with the respondent under a Dynamic Signal Agreement.

IV. PROPOSAL CONTENT

The Authority requests firm proposals in writing from interested entities, which proposals must include, at a minimum:

A. All of the following information pertaining to the respondent and its organization:

1) The name of the organization and/or any subsidiary organizations that will seek to enter into the agreements contemplated under this RFP, and their relationship within their respective corporate structure;
2) The address of the principal place of business of the organization(s);
3) The name of the key individuals who will interact with the Authority on any function contained in the response to this RFP;
4) A statement as to whether the organization is a qualifying exempt entity under Section 103 of the Internal Revenue Code; and
5) The current bond rating or credit rating of the organization(s).

B. All of the following with respect to the Scheduling Services to be performed by the respondent:

1) The proposed term of the Scheduling Entity Agreement (between 1 and 5 years);
2) The means by which the respondent will interface with the Authority and the Customers to manage and track the use of Hoover Power;
3) The methods for coordinating day-ahead and real-time schedules with the Customers;
4) The method for implementing the provisions of the ESC, such as the MSI;
5) The method for coordinating and implementing the provisions of the Power Sales Contract, such as those concerning a Customer's scheduling rights and requirements (see Sections 6,7, and 8 of the Power Sales Contract);
6) A description of the transmission rights necessary for delivery of Contracted Resources, including, if applicable, any transmission rights the respondent must secure;
7) The location and description of generation and transmission resources that will be integrated with the Authority's resources to provide for power deliveries to the Customers.

C. All of the following with respect to dynamic signal management:

1) If applicable, the minimum or maximum number of megawatts for which the respondent is able and willing to perform dynamic signal management under a Dynamic Signal Agreement;
2) The location to which the dynamic signal will be sent;
3) The location from which real-time scheduling, pre-scheduling, and power accounting activities will be undertaken;
4) A description of any new equipment or system that the respondent may need to acquire or construct to implement the transactions described in the proposal;

5) A list of those Customers, if any, with which the respondent has an existing arrangement for dynamic signal management, or that have expressed their intent to contract with the respondent for dynamic signal management;
6) A term sheet containing the proposed terms of a Dynamic Signal Agreement, including, at a minimum:
    a. The proposed term;
    b. The amount(s) (either a fixed value or payment determined on a $/MWh, $/MW/year, $/MW/month, or $/MW/day basis) that respondent will pay to the Dynamic Signal Management Customer, which may be the net amount after consideration of all expenses incurred by the respondent in implementing the agreement;
    c. The terms under which the respondent will make purchases of “firming power” (see Section 6 of the Power Sales Contract);
    d. The terms under which the respondent will provide an energy banking service for the Dynamic Signal Management Customer, including, if applicable, the maximum amount of energy that can be banked and associated time constraints; and
    e. Any other services that the respondent will provide to the Authority or the Dynamic Signal Management Customer.

The respondent may also include any other information it believes appropriate to aid the Authority in making its decision.

V. NOTICE AND CONTROLLING DOCUMENTS

All entities responding to this RFP are hereby notified that notwithstanding any terminology or descriptions contained in this RFP, the following documents, which are attached to and expressly incorporated herein by this reference, contain the controlling rights, obligations, definitions, limitations and meanings upon which the entities responding to this RFP must rely:

Documents	Appendix
Electric Service Contract between the United States of America, Department of Energy, Western Area Power Administration and the Arizona Power Authority	1
Power Sales Contracts between the Arizona Power Authority and individual customers	2
Transmission Contract between the United States of America, Department of Energy, Western Area Power Administration and the Arizona Power Authority[1]	3

The respondent should review and evaluate all contract terms, which bind the Authority, including, but not limited to, the following provisions:

- Section 6.10.2 of the ESC, under which the Authority, subject to certain conditions, through the use of a dynamic signal, has the right to use previously scheduled Synchronized Generation for regulation, ramping, and reserves.
- Section 6.11.2 of the ESC, requiring that power be delivered pursuant to the MSI.
- Section 9 of the ESC, prohibiting the sale for resale of any power contracted for under the ESC.
- Section 5(e) of the Power Sales Contract, under which the Customer has the right to a pro-rata share of available Ancillary Services.
- Section 5(f) of the Power Sales Contract, under which the Authority will market Customer Ancillary Services and dynamic signal that the Customer elects not to use directly.
- Section 12 of the Power Sales Contract, requiring the Authority to designate and contract with one or more Scheduling Entities.

[1] The Authority has a contract with WAPA to provide 870 kW of transmission service on behalf of Silverbell Irrigation & Drainage District and Town of Fredonia. Transmission for the balance of Customers is either provided by the host utility or by customer specific transmission agreements.

The following additional documents that are discussed in this RFP and which may provide insight into the operations and use of the Hoover generation, are attached hereto and incorporated herein by this reference:

Documents	Appendix
Balancing Authority Report at Generation Including Graphs	4
Hoover Master Schedule	5

VI. DESCRIPTION OF AUTHORITY'S RESOURCES

Arizona's Allocation is annually scheduled by WAPA and the Bureau of Reclamation ("Reclamation"). The actual monthly "Entitlement" can be much less depending upon lake levels and run-of-the-river flows. In addition, during several months of the year, the total capacity available from Hoover is much less than the 410 MW in Arizona's Allocation.

Generally, the Authority has the right to pre-schedule available capacity for each hour of the next day or days up to the maximum amount of capacity available with limits in daily energy governed by water releases at Hoover. Amounts of capacity and energy available vary by month and reflect outages for maintenance and emergencies. Typically, maintenance outages are taken during the fall, winter and spring, with maximum capacity being available during June, July, August and September (see Appendix 4). The Hoover units have a combined unit ramping rate of 100 MW/min, a condense-to-generate time of 20 seconds, and a shutdown-to-generate time of 2 to 3 minutes. Capacity and energy are delivered to the Authority's Hoover point of delivery at Mead Substation in southern Nevada (within the WAPA balancing authority).

VII. SCHEDULING CONSIDERATIONS

The Authority's capacity and energy available each month is contained in the Hoover Master Schedule (provided by WAPA). The most recent Hoover Master Schedule with respect to Hoover entitlements for the period before October 1, 2017, is included as Appendix 5. The Hoover Master Schedule takes into account the intended water releases from Hoover in each month; the amount of capacity available based on Reclamation's maintenance schedule at Hoover; the Lake Mead elevation; and any interchanges from one federal project to another. The preliminary Hoover Master Schedule energy quantities are established at the beginning of each contract year (October through September), but the monthly quantities shown in the final Hoover Master Schedule can change upon changes in such things as water releases or maintenance schedules. Each Scheduling Entity will be provided copies of all drafts of the Hoover Master Schedule as soon as they are provided to the Authority. The Scheduling Entity may dynamically schedule (i.e., dispatch every two seconds) the applicable Customer Allocations within the limitations of the capacity and energy available each month and the terms of the Scheduling Entity Agreement.

The capacity portion of Arizona’s Allocation is subdivided into Schedule A capacity, Schedule B capacity, and Schedule D1 and D2 capacity. Although such a curtailment has never occurred and scheduling issues may differ post-2017, under section 6.11.2 of the ESC, the dynamic use of capacity can be reduced by no more than ten (10) percent of Contractor’s Available Capacity for Ancillary Services.

Hoover energy associated with Schedule A capacity, Schedule B capacity, and Schedule D1 and D2 capacity is denoted as Schedule A energy, Schedule B energy, and Schedule D energy, respectively. The Authority is also entitled to receive a third category of Hoover energy, known as Schedule C energy, which is available when the energy available from Hoover in any contract year is greater than the contracted firm energy amounts. See Exhibit A to the ESC. Any Customer or the Authority (at a Customer’s request) may also purchase and schedule supplemental energy (i.e., “firming energy”) from third party sources, up to the equivalent of 100 percent capacity factor of the Customer Allocation of the applicable Customer.

Depending upon system conditions, WAPA will supply reserve capacity described as unloaded synchronized generation by either partially loading generators or motoring generating units. This type of operation will result in less than optimal efficiency of the generating units and, when motoring, would use energy that otherwise could be delivered to the Hoover contractors (i.e., entities purchasing Hoover power from WAPA). This reduced energy production from lost efficiency and motoring is accounted for and is charged against the energy delivered to each Hoover contractor that uses the power plant for this purpose. Reductions in amounts of energy available to the Authority due to reductions in efficiency and motoring will be accounted for and replaced by the Scheduling Entity who uses this Hoover capability, so that there is no reduction in a Customer's entitlement.

VIII. SCHEDULING PROCESS

The schedule below summarizes the existing timeline pertaining to the scheduling of Hoover capacity and energy.

Mid-March — The preliminary Hoover Master Schedule is prepared by WAPA and sent to the Authority. The preliminary Hoover Master Schedule gives the estimated Hoover energy entitlement by month for the next contract year that begins October 1. The estimated energy is broken down by Schedules A, B, C, and D. At this time, the Hoover contractors in the WAPA three-state marketing area (Arizona, California and Nevada) may plan and provide information on exchanges of energy among themselves during the year. In addition, capacity estimates are included and are broken down by Schedules A, B, and D.

Mid-May — WAPA sends a revised Hoover Master Schedule in the same format as the preliminary Hoover Master Schedule described above. This revised Hoover Master Schedule includes energy exchanges among the Hoover contractors.

Mid-July — WAPA sends out the final Hoover Master Schedule in the same format described above including interchanges. The final Hoover Master Schedule can be revised (and usually is revised) by WAPA throughout the contract year. These revisions are made as a result of changes in downstream water requirements and schedules in the Lower Colorado River Basin.

Mid-July — The Authority distributes the final Hoover Master Schedule that includes energy and capacity available to Customers and requests their individual scheduling information. This step is a responsibility of the Authority and requires no action by the Scheduling Entity. The Authority prepares a customer use report which summarizes the capacity and energy scheduled by each Customer in each balancing authority and submits this to each Scheduling Entity before the next contract year. This report is revised monthly, and the revised copy is sent to each Scheduling Entity and the Customers prior to the next operating month. An example of the report is attached as Appendix 4.

By the end of each contract year, the Customers must receive their respective entitlements (subject to layoffs and exchanges, and end-of-year carryover) of Hoover energy as shown in the revised Hoover Master Schedule.

IX. INSTRUCTIONS TO RESPONDENTS

The Authority recognizes that some aspects of the transactions contemplated herein are complex and directly relate to the availability of specific power sources, transmission rights, and contract obligations. Because respondents are likely to have a number of questions about the RFP, the underlying resources, and the contracts, the Authority will hold a conference on **Thursday, May 18, 2017**, to receive and respond to questions concerning this RFP at the Authority offices, 1810 W. Adams Street, Phoenix, Arizona. The Authority will post more information on the conference on its website, www.powerauthority.org. Respondents are encouraged to submit questions in writing at least ten (10) days in advance of the conference, if possible. Questions should be submitted to Mr. Ed Gerak, Executive Director, by email to ed@powerauthority.org, or by mail to Arizona Power Authority, 1810 W. Adams Street, Phoenix, Arizona 85007-2697. The Authority may respond to one or more written questions from the potential respondents in writing, in which event the question and response will be posted on the Authority website.

Proposals must be sent to Mr. Ed Gerak, Executive Director, Arizona Power Authority, 1810 W. Adams Street, Phoenix, Arizona 85007-2697. To be considered, proposals must be received by **5:00 p.m**., Phoenix time, **on May 29, 2017**. Evaluation of the proposals in accordance with Arizona Power Authority Policy APA-2016-004 will take place in June 2017, and it is anticipated that a recommendation will be made to the Authority Commission at its June 2017 meeting.

During the evaluation process, the Authority may, in its sole discretion, direct questions in writing to one or more of the respondents to obtain, for example, clarification of any proposal or additional information for evaluation purposes. Such questions may assist in clarifying and evaluating the proposals in order to make a selection.

Contract negotiations are intended to begin within ten (10) days after the Authority completes its evaluation process, determines that a respondent meets the minimum qualifications set forth in Exhibit A attached hereto, and the respondent is selected by one or more Customers to enter into a Dynamic Signal Agreement, if applicable. A final agreement is expected to be approved by the Authority Commission at its July 2017 meeting, or a subsequent monthly or special meeting thereafter. Operations under the new agreements will begin October 1, 2017; however, scheduling activities may begin in August 2017.

Material provided to the Authority as part of a proposal shall become the property of the Authority and shall be handled and used by the Authority for any reasonable purpose. The respondent will be responsible for all costs associated with the preparation, submittal and clarification, if needed, of its proposal, without exception. All material, information and data submitted by the respondent may be provided to Customers and others as part of the review process.

This RFP creates no obligation upon the Authority nor does it require or obligate the Authority to select any proposal, or limit the Authority's right to reject any and all proposals in its sole and exclusive discretion. The Authority reserves the right to withdraw and terminate this RFP any time prior to execution of agreements.

EXHIBIT A

MINIMUM RESPONDENT QUALIFICATIONS

To be considered, each respondent must have all of the following, as of October 1, 2017:

1. All equipment, systems, infrastructure, personnel, resources, permits, and approvals necessary to implement the agreements and perform the services contemplated under this RFP;
2. The legal ability to use or sell the dynamic signal;
3. Access to a day ahead scheduling service;
4. Access to a 24-hour scheduling service;
5. Access to adequate transmission;
6. Access to a tagging service;
7. Access to independent legal representation sufficient to support its performance;
8. Creditworthiness sufficient to sell banked energy, and buy power for motoring, firming power, and return banked energy; and
9. Access to an appropriate billing/payment service.

EXHIBIT B
TERMS OF SCHEDULING ENTITY AGREEMENT

The Scheduling Entity Agreement will contain all of the following covenants and agreements:

- The Scheduling Entity will perform the Scheduling Entity Services in compliance with the MSI and any scheduling and accounting procedures developed and agreed upon by the Authority and the Scheduling Entity.
- The Scheduling Entity will agree to enter into a Dynamic Signal Agreement with each Customer who has selected the Scheduling Entity to manage the dynamic signal on its behalf.
- The Scheduling Entity must work in conjunction with the Authority, all other Scheduling Entities, balancing authorities, and the applicable Customers to schedule and deliver each Customer's Allocation.
- The Scheduling Entity will implement programs established by the Customers under section 8 of the Power Sales Contract in which the applicable Customers participate.
- The Scheduling Entity will be responsible for scheduling power to the applicable Customers in the most efficient manner possible.
- If the Scheduling Entity has generation and load responsibilities, it may utilize its resources along with Hoover Power to meet a portion of the combined loads of the Scheduling Entity and the applicable Customers.
- The Scheduling Entity must use the Hoover Power in accordance with the laws and contracts governing its use, including any laws restricting the sale of Hoover Power. This includes scheduling power and energy as needed to meet scheduled deliveries for the Customers.
- The Authority shall have the right, among other actions, to require the Scheduling Entity to prove its creditworthiness, by providing a letter of credit or other form of collateral from a creditworthy source satisfactory to the Authority in its sole judgment in the amount of one year's value of the agreement.