

TERM SHEET

This Term Sheet dated as of December 19, 2023, summarizes the proposed terms and conditions of a potential agreement by and between US Wind, Inc., a Delaware C-Corporation having its operational offices in Baltimore, Maryland (“**US Wind**”) and the State of Delaware (the “**State**”). US Wind and the State may each be referred to herein as a “**Party**”, and together as the “**Parties**”.

I. Overview and Purpose

US Wind is developing plans to construct and operate two wind energy generating facilities in an offshore wind lease area designated by the U.S. Bureau of Ocean Energy Management off the coast of the Delmarva Peninsula: (1) “**MarWin**”, an approximately 308 megawatt (“**MW**”) project that is scheduled to commence commercial operations in 2027; and (2) “**Momentum Wind**”, an approximately 825 MW project that is scheduled to commence commercial operations in 2028 (each a “**Project**” and collectively, the “**Projects**”).

US Wind plans to interconnect the Projects to the existing Delmarva Power & Light (“**DPL**”) Indian River substation facility adjacent to the Indian River Power Plant facility (the “**DPL Facilities**”). Such interconnection will require: (i) the installation of certain electrical transmission facilities within the State of Delaware, which will include, but are not limited to, a minimum of three cable landfalls, with one landfall on the Atlantic coast (cables from the Atlantic Ocean to the 3Rs Beach parking lot), one landfall on the shore of Indian River Bay (from 3Rs Beach to Indian River Bay), and one inland landfall near the existing DPL Facilities, underground cable vaults, buried electrical transmission lines, and associated interconnection facilities (“**Onshore Transmission Facilities**”); and (ii) connecting the Projects’ (up to) four submarine export cable(s) (“**Export Cables**”) to the Onshore Transmission Facilities.

The Parties wish to ensure the people, communities, and ratepayers of Delaware receive benefits from the development, construction, and operation of the Projects, through direct lease payments, lower electricity costs, increased grid reliability, community benefit payments, and acquiring renewable energy credits (“**RECs**”), at no cost to Delaware ratepayers, produced by the Projects. Among other things, the Projects will require the State to grant certain lease or easement rights to make landfall at 3Rs Beach (a “**3Rs Beach Lease**”).¹ The Parties plan to enter into negotiations with respect to a 3Rs Beach Lease and any associated agreements. This Term Sheet outlines the key terms and conditions, the benefits that are anticipated to accrue to the State and its communities in connection with the Projects, and the prerequisites to receipt of those benefits.²

¹ Note: These rights may be conferred in the form of a lease or easement agreement.

² This non-binding Term Sheet is intended for discussion purposes only. This Term Sheet is not an agreement between the Parties or an offer to enter into such an agreement, but rather is an expression of the present intentions of the Parties and is subject to, and conditioned upon, the completion of due diligence, legal review, the negotiation, execution, and delivery of final documents to the reasonable satisfaction of the Parties, and receipt of required internal approvals. This Term Sheet does not reference all of the terms, conditions (including without limitation internal approvals), representations, warranties, covenants, and other provisions that would be contained in the definitive documentation for the transactions contemplated by this Term Sheet. This Term Sheet does not constitute and will not give rise to any legally binding obligation on the part of either Party or any of such Party’s affiliates. Neither of the Parties or any of their respective affiliates shall be legally bound with respect to the transactions contemplated by this Term Sheet unless and until the Parties have executed and delivered to each other a definitive, binding written lease agreement as contemplated in this Term Sheet. Moreover, except as expressly provided in any such definitive, binding written agreement, no past, present, or future action, course of conduct, or failure to act relating to the transactions contemplated by this Term Sheet or relating to the negotiation of the terms of such transactions will give rise to or

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Separate from the 3Rs Beach Lease, US Wind will also need to apply to the State for one or more permits under applicable law for the Projects to interconnect to the DPL Facilities. For the avoidance of doubt, nothing in this Term Sheet or any 3Rs Beach Lease entered into pursuant thereto shall influence or prejudice in any way the State's independent review of any permit application with respect to the Projects, which in all cases shall be compliant with applicable law and the State's authority and jurisdictional limitations.

II. 3Rs Beach Lease Terms and Conditions

Parties: US Wind.

The Delaware Department of Natural Resources and Environmental Control ("DNREC"). (3Rs Beach Lease negotiations will be undertaken by DNREC's Division of Parks and Recreation on behalf of the State.)

Purpose: US Wind wishes to develop, construct, and operate the Projects.

To construct and operate the Onshore Transmission Facilities and Export Cables associated with the Projects, US Wind must secure certain lease or easement rights from the State to land the Export Cables and install the Onshore Transmission Facilities in the Delaware Seashore State Park at 3Rs Beach. (US Wind must separately secure certain permits to submerge the Export Cables offshore, and then under Indian River Bay, and to install the Onshore Transmission Facilities at the Indian River Substation.)

US Wind wishes to demonstrate its good faith cooperation with the State and to ensure the people, communities, and ratepayers of Delaware receive benefits from the development, construction, and operation of the Projects.

The State wishes to ensure the people, communities, and ratepayers of Delaware receive benefits from the development, construction, and operation of the Projects.

Lease Term: The Parties will negotiate a term of the 3Rs Beach Lease that covers the expected operation of the Projects.

Lease Payment: US Wind will pay to the State a 3Rs Beach Lease payment of \$350,000 per year, which amount shall be subject to annual increases of 3%. This 3Rs Beach Lease payment is separate and apart from any fees or other payments associated with any other required permits, and any such fees or payments (should such permits be issued) shall be consistent with published guidance for the relevant permits.

Additional US Wind Obligations: US Wind will undertake the following:

- File all the required application materials with DNREC in connection with any required permits.
- Refrain from construction within the Delaware Seashore State Park during the period from May 15 through September 15, to permit a fully functioning

serve as the basis for any obligation or other liability on the part of any such Party or any of its affiliates.

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park during the heavy-use season, provided that ongoing construction materials may remain onsite if safely secured.

- Reasonably cooperate with the State in communications with government agencies, elected officials, and the public regarding the construction activity for the Projects.
- Include as an exhibit to the 3Rs Beach Lease the design envelope of the cable landings, and make reasonable commercial efforts to ensure that the interconnection of the Projects to the DPL Facilities is consistent with such exhibit and that any changes to the design do not unnecessarily impede or otherwise interfere with the development, construction, or operation of other current or planned offshore wind energy projects that would interconnect or supply power to the State of Delaware or its ratepayers.
- Post a bond or similar financial assurance based on anticipated decommissioning costs of any facilities covered by the 3Rs Beach Lease prior to commencement of construction of such facilities.

Development Terms:

The 3Rs Beach Lease will contain terms and conditions governing access, operation, and maintenance of the 3Rs Beach parking lot in the Delaware Seashore State Park and in Indian River Bay during the construction period of the Projects.

Other Terms:

The 3Rs Beach Lease shall include, among other things, reasonable and customary terms for agreements of its nature, including but not limited to conditions precedent to closing, representations and warranties, and provisions addressing indemnifications and limits on liability, termination rights and dispute resolution. In keeping with applicable law, the State is not permitted to indemnify US Wind under any contract.

Expenses

Each Party will bear its own costs incurred in connection with these transactions. US Wind and its counsel will be responsible for producing the initial drafts of the 3Rs Beach Lease.

Governing Law

The 3Rs Beach Lease shall be governed by, construed, and enforced under the laws of the State of Delaware.

Binding on Successor and Assigns:

US Wind's obligations under the 3Rs Beach Lease will be binding on its successors and assigns to any rights of US Wind relating to the Projects.

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III. Community Benefits

Subject to the conditions set forth below, in connection with the Projects, US Wind will provide the following benefits to Delaware communities:

1. **Lower Electricity Bills** - The transaction is anticipated to reduce ratepayer costs for electricity by \$329 million in gross terms over the contract term by:
 - Providing 150,000 MWhs of zero-cost RECs annually once both Projects are operational, saving ratepayers \$76 million over the contract term (as described in greater detail in Section IV herein) and
 - Lowering energy and capacity prices in Delaware by \$253 million over the contract term by introducing into the regional electricity market a new, low-variable cost resource.

These benefits are anticipated to reduce the average residential ratepayer's annual electricity bill by \$9.

2. **Increase Reliability of the Electric Grid** - US Wind anticipates funding over \$200 million in upgrades to the transmission system on the Delmarva peninsula in connection with the Projects. These upgrades to the existing transmission system will be directed by PJM and executed by local transmission owners. These upgrades are anticipated to increase reliability of the local electric grid and reduce congestion costs to Delaware ratepayers.

3. **Community Benefit Payments** - US Wind will pay to the State or to entities designated by the State, in a manner consistent with applicable law, benefit payments totaling but not exceeding \$40 million. The benefit payments will be made pursuant to an agreed-upon funding schedule, with such payments to be directed by the State, in the State's sole discretion, among the following project categories:

- Dredging – Funding for State-administered maintenance dredging of public waterways to preserve recreational boating safety and restore Inland Bays ecosystems.
- Workforce development – Funding for curriculum development and grant programs at the University of Delaware, Delaware State University, and Delaware Technical Community College, as well as seed money to stand up an offshore wind training center in the State.
- Expand the 21st Century Program & Funding – Funding for environmental planning, facility enhancement, stewardship, interpretation, self-sufficiency and modernization, environmental justice, public-private partnerships, and the youth and veteran conservation corps.
- Grow the Environmental Education Scholarship Fund held at the Delaware Community Foundation – Funding for student participation in environmental education programs.
- Establish a Delaware State Parks Resiliency Fund – Funding would improve the infrastructure of Delaware's coastal State Parks to accommodate increased visitation and adapt to meet changes due to climate change.

These Community Benefit Payments are subject to (i) at least one Project achieving Commercial Operation (defined below) and (ii) agreement on a funding schedule that spans over the operational life of the first

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Project to reach Commercial Operation, with at least fifty percent (50%) of such funding to be delivered within the first five (5) years of either Project's achievement of Commercial Operation.

IV. Renewable Energy Benefits

US Wind anticipates that the Projects will more than double Delaware's in-State or directly delivered renewable energy. Once both Projects are operational, they will generate approximately 150,000 MWhs per year of RECs – more than twice the amount of in-State renewable energy generation in Delaware from existing wind, solar, and biomass facilities.

US Wind will supply such RECs for the benefit of Delaware's ratepayers as follows:

REC Transfers: US Wind will supply RECs as established by the 2005 Renewable Energy Portfolio Standards Act (26 Del. C. § 351 – § 364) at no cost to Delaware ratepayers during the REC Transfer Period (defined herein). US Wind will make such RECs (either generated from the Projects or obtained from third parties) available for transfer annually notwithstanding any of its obligations pursuant to Maryland Public Service Commission Orders Nos. 88192 and 90011.

REC Grantor: US Wind.

REC Grantee: The public or private entities designated by the State Energy Office to serve as grantee or grantees.

REC Transfer Obligation: US Wind's obligations to transfer RECs from each Project are subject to such Project achieving Commercial Operation. The obligation to transfer RECs will begin on the date of the first delivery of RECs following the Commercial Operation of either Project, but no later than thirty (30) days after such Commercial Operation has been achieved. The obligation will end (i) 20 years after the first delivery of RECs to the State generated by MarWin, or (ii) 20 years after the first delivery of RECs to the State generated by Momentum Wind, whichever is later (the "**REC Transfer Period**").

"**Commercial Operation**" means a state of operational readiness under which (i) generating capacity is available and physically producing electric energy, and (ii) all rights, abilities, permits and approvals to schedule and deliver energy have been obtained.

REC Price: \$0.00 for the REC Transfer Period.

Quantity: US Wind will grant and transfer: (i) at least 40,000 RECs per annum associated with the energy produced by MarWin once that Project achieves Commercial Operation, and (ii) at least 110,000 RECs from Momentum Wind once that Project achieves Commercial Operation (each, a "**Minimum Grant Threshold**"). RECs generated and granted in excess of a Minimum Grant Threshold in a given year may be used to satisfy other Minimum Grant Thresholds in that year, past year shortfalls or future years during the Term.

If US Wind fails to grant RECs sufficient to meet any Minimum Grant Threshold in any given year, and two years later, the Minimum Grant Threshold remains unmet after applying any excess RECs, US Wind will purchase or otherwise

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obtain substantially similar RECs that are compliant with Delaware's Renewable Portfolio Standard in force on such date and grant and transfer such RECs to fully compensate for such shortfall.

The applicable Minimum Grant Threshold will be adjusted downward, by 133 RECs per MW of nameplate capacity, to the extent the applicable Project's nameplate capacity upon its Commercial Operation Date is less than: 309 MW for MarWin and 825 MW for Momentum Wind.

Delivery:

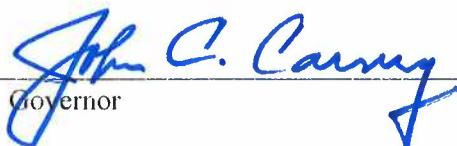
Deliveries of RECs will commence each year during the REC Transfer Period. During each such year, US Wind anticipates delivering RECs following US Wind's satisfaction of its obligations pursuant to Maryland Public Service Commission Orders Nos. 88192 and 90011, and any subsequent Maryland Public Service Commission Orders respecting the Projects or any additional offshore wind projects ("**Maryland Obligations**"). For the avoidance of doubt, US Wind's obligation to satisfy the Minimum Grant Thresholds or provide compensatory RECs will be independent of and shall not be contingent upon US Wind satisfying any Maryland Obligations.

US Wind will register the Projects with the PJM Generation Attribute Tracking System ("**GATS**") and will transfer RECs to the recipient GATS account(s) as directed by the State Energy Office.

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By their signatures below, the Parties agree that this Term Sheet reflects our understanding as to the terms and conditions set forth herein as of December 19, 2023.

The State of Delaware

By: 
Governor

US Wind, Inc.

By: 
Chief Executive Officer