

**MASTER POWER PURCHASE AND SALE AGREEMENT
COVER SHEET
(For use with Paragraph 10 to the Collateral Annex)**

This *Master Power Purchase and Sale Agreement*, based on the Edison Electric Institute’s Version 2.1 (modified 4/25/00) (“*Master Agreement*”) is made as of the following date: August 25, 2017 (“Effective Date”). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the “Agreement.” The Parties to this *Master Agreement* are the following:

Name: City of Rochelle, Illinois a Illinois Municipal Utilities (“City of Rochelle” or “Party A”)	Name: Shell Energy North America (US), L.P., a Delaware limited partnership (“Shell Energy” or “Party B”)
All Notices: Street: 700 West 2 nd Avenue City: Rochelle, Illinois Zip: 61068-1540	All Notices: Street: 1000 Main Street, Level 12 City: Houston, Texas Zip: 77002
Attn: Contract Administration Phone: 815-561-2040; Fax: 815-562-5861 Duns: 010231009 Federal Tax ID Number: 36-6006075	Attn: Contracts North America Phone: 877-504-2491; Fax: 713-767-5414 Duns: 83-756-5548 Federal Tax ID Number: 76-0480645
Invoices: Attn: Chris Cardott Phone: 815-561-2043; Fax: 815-562-3888	Invoices: Attn: Power Accounting Phone: 713-767-5500; Fax: 713-767-5414
Scheduling: Attn: Jason Bird Phone: 815-562-4155; Fax: 815-562-5861	Scheduling: <u>Attn: 24 Hour Operations (Houston, Texas)</u> Phone: 1-800-267-2562; Fax: 713-767-5415 <u>Attn: 24 Hour Operations (San Diego, California)</u> Phone: 1-858-320-1500; Fax: 858-320-1550
Confirmations: Attn: Jason Bird Phone: 815-562-4155; Fax: 815-562-3888	Confirmations: Attn: Power Confirmations Phone: 877-504-2491; Fax: 713-767-5414
Option Exercise Line:	Option Exercise Line: (Houston, Texas) Phone: 713-767-5398
Payments: Attn: Chris Cardott Phone: 815-561-2043; Fax: 815-562-3888	Payments: Attn: Power Accounting Phone: 713-767-5500; Fax: 713-767-5414
Wire Transfer: BNK: Central Bank Illinois ABA: 071105002 ACCT: 90911401	Wire Transfer: Bank Citibank, N. A. ABA: 021000089 ACCT: 30603873
Credit and Collections: Attn: Jason Bird Phone: 815-562-4155; Fax: 815-562-3888	Credit and Collections: Attn: Director – Credit Risk Management Phone: 713-767-5329; Fax: 713-230-7925 E-mail: www.margindesk@shell.com
With additional Notices of an Event of Default or Potential Event of Default to: Attn: Dominick Lanzito, City Attorney Phone: 312-724-8035; Fax: 312-896-9318	With additional Notices of an Event of Default or Potential Event of Default to: Attn: General Counsel Phone: 713-767-5500; Fax: 713-230-2900

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff: N/A

Party B Tariff: Market-Based Rate Tariff, as amended October 27, 2016 and accepted February 9, 2017, FERC Docket Number ER17-201-000, and as may be amended from time to time.

Article Two	
Transaction Terms and Conditions	<input checked="" type="checkbox"/> Optional provision in Section 2.4. If not checked, inapplicable.
Article Four	
Remedies for Failure to Deliver or Receive	<input checked="" type="checkbox"/> Accelerated Payment of Damages. If not checked, inapplicable.
Article Five	<input checked="" type="checkbox"/> Cross Default for Party A:
Events of Default; Remedies	<input checked="" type="checkbox"/> Party A: City of Rochelle
	Cross Default Amount \$5,000,000
	<input type="checkbox"/> Other Entity: _____
	Cross Default Amount \$ _____
	<input checked="" type="checkbox"/> Cross Default for Party B:
	<input checked="" type="checkbox"/> Party B: Shell Energy
	Cross Default Amount \$50,000,000
	<input type="checkbox"/> Other Entity: _____
	Cross Default Amount \$ _____
	5.6 Closeout Setoff
	<input type="checkbox"/> Option A (Applicable if no other selection is made.)
	<input checked="" type="checkbox"/> Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: With respect to Shell Energy, "Affiliates" shall mean Shell Energy and its subsidiaries.
	<input type="checkbox"/> Option C (No Setoff)
Article 8	8.1 Party A Credit Protection:
Credit and Collateral Requirements	(a) Financial Information:
	<input checked="" type="checkbox"/> Option A <input type="checkbox"/> Option B Specify: _____ <input type="checkbox"/> Option C Specify: _____
	(b) Credit Assurances:
	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable
	(c) Collateral Threshold: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable
	(d) Downgrade Event: <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Applicable
	If applicable, complete the following:
	<input checked="" type="checkbox"/> It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below BBB- or lower from S&P or below Baa3 or lower from Moody's or if Party B is not rated by either S&P or Moody's.
	<input type="checkbox"/> Other: Specify: _____
	(e) Guarantor for Party B: N/A
	Guarantee Amount: N/A
	8.2 Party B Credit Protection:
	(a) Financial Information:
	<input checked="" type="checkbox"/> Option A <input type="checkbox"/> Option B Specify: _____ <input type="checkbox"/> Option C Specify: _____
	(b) Credit Assurances:
	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable
	(c) Collateral Threshold: <input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Applicable

	Party A Independent Amount:
	Party A Rounding Amount:
	(d) Downgrade Event:
	<input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/> Applicable
	If applicable, complete the following:
	<input checked="" type="checkbox"/> It shall be a Downgrade Event for Party A if Party A Credit Rating falls below BBB- or lower from S&P or below Baa3 or lower from Moody's or if Party A is not rated by either S&P or Moody's.
	<input type="checkbox"/> Other: Specify:
	(e) Guarantor for Party A: N/A
	Guarantee Amount: N/A
Article 10	
Confidentiality	<input checked="" type="checkbox"/> Confidentiality Applicable If not checked, inapplicable.
Schedule M	
	<input checked="" type="checkbox"/> Party A is a Governmental Entity or Public Power System
	<input type="checkbox"/> Party B is a Governmental Entity or Public Power System
	<input checked="" type="checkbox"/> Add Section 3.6. If not checked, inapplicable
	<input type="checkbox"/> Add Section 8.4. If not checked, inapplicable
Other Changes	Specify, if any: See additional provisions set forth below.

ADDITIONAL PROVISIONS. The following provisions are amended, added or deleted as indicated:

Article One – General Definitions

1.1 Affiliates. Add the following to the end of the paragraph: “Notwithstanding the foregoing with respect to Shell Energy, “Affiliates” shall mean Shell Energy and its subsidiaries for purposes of Section 5.6 and Section 10.2(vi).”

1.4 Business Day. Delete the first sentence and replace it to read as follows: “Business Day” means any day except a Saturday, Sunday, the Friday immediately following the Thanksgiving holiday or a Federal Reserve Bank Holiday.

1.12 Credit Rating”. Delete in line 4 “issues” and replace it with “issuer”.

1.27 Letter(s) of Credit”. Delete “or a foreign bank with a U.S. branch” and replace it with “or a U.S. branch of a foreign bank (which is not an Affiliate of either Party)”.

1.50 Recording. Delete the reference to “Section 2.4” and replace it with “Section 2.5”.

1.51 Replacement Price. Delete in line 5 “at Buyer's option” and replace it with “absent a purchase”.

1.53 Sales Price. Delete in line 5 “at Seller’s option” and replace it with “absent a sale”.

1.62 Merger Event. Add the following definition as Section 1.62: ““Merger Event” means, with respect to a Party or its Guarantor, that such Party or its Guarantor consolidates or amalgamates with, or merges into or with, or transfers substantially all of its assets to, or reorganizes, reincorporates or reconstitutes into or as another entity and at the time of such consolidation, amalgamation, merger or transfer, reorganization, reincorporation or reconstitution:

(i) the resulting entity fails to assume all of the obligations of such Party hereunder or of such Party’s Guarantor under its guaranty; or

(ii) the benefits of any credit support provided pursuant to this Agreement, or any guaranty provided by such Party’s Guarantor, fail to extend to the performance by such resulting, surviving or transferee entity of its obligations hereunder; and

(iii) the resulting entity's creditworthiness is materially weaker than that of such Party or its Guarantor immediately prior to such action; provided, however, the creditworthiness of the resulting entity shall not be deemed to be "materially weaker" so long as it maintains a credit rating of at least **BBB-** with S&P or **Baa3** with Moody's."

Article Two - Transactions Terms and Conditions

2.4 Additional Confirmation Terms. Delete from line 7, after the words "unless agreed to", the words "either orally or".

2.5 Recording. Add to line 5, after the words "and may be submitted", the words "to law enforcement and regulatory agencies for investigation purposes or".

Article Three – Obligations and Deliveries

3.3 Force Majeure. Delete from the last sentence "resume performance of" and replace it with "make-up".

Article Four – Remedies For Failure to Deliver

4.3 Suspension of Performance. Notwithstanding, and in addition to the remedies provided pursuant to Sections 4.1 and 4.2, if Seller or Buyer fails to schedule and/or deliver/receive all or part of the Product pursuant to a Transaction for a period of three (3) or more consecutive days during any Delivery Period, and such failure is not excused under the terms of the Product, by the other Party's failure to perform or by agreement of the Parties, then upon one (1) Business Day prior notice, and for so long as the non-performing Party fails to perform, the performing Party shall have the right to suspend its performance under such Transaction. In the event the performing Party suspends performance pursuant to this Section 4.3, it shall not be obligated to resume performance until it has received notice from the non-performing Party at least one (1) Business Day prior to the date upon which the non-performing Party intends to resume its performance.

Article Five – Events of Default; Remedies

5.1(e) Events of Default shall be amended by adding "or the Collateral Annex hereto" at the end of that subsection.

5.1(f) Delete (f) in its entirety and replace it with: "a Merger Event occurs with respect to such Party."

5.1(g) Delete from line 8 "or becoming capable at such time of being declared".

5.1(h)(v) Add to the last sentence "made in connection with this Agreement" immediately after the words "any guaranty".

5.1(h)(vi) Add as a new Section: "a Merger Event occurs with respect to a Guarantor."

5.2 Declaration of an Early Termination Date and Calculation of Settlement Amount Delete the last sentence and replace it with the following:

"(i) Calculation by Non-Defaulting Party. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction or group of Terminated Transactions as of the Early Termination Date (or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions or group of Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, then each such Transaction or group of Terminated Transactions (individually, an "Excluded Transaction" and collectively, the "Excluded Transactions") shall be terminated as soon thereafter as reasonably practicable), and upon termination shall be deemed to be a Terminated Transaction or group of Terminated Transactions and the Termination Payment payable in connection with all such Terminated Transactions or group of Terminated Transactions shall be calculated in accordance with Section 5.3 below.

(ii) Calculating Gains and Losses. The Gains and Losses for each Terminated Transaction or group of Terminated Transactions shall be determined by calculating, in a commercially reasonable manner, the amount that would be

incurred or realized to replace or to provide the economic equivalent of the remaining payments or deliveries in respect of that Terminated Transaction or group of Terminated Transactions.

(iii) Sources of Information. The Non-Defaulting Party (or its agent) may determine its Gains and Losses by reference to information either available to it internally or supplied by one or more third parties including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets.

(iv) Third Party Sources. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information.

(v) Gains and Losses Comparable to Market. Notwithstanding the foregoing, the Non-Defaulting Party's determination of Gains and Losses for each Terminated Transaction or group of Terminated Transactions shall be comparable to that which would have been obtained by comparing the value of the remaining term, transaction quantities, and transaction prices under each Terminated Transaction or group of Terminated Transactions had it not been terminated to the equivalent quantities and relevant market prices for the remaining term which are reasonably expected to be available in the market under a replacement contract for each Terminated Transaction or group of Terminated Transactions.

(vi) Replacement Transactions. It is expressly agreed that the Non-Defaulting Party shall not be required to enter into a replacement Transaction in order to determine the Settlement Amount."

5.4 Notice of Payment of Termination Payment. Add the following at the end:

"The Termination Payment shall bear interest at the Interest Rate from the date upon which notice is effective until paid. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date (including for these purposes amounts payable pursuant to Excluded Transactions) have been fully and finally performed and that the Defaulting Party has returned any Performance Assurance of the Non-Defaulting Party's that is held simultaneously or before the Non Defaulting Party makes any Termination Payment hereunder."

5.7 Suspension of Performance. Delete from line 5 "ten (10)" and replace it with "twenty (20)".

Article Six – Payment and Netting

6.4 Netting of Payments. Delete from line 2 "on the same date" and add in line 3 "during any given month" immediately after "all Transactions".

Article Seven – Limitations

7.1 Limitation of Remedies, Liability and Damages.

(i) Delete the first sentence in its entirety and replace it with the following: "EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN, (A) SELLER HEREBY NEGATES ALL EXPRESS, IMPLIED, OR STATUTORY REPRESENTATIONS AND WARRANTIES OF ANY KIND, INCLUDING THOSE RELATING TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, AND (B) BUYER ACKNOWLEDGES THAT IT IS RELYING ON ITS OWN JUDGMENT IN ENTERING INTO THIS AGREEMENT AND IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION OF SELLER OR OF ANY AGENT OR EMPLOYEE OF SELLER."

(ii) Delete in line 15 "UNLESS EXPRESSLY HEREIN PROVIDED".

(iii) Add in line 19 “PROVIDED, HOWEVER, NOTHING IN THIS SECTION SHALL AFFECT THE ENFORCEABILITY OF THE PROVISIONS OF THIS AGREEMENT RELATING TO REMEDIES FOR FAILURE TO DELIVER/RECEIVE IN SECTIONS 4.1 AND 4.2, AND CALCULATION AND PAYMENT OF THE TERMINATION PAYMENT IN SECTIONS 5.2 AND 5.3.” immediately after the words “ANY INDEMNITY PROVISION OR OTHERWISE”. Add to the end of the last sentence “AND ARE NOT PENALTIES”.

Article Eight – Credit and Collateral Requirements

8.1 Party A Credit Protection.

8.1(a) Financial Information. Option A: (i) delete in line 2 “annual report containing” and (ii) add in line seven add the phrase “or International Financial Reporting Standards (“IFRS”) at the end of the words “accounting principles”

8.1(b) Credit Assurances. Delete in line 5 “shall have three (3) Business Days” and replace it with “shall have one (1) Business Day”.

8.1(d) Downgrade Event. Add in line 5 “or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing” immediately after “receipt of notice”.

8.2 Party B Credit Protection.

8.2 (a) Financial Information. Option A. Add in line seven the phrase “or International Financial Reporting Standards (“IFRS”) at the end of the words “accounting principles”.

8.2(b) Credit Assurances. Delete in line 5 “shall have three (3) Business Days” and replace it with “shall have one (1) Business Day”.

8.2(d) Downgrade Event. Add in line 5 “or fails to maintain such Performance Assurance or guaranty or other credit assurance for so long as the Downgrade Event is continuing” immediately after “receipt of notice”.

8.3 Grant of Security Interest/Remedies. Add to the end of this section: “Notwithstanding the foregoing,

(i) such rights and remedies may only be exercised upon Performance Assurance provided by or on behalf of the Defaulting Party and in the possession of, or maintained for the benefit of, the Non-Defaulting Party or its agent,

(ii) the Non-Defaulting Party may not exercise such rights and remedies against the Defaulting Party and/or Performance Assurance provided by or on behalf of the Defaulting so long as the Defaulting Party has paid all of its obligations under this Agreement then due, and

(iii) the Non-Defaulting Party may apply the proceeds of the Performance Assurance realized upon the exercise of such rights and remedies in such order as it may elect.”

8.4 UCC Waiver. Add the following as Section 8.4:

“Section 8.4: Section 8 of the Agreement and, if applicable, the Collateral Annex, set forth the entirety of the agreement of the Parties regarding credit, collateral and adequate assurances. Except as expressly set forth in the options elected by the Parties in respect of Sections 8.1 and 8.2, in Section 8.3, and in the relevant portions of the Collateral Annex, neither Party:

(a) has or will have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, or

(b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Section 8 of this Agreement;

and all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived.”

8.5 Administration of Cash.

(A) The Secured Party shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, and (2), the Secured Party or its Guarantor has a Credit Rating from S&P or Moody’s and the lowest Credit Rating for the Secured Party or its Guarantor is BBB or Baa2 or higher from S&P or Moody’s. Notwithstanding the provisions of applicable law, the Secured Party shall have the right to sell, pledge, assign, invest, commingle or otherwise dispose of or use in its business any cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party. If the Secured Party has elected to sell, pledge, assign, invest, use, commingle or otherwise dispose of such cash, Secured Party shall be deemed to be holding such Performance Assurance for the purpose of exercising (i) any right to request or obligation to return Performance Assurance under the Agreement or (ii) its rights or remedies as a secured party hereunder. To the extent the Secured Party is entitled to hold Cash, the Performance Assurance Interest Rate payable to the Pledging Party on Cash shall be Performance Assurance Interest Rate in accordance with the provisions of 8.5 (C) below.

(B) If such Party is entitled to hold Cash, then it will be entitled to hold Cash or to appoint an agent which is a Qualified Institution (a “Custodian”) to hold Cash for it provided that the conditions for holding Cash that are set forth in the above Section 8.5 (A) are satisfied. If such Secured Party or its Custodian fails to satisfy any conditions for holding cash or if Secured Party is not entitled to hold cash at any time, then the Secured Party will Transfer, or cause its Custodian to Transfer the cash to a segregated, safe keeping or custody account with a Qualified Institution no later than the close of business on the next Business Day following such non-compliance.

In the event that the Secured Party or its Custodian is holding Cash and upon request, the Secured Party will Transfer (or caused to be Transferred) to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by the Secured Party or its Custodian), the Interest Amount. The Pledging Party shall invoice the Secured Party monthly setting forth the calculation of the Interest Amount due, and the Secured Party shall make payment thereof by the later of (A) the third Local Business Day of the first month after the last month to which such invoice relates or (B) the third Local Business Day after the day on which such invoice is received. On or after the occurrence of a Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party or its Custodian shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of the Pledging Party under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default.

(C) Definitions. With respect to this Section 8.5 the following definitions will apply.

“Interest Amount” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day; multiplied by (b) the Interest Rate for that day, divided by (c) 360.

“Interest Period” means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Local Business Day on which Cash was Transferred to such Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

“Performance Assurance Interest Rate” means the rate for that day opposite the caption “Federal Funds (Effective)” as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

“Qualified Institution” means (i) the U.S. office of a commercial bank or trust company (which is not an Affiliate of either party) organized under the laws of the United States (or any state or a political subdivision thereof), or (ii) the U.S. branch of a foreign bank (which is not an Affiliate of either party), in each case having assets of at least \$10 billion, and having Credit Ratings of at least A3 by Moody's and at least A- by S & P.

“Transfer” means, with respect to any Performance Assurance or Interest Amount, and in accordance with the instructions of the Party entitled thereto (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by the recipient (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the recipient.

Article Ten – Miscellaneous

10.2 Representations and Warranties.

10.5 Assignment. Delete clause (ii) and the portion of clause (iii) before the words “provided, however”, and replace them with the following: “(ii) transfer or assign this Agreement to an Affiliate of such Party so long as (x) such Affiliate’s creditworthiness is equal to or higher than that of such Party or the Guarantor as of the Effective Date, if any, for such Party, or (y) the obligations of such Affiliate are guaranteed by such Party or its Guarantor, if any, in accordance with a guaranty agreement in form and substance satisfactory to the other Party, and (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party whose creditworthiness is equal to or higher than that of such Party or its Guarantor, if any, as of the Effective Date; ...”

10.6 Governing Law. Add to the first sentence: “OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAWS” immediately after the words “CONFLICTS OF LAWS”.

10.8 General. Add at the end of the second to last sentence: “and the rights of either Party pursuant to (i) Article 5, (ii) Section 7.1, (iii) Section 10.11 (iv) Waiver of Jury Trial provisions, if applicable, (v) Arbitration provisions, if applicable, (vi) the obligation of either Party to make payments hereunder shall also survive the termination of the Agreement or any Transaction.”

10.10 Bankruptcy Issues. Delete Section 10.10 in its entirety and replace with the following: “The Parties intend that (i) all Transactions constitute a “forward contract” within the meaning of the United States Bankruptcy Code (the “Bankruptcy Code”) or a “swap agreement” within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Agreement constitute “settlement payments” within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by one Party to the other Party under this Agreement constitute “margin payments” within the meaning of the Bankruptcy Code; and (iv) this Agreement constitutes a “master netting agreement” within the meaning of the Bankruptcy Code.”

10.11 Confidentiality.

(i) Add to the first sentence “or any non-public financial statements disclosed by a Party” after the phrase “conditions of a Transaction” and “including the Illinois Open Records law (5 ILCS 140/1)” after the phrase “any applicable law”.

(ii) Add to the first sentence “or the Party’s Affiliates” between “other than the Party’s” and “employees”.

(iii) Add to the first sentence “insurers,” between “accountants,” and “or”.

(iv) Add to the first sentence “or to the extent such information is delivered to such third party for the sole purpose of calculating a published index” after the phrase “or regulatory proceeding”.

(v) Add at the end of the section: “With respect to information provided in connection with a Transaction, this obligation shall survive for a period of one (1) year following the expiration or termination of such Transaction. With respect to financial statements provided in connection with the Agreement, this obligation shall survive for a period of three (3) years following the date such financial statements were provided to a Party”

The following new provisions are added to Article Ten:

10.12 Market Disruption, Index Transactions. If the Contract Price for a Transaction is determined by reference to a third-party information source, then the following provisions shall be applicable to such Transaction.

(a) Market Disruption. If a Market Disruption Event occurs during a Determination Period, the Floating Price for the affected Trading Day(s) shall be determined by reference to the Floating Price specified in the Transaction for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the 12th Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined by each Party obtaining in good faith a quote from a leading dealer (other than either of the Parties) in the relevant market and averaging the two quotes; provided, however, that if the Parties are unable to obtain quotations within twelve (12) Business Days thereafter, Shell Energy shall be entitled to declare an Early Termination Date for the affected Transactions in accordance with Section 5.2. Notwithstanding the foregoing, if the Parties have determined a Floating Price pursuant to this Section and at a later date the responsible exchange, publication or market announces or publishes the relevant Floating Price, then such Floating Price shall be treated as a corrected price and either Party may notify the other Party of the correction and the amount payable as a result of that correction in accordance with Section 10.12(b) hereof.

“Determination Period” means each calendar month a part or all of which is within the Delivery Period of a Transaction.

“Exchange” means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.

“Floating Price” means a Contract Price specified in a Transaction that is based upon a Price Source.

“Market Disruption Event” means, with respect to any Price Source, any of the following events:

- (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating Price;
- (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price;
- (c) the temporary or permanent discontinuance or unavailability of the Price Source;
- (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or
- (e) a material change in the formula for or the method of determining the Floating Price.

“Price Source” means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.

“Trading Day” means a day in respect of which the relevant Price Source published the Floating Price.

(b) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than three (3) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

10.13. No Challenges; Defense of Agreement. Neither Party will exercise any of its respective rights under Section 205 or Section 206 of the Federal Power Acts to challenge or seek to modify any of the rates or other terms and conditions of this Agreement.

10.14 FERC Standard of Review; Mobile-Sierra Waiver. The following is added to the Agreement as Section 10.14: FERC Standard of Review; Mobile-Sierra Waiver.

- (a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting sua sponte, shall solely 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) and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527, 128 S.Ct. 2733 (2008), and *NRG Power Marketing LLC v. Maine Public Utility Commission*, 558 U.S. 527 (2010) (the “Mobile-Sierra” doctrine).
- (b) In addition, and notwithstanding the foregoing subsection (a), to the fullest extent permitted by applicable law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under §§ 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted by applicable law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable law or market conditions that may occur. In the event it were to be determined that applicable law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this subsection (b) shall not apply, provided that, consistent with the foregoing subsection (a), neither Party shall seek any such changes except solely under the “public interest” application of the “just and reasonable” standard of review and otherwise as set forth in the foregoing section (a).

10.16 Utility Disclaimer. Each Party further agrees that, for purposes of this Agreement, the other Party is not a “utility” as such term is used in 11 U.S.C. Section 366, and each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort.

10.21 Utility Special Entity Status. City of Rochelle, Illinois represents that it is a “utility special entity” and that to the extent any transaction hereunder may be construed to be a swap, such transaction is a “utility operations swap,” as such terms are defined in U.S. Commodity Futures Trading Commission Regulation 1.3(ggg)(4)(i)(B)(2) and (3).

The following is inserted as a new Section 10.22:

“10.22 Dodd Frank Treatment.

Representations. Unless Party A and Party B specify otherwise in a Confirmation, Party A and Party B agree that all Transactions entered between them under the Master Agreement shall either be a forward contract within the meaning of the Commodity Exchange Act, as amended (“CEA”), and the regulations of the Commodity Futures Trading Commission (“CFTC”) or qualify for the commodity trade option exemption under CFTC Regulation § 32.3. In accordance with this Agreement, the Parties make the following representations:

Forward Contract. The Parties agree that as of the date any Transaction is entered into between the Parties:

- (i) each Party represents to the other that it is a commercial market participant with respect to the specified commodity;
- (ii) each Party represents to the other that it intends to make or take physical delivery of the specified nonfinancial commodity; and
- (iii) to the extent a transaction has volumetric optionality, the holder of such optionality represents to the other Party (a) that such optionality is primarily intended to address physical factors (such as weather,

environmental factors, customer demand, available production, transport, shipping, operational constraints, or other physical factors) or regulatory requirements that reasonably influence demand for, or the supply of, the specified nonfinancial commodity; and (b) that such optionality is not primarily intended to address price risk.

Commodity Trade Option. To the extent a Transaction is, or is deemed to be, a commodity option, the Parties agree that as of the date the Transaction is entered into between the Parties:

- (i) the seller of the option represents to the buyer of the option that in connection with the Transaction, the seller of the option is either (a) an eligible contract participant as defined in section 1a(18) of the CEA and the regulations of the CFTC, or (b) a producer, processor, commercial user of or a merchant handling the commodity that is the subject of the Transaction, or the products or byproducts thereof, and is offering or entering into the Transaction solely for purposes related to its business as such;
- (ii) the buyer of the option represents to the seller of the option that in connection with the Transaction the buyer of the option is a producer, processor, commercial user of or a merchant handling the commodity that is the subject of the Transaction or the products or byproducts thereof and is offering or entering into the Transaction solely for purposes related to its business as such; and
- (iii) each Party represents to the other that the option, if exercised, would result in the sale of an exempt commodity for immediate or deferred delivery.

Buybacks and Sellbacks. From time to time, the Parties may enter into one or more Transactions for a deemed buyback or sellback of, or to otherwise adjust or offset, previously contracted for volumes and then subsequently net the Transactions and volumes at issue. To the extent such Transactions offset or cancel each other, the Transactions shall be deemed integrated as one Transaction for purposes of the foregoing representations.

Deemed Acceptance. Notwithstanding any contrary language in the Master Agreement, to the extent that (i) a Confirmation is issued for a particular Transaction, (ii) such Transaction includes Forward Contract or Commodity Trade Option language substantially similar to the foregoing, and (iii) such Confirmation is deemed accepted in accordance with the Master Agreement, the Forward Contract or Commodity Trade Option language contained therein shall also be deemed accepted and the representations shall be made by each Party as of the date of the Confirmation without the necessity of an actual signature on such Confirmation.”

10.23 **Counterparts.** This Agreement may be executed in as many counterparts as are necessary and all executed counterparts together shall constitute one and the same Agreement. The electronic transmission of a signed original counterpart of this Agreement and transmission, or re-transmission, of an electronically-signed counterpart shall be deemed to be the same as delivery of a signed original counterpart of this Agreement. At the request of either Party, the Parties will confirm an electronically signed or transmitted counterpart by signing an original counterpart for delivery between them by mail or courier service; provided, however, a Party’s failure to so confirm such a counterpart shall not affect the validity and enforceability of this Agreement.

Schedule M –

Schedule M is modified as follows:

- (i) “Act” shall mean 65 ILCS 5/Art 11 Div 117.
- (ii) In paragraph C, part (i), delete the phrase “including without limitation, competitive bidding, public notice, election, referendum, prior appropriation or other required procedures has”, and insert in its place the words “have been”.
- (iii) Paragraph G of Schedule M shall be modified to insert “ILLINOIS” in the blank space therein.

Schedule P – Products and Related Definitions: Add the following:

“Other Products” If the Parties agree to a service level/product defined by reference to a different agreement (for example, the WSPP Agreement) for a particular Transaction, then, unless the Parties expressly state and agree that all the terms and conditions of such other agreement will apply, such reference to a service level/product shall be as defined by such other agreement, including if applicable, the regional reliability requirements and guidelines as well as the specific excuses for performance, Force Majeure, Uncontrollable Forces, or other such excuses applicable to such other agreement, to the extent inconsistent with the terms of this Agreement, but all other terms and conditions of this Agreement remain applicable.

“CAISO Energy” means with respect to a Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the California Independent System Operator (“CAISO”) (as amended from time to time, the “Tariff”) for which the only excuse for failure to deliver or receive is an “Uncontrollable Force” (as defined in the Tariff). A CAISO Schedule Adjustment” (defined as a schedule change implemented by the CAISO that is neither caused by, or within the control of, either Party) shall not constitute an Uncontrollable Force (as defined in the Tariff).

“West Firm” means with respect to a Transaction, a Product that is or will be scheduled as firm energy consistent with the most recent rules adopted by the WECC for which the only excuses for failure to deliver or receive are if an interruption is (i) due to an Uncontrollable Force as provided in Section 10 of the WSPP Agreement; or (ii) where applicable, to meet Seller's public utility or statutory obligations to its customers. Notwithstanding any other provision in this Agreement, if Seller exercises its right to interrupt to meet its public utility or statutory obligations, Seller shall be responsible for payment of damages for failure to deliver firm energy as provided in Article 4 of this Agreement.

“WECC” means the Western Electric Coordinating Council, formerly Western Systems Coordinating Council, or its successor.

“WSPP Agreement” means the WSPP Inc.’s Agreement as amended from time to time.

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

City of Rochelle

Shell Energy North America (US), L.P.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____