

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (this “Agreement”) is made as of this ____ day of March, 2021 (the “Effective Date”), by and between the Middle Susquehanna Riverkeeper Association (“MSRKA”) and Talen Energy Corporation (“Talen”), Talen Generation, LLC (“Generation”) and Montour, LLC, (“Montour”), collectively with MSRKA, the “Parties.”

WHEREAS, Montour, LLC (“Montour”) owns and operates the Montour Steam Electric Facility (the “Montour Facility”) located at 18 McMichael Road, in Washingtonville, Derry Township, Montour County, Pennsylvania; and

WHEREAS, the Montour Facility combusts coal to generate electricity; and

WHEREAS, MSRKA asserts that it has claims against Talen and Montour under various Environmental Laws, as that term is defined below, in connection with coal-related operations at the Montour Facility; and

WHEREAS, Talen and Montour deny that they have violated any Environmental Laws and further deny that MSRKA has valid claims related to operations at the Montour Facility; and

WHEREAS, the Parties desire to settle all matters related to coal combustion operations at the Montour Facility and thereby avoid the costs, delay, and uncertainty of litigation; and

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and intending to be legally bound, the Parties hereby agree as follows:

A. DEFINITIONS

1. “Environmental Laws” shall mean the Clean Water Act, 33 U.S.C. §§ 1251 *et seq.*, and its implementing regulations (including without limitation, the Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category, 40 C.F.R. part 423), the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and its implementing regulations, the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*, and its implementing regulations, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*, and its implementing regulations (including without limitation, the Coal Combustion Residuals or CCR Rule, 40 C.F.R. § 257.50 *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.* and its implementing regulations, the Pennsylvania Clean Streams Law, 35 P.S. §§ 691.1- 691.1001, the Pennsylvania Air Pollution Control Act, the Pennsylvania Solid Waste Management Act, 35 P.S. §§ 6018.101-6018.1003, including without limitation, the Residual Waste Regulations, 25 Pa. Code Chapters 287-289, the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §§ 6020.103- 6020.1305, and the Pennsylvania Land Recycling and Environmental Remediation Standards Act, 35. P.S. §§ 6026.101- 6026.909, and each of their respective implementing regulations.

B. ACTIONS BY TALEN, GENERATION AND MONTOUR

1. Montour agrees to cease the combustion of coal at the Montour Facility by December 31, 2025.

2. Within thirty (30) days of the Effective Date of this Agreement, Montour will contract with an engineering firm to study the hydraulics of Lake Chillisquaque to determine the likelihood of the Lake sustaining a reasonable water level (similar to a natural lake that is subject to normal water variation) without pumping to the Lake from the Middle Susquehanna River. Montour will send confirmation and a copy of a scope of work to MSRKA when the firm has been retained. The study will be completed within nine (9) months from the time that Montour executes a contract with the engineering firm. Within fourteen (14) days of receipt of the final report, Montour will send the completed study and all underlying data relied upon therein to MSRKA electronically.

3. Generation will offer to donate, to a governmental or non-governmental 501(c)(3) organization identified by MSRKA, Lake Chillisquaque, the associated dam and adjacent surrounding lands, including the boat launch, parking lot areas, existing trail systems, pavilions, fossil pit, miscellaneous recreation buildings and the education center building, as delineated in the map attached as Attachment A (the "Preserve") within two (2) years after the Montour Facility no longer needs the water supply. The Parties expect that the Preserve will remain open to the public for recreational and educational purposes until the donation and deed transfer of the Preserve is made, assuming that Generation is able to contract with a third party for the operation and maintenance of the Preserve on terms acceptable to Generation. The Parties acknowledge that the donation will require the legal subdivision of two deeds and Generation will be responsible for the cost of the required surveying and subdivision activities. Talen will send MSRKA a copy of the offer to donate when it is sent to the potential transferee; MSRKA agrees that the offer to donate will require the transferee to accept the Preserve with a deed restriction and/or conservation easement, limiting the future use of the Preserve to recreational (and not commercial) purposes. Montour agrees to continue pumping to the Lake until the Montour Facility no longer needs water for its operations. Within thirty (30) days of the transfer of the Preserve, Talen will contribute the sum of one million dollars (\$1,000,000) to the transferee of the Preserve, subject to the terms of an appropriate escrow agreement to ensure that the funds are used for the operation, upkeep and maintenance of the Preserve. Talen will provide MSRKA with written notice of the transfer of the Preserve within thirty (30) days of the transfer and will provide MSRKA with written notice that the payment to the transferee has been made within thirty (30) days of completion of the payment.

a. Montour agrees to send MSRKA notice of the date on which Montour anticipates that it no longer needs the water supply, as specified in subparagraph 3, above, as soon as practicable once that date is known. This additional notification requirement will not be subject to liquidated damages in Paragraph F.

4. Montour will cease placement of all coal combustion residuals ("CCRs") and wastewater into Ash Basin #1 (AB1) by December 31, 2025 or earlier if required by law, regulation, and/or by the Environmental Protection Agency ("EPA").

5. Montour will complete closure of AB1 by October 17, 2028 (the CCR required deadline) or earlier if required by law, regulation, and/or EPA using a synthetic cap instead of a clay cap. Montour will remove standing water from AB1 prior to completing installation of the cap.

6. Montour will install a new background monitoring well for AB1, the location and design of which will be determined mutually between Montour and MSRKA's experts. The Parties agree to use their best efforts to determine the location and design of the new background monitoring well for AB1 within ninety (90) days following execution of this agreement. The date of installation of the new background monitoring well will be within ninety (90) days of selection of the location and design of the well by the Parties; provided, however that date can be extended by as much as an additional ninety (90) days for good cause (e.g., weather, driller availability, PADEP approval of well installation, etc.). This new well will become an additional representative background well for CCR compliance purposes, and Montour will submit information and data for this new well as required by the CCR Rule, including posting changes to the Basin 1 Groundwater Monitoring System Certifications to add the new well within ninety (90) days of its installation and advising MSRKA of the posting within fourteen (14) days. Montour will also make information and data for this new well available to DEP when and as required by applicable regulations and permits. Montour will continue its current practice of interwell comparisons unless EPA specifies another method.

7. Montour will collect, pump, and treat at full capacity water from the Northwest French Drain until such time as groundwater in the CCR Rule wells impacted by the Northwest French Drain qualify for no corrective measures, per the CCR Rule, for three years or at least until October 17, 2028, the date that capping of AB1 will be complete, whichever occurs later.

8. Montour will cease return flow of French Drain wastewater to Outfall 050 by August 31, 2021 and meet all water quality effluent limitations by August 31, 2023 for Outfall 053, in accordance with Montour's NPDES permit.

9. Sixty (60) days after the French Drain wastewater is commingled with the flue gas desulfurization ("FGD") wastewater for discharge from Outfall 053, Montour will begin collecting quarterly samples of Lithium and Strontium and submit quarterly sampling results to MSRKA within ninety (90) days after the results are received by Montour and to DEP with its next NPDES permit renewal application or modification request, whichever occurs first.

10. Within ninety (90) days following the Effective Date of this Agreement, Montour shall propose a Sampling Plan tailored to identify whether the surface water in Chillisquaque Creek and Mud Creek present acceptable risk, based on DEP Guidelines. The Parties will work together to arrive at a mutually agreed upon Sampling Plan, following DEP Guidelines; that plan will include sampling for strontium, boron, and all CCR rule Appendix IV pollutants. Montour will monitor surface water in the Chillisquaque Creek and Mud Creek, in accordance with the Sampling Plan, quarterly for one year. Within sixty (60) days after the last quarterly sampling event, Montour will send MSRKA the completed studies and all underlying data relied upon in the study.

11. Montour will monitor the Montour Facility Federal CCR wells for as long as required by the CCR Rule, but at least for thirty (30) years.

12. Montour will provide water treatment to the Trinity Church (850 Cardinal Road, Danville, PA) as long as it is legally occupied.

13. Within 60 days of the Effective Date of this Agreement, Talen will pay MSRKA or its designee \$200,000 to use for environmental purposes consistent with MSRKA's mission.

C. RELEASE

In consideration of Talen, Montour and Generation's undertakings in Section B above, MSRKA agrees not to pursue any enforcement action or any other litigation against Talen, Montour or Generation with respect to the Montour Facility and will release and covenant not to sue Talen, Montour and Generation for any claims arising under existing Environmental Laws as defined above, that MSRKA has or may have as of the Effective Date of this Agreement in any way related to coal combustion operations at the Montour Facility. "Claims" is used in this Agreement in its broadest sense, including without limitation any and all claims, causes of action, demands, actions and/or rights of action for damages, penalties, declaratory and injunctive relief, or other rights of action. MSRKA does not waive the right to enforce any violation of Montour's environmental permits first arising after the Effective Date of this Agreement or to comment on or challenge future Federal or State permits for the Montour Facility; provided however, that MSRKA agrees not to comment on or challenge: (a) a CCR Rule compliance deadline for AB1 of December 31, 2025, consistent with paragraph B.4 of this Agreement; (b) the closure of AB1 in place in accordance with paragraph B.5 of this Agreement; and/or (c) the adjustment of the Effluent Limitations Guidelines ("ELGs") compliance date for the Montour facility to December, 31, 2025 in an NPDES permit modification or renewal. Nothing contained herein is intended to waive Montour's obligations to comply with, or MSRKA's right to enforce, future laws or regulations enacted after the Effective Date of this Agreement, including future laws or regulations that impact Montour's compliance dates with either the ELG or the CCR, or to prevent MSRKA from seeking to enforce the terms of this Agreement in accordance with Section D below.

D. DISPUTE RESOLUTION

1. In the event that the Parties are unable to agree on the location and design of the new background well referenced in Paragraph B.6, the Sampling Plan referred to in Paragraph B.10, or any other technical issue arising under this Agreement ("Technical Dispute"), the Party's respective technical representatives will jointly select a neutral technical consultant ("Technical Neutral") to mediate the Technical Dispute and, failing mediation, review each Party's position and decide the Technical Dispute. The Technical Neutral's decision will be binding on the Parties. Talen agrees to pay 100% of the costs of the jointly-selected Technical Neutral.

2. For all other, non-technical disputes under this Agreement ("Non-Technical Dispute"), the Party invoking dispute resolution will send the other Party a written notice, describing the matter in dispute and providing the other Party thirty (30) days to respond and/or cure any alleged breach of the Agreement. Any Non-Technical Dispute will first be the subject of informal negotiations between the Parties' principals in an attempt to resolve the dispute and/or alleged breach. If the Parties are unable to resolve the Non-Technical Dispute, their representatives shall jointly select a third-party neutral to mediate the Non-Technical Dispute. Talen agrees to pay 100% of the costs of the jointly-selected Non-Technical Neutral. If

the mediation fails, then and only then, may the Parties resort to a legal action in court in accordance with Section H.

E. FORCE MAJEURE

If Talen, Montour or Generation is prevented from complying in a timely manner with any time limit contained in this Agreement solely because of a strike, fire, flood, act of God or other circumstance beyond its reasonable control, Talen, Montour or Generation, as the case may be, shall notify MSRKA orally within seven (7) working days and in writing within fourteen (14) working days of the date Talen, Montour or Generation becomes aware or reasonably should have become aware of the event delaying performance. An increase in the cost of performing the obligations in this Agreement shall not alone be considered circumstances beyond Talen Montour or Generation's control. The mere existence of the novel coronavirus and COVID-19 in the states in which the work contemplated by this Consent Decree and plans submitted hereunder does not in and of itself excuse performance. Talen, Montour and Generation must take all reasonable steps to mitigate reasonably foreseeable delay that may occur as a result of the novel coronavirus or COVID-19. If MSRKA does not agree to extend the deadlines under this Agreement to account for the force majeure event, the resulting dispute will be addressed under Section D. 2 above.

F. LIQUIDATED DAMAGES

1. In the event Talen, Montour or Generation fail to comply in a timely manner with the compliance provisions set forth below, unless a later deadline is agreed by the Parties in writing, Talen, Montour or Generation shall pay liquidated damages to MSRKA in the amount determined under the following schedule:

a. For any violation of subparagraph(s) B.2, B3, or B.6 through B.13 (with the exception of the notice required by paragraph B.3.a), \$250.00 per day for each violation;

b. For any violation of subparagraph B.1, B.4, or B.5, \$1,500.00 per day for the first 30 days of each violation, and \$3,000.00 per day for each violation extending beyond the first 30 days.

2. Talen, Montour or Generation shall be liable for liquidated damages to MSRKA as specified above, unless excused under Section E (Force Majeure) of this Agreement or an alternate date is agreed up under Section F. 1. A violation includes failing to perform any obligation required by the terms of this Agreement according to all applicable requirements of this Agreement and within the specified time schedules established by or approved under this Agreement. Liquidated damages shall begin to accrue on the day after performance is due or on the day a violation occurs, whichever is applicable, and shall continue to accrue until performance is satisfactorily completed or until the violation ceases. Liquidated damages shall accrue simultaneously for separate violations of this Agreement.

3. Subject to Talen, Montour or Generation invoking Section D (Dispute Resolution) of this Agreement, Talen, Montour or Generation shall pay any liquidated damages

pursuant to this section, within 30 days of receiving a written demand by MSRKA and the payment shall be forwarded as described in the written demand.

4. Liquidated damages shall accrue during Dispute Resolution but shall not be paid unless and until MSRKA prevails in that dispute, in which case, the damages shall be paid within 30 days of a final decision on the dispute.

5. Any payment under this paragraph shall neither waive Talen, Montour or Generation's duty to meet its obligations under this Agreement nor preclude MSRKA from commencing an action for another breach of this Agreement. This payment resolves only Talen, Montour or Generation's liability for liquidated damages arising from the violation of this Agreement for which the payment is made.

G. AGREEMENT

This Agreement contains the final, complete agreement among the Parties with respect to the terms of the settlement that are embodied in this Agreement and supersedes all prior agreements and understandings, whether oral or written, concerning the settlement terms embodied herein, including without limitation the November 6, 2020 Final Term Sheet Agreement. The terms of the Agreement may not be modified, altered, or changed except upon the express written consent of the Parties. MSRKA, Talen, Montour and Generation acknowledge and agree that this Agreement has been negotiated by and among Parties of equal bargaining power and each has had the opportunity to contribute to its drafting. It is not to be construed in favor of or against any Party hereto. Talen, Montour, and Generation agree that the applicable terms of the Agreement shall be binding on their respective officers, agents, servants, employees, successors, and assigns. Talen, Montour, and Generation shall provide a copy of this Agreement to all officers, employees, and agents whose duties might reasonably include compliance with any provision of this Agreement, as well as any contractor retained to perform work required under this Agreement, and Talen, Montour, and Generation shall condition any such contract upon performance of the work in conformity with the terms of this Agreement.

H. NO ADMISSION

Nothing contained in this Agreement is or shall be construed as an admission by Talen, Montour or Generation of any liability, breach of duty, unlawful conduct, or violation of any local, state, or federal law, permit, regulation, or ordinance, all such liability being expressly denied. This Agreement shall not be admitted into evidence in any proceeding except a proceeding to enforce the terms of the Agreement in accordance with Section D. 2 above.

I. GOVERNING LAW

This Agreement is made and shall be governed by and construed under the laws of the Commonwealth of Pennsylvania without regard to any choice of law or conflict of law principles. Any proceedings initiated by either Party in accordance with Section D.2 shall be brought in either the Court of Common Pleas for Montour County or the United States District Court for the Middle District of Pennsylvania, as appropriate for the nature and size of the dispute.

J. NOTICES

All notices under this Agreement shall be served by electronic mail addressed as follows:

If to MSRKA:

John Zaktansky,
Executive Director
Middle Susquehanna RIVERKEEPER® Association, Inc.
112 Market Street
Sunbury, Pennsylvania 17801
midsusriver@gmail.com

With a copy to:

Mary E. Greene
Deputy Director
Environmental Integrity Project
1000 Vermont Avenue NW, Ste. 1100
Washington, DC 20005
(202) 263-4449
mgreene@environmentalintegrity.org

If to Talen:

Debra L. Raggio
Senior Vice President/Regulatory & External
Affairs Counsel
117 Oronoco Street
Alexandria, VA 22314
Debra.Raggio@talenenergy.com

With a copy to:

David J. Paulin, Esquire
Associate General Counsel
600 Hamilton Avenue, Suite 600
Allentown, PA 18101
David.Paulin@talenenergy.com

If to Montour:

Debra L. Raggio
Senior Vice President/Regulatory & External

Affairs Counsel
117 Oronoco Street
Alexandria, VA 22314
Debra.Raggio@talenenergy.com

With a copy to:

David J. Paulin, Esquire
Associate General Counsel
600 Hamilton Avenue, Suite 600
Allentown, PA 18101
David.Paulin@talenenergy.com

If to Generation:

Marc A. Jackson
Director of Real Estate and Property Management
600 Hamilton Avenue, Suite 600
Allentown, PA 18101
Marc.Jackson@talenenergy.com

With a copy to:

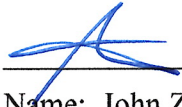
David J. Paulin, Esquire
Associate General Counsel
600 Hamilton Avenue, Suite 600
Allentown, PA 18101
David.Paulin@talenenergy.com

K. COUNTERPARTS AND AUTHORIZATION

This Agreement may be signed in two or more counterparts, which together shall constitute a single, integrated agreement binding upon all the Parties and their successors and assigns. Signatures may be delivered by facsimile or electronically, and such signature shall be treated as the original thereof. Each undersigned representative of a Party certifies that he or she is fully authorized to enter into and legally bind such Party to this Agreement.

IN WITNESS WHEREOF, the Parties intending to be legally bound by the terms and conditions of this Agreement have executed this Agreement or caused this Agreement to be executed on their behalf by their duly authorized representative.

FOR MSRKA:

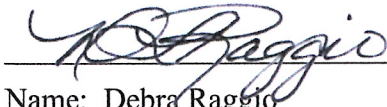


Name: John Zaktansky

Title: Executive Director

Date: 3/1/2021

FOR TALEN ENERGY CORPORATION:

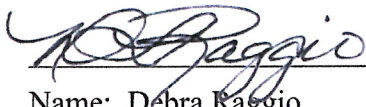


Name: Debra Raggio

Title: Senior Vice President/Regulatory & External Affairs Counsel

Date: 3/1/2021

FOR MONTOUR, LLC



Name: Debra Raggio

Title: Senior Vice President/Regulatory & External Affairs Counsel

Date: 3/1/2021

FOR TALEN GENERATION, LLC

Name: Marc A. Jackson

Title: Director of Real Estate and Property Management

Date:

FOR MSRKA:

Name: John Zaktansky
Title: Executive Director
Date:

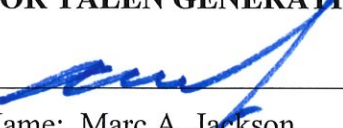
FOR TALEN ENERGY CORPORATION:

Name: Debra Raggio
Title: Senior Vice President/Regulatory & External Affairs Counsel
Date:

FOR MONTOUR, LLC

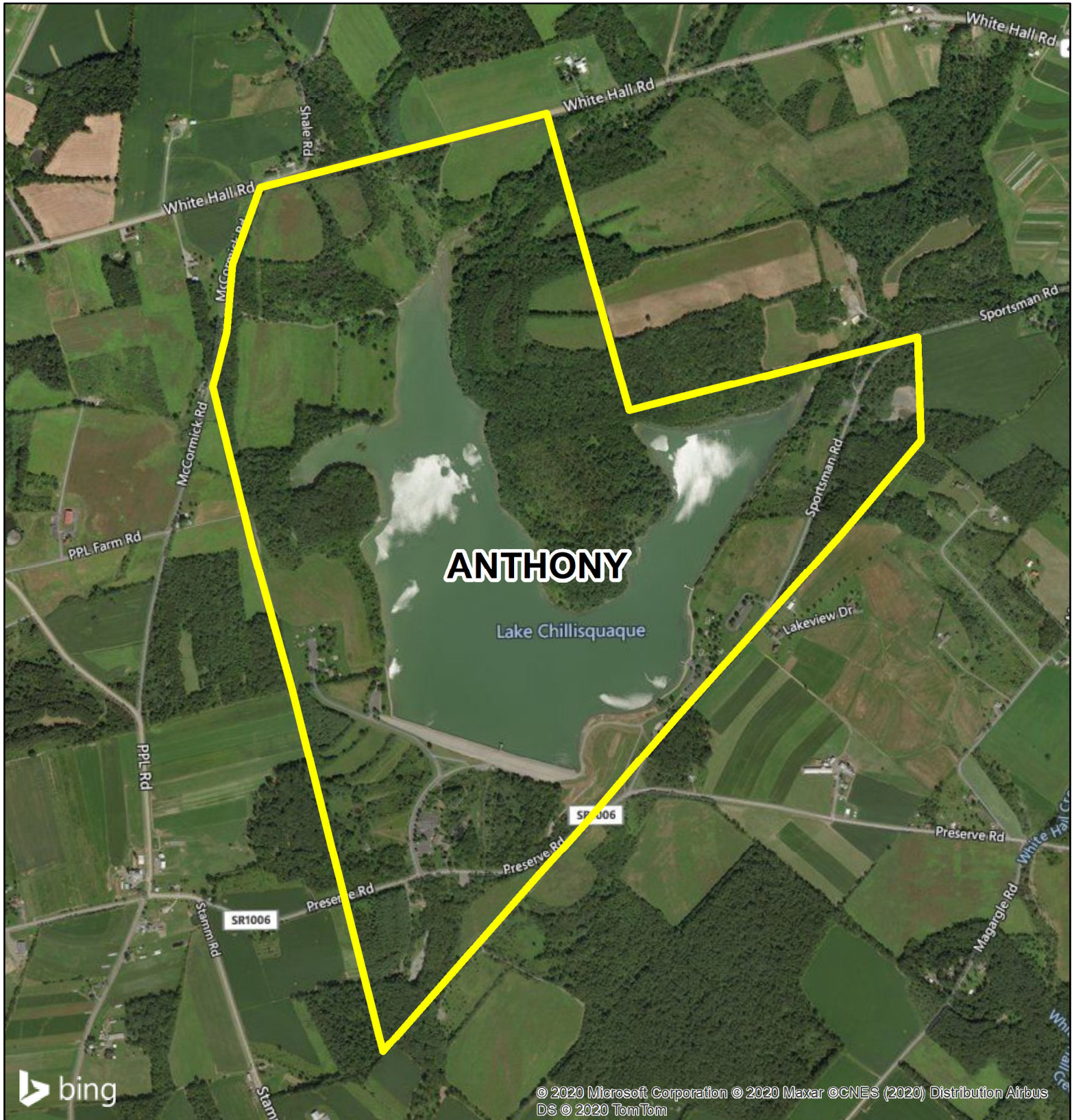
Name: Debra Raggio
Title: Senior Vice President/Regulatory & External Affairs Counsel
Date

FOR TALEN GENERATION, LLC



Name: Marc A. Jackson
Title: Director of Real Estate and Property Management
Date: March 1, 2021

ATTACHMENT “A”



Legend



Montour Preserve

Total Transfer Area: 640.27 AC



Map Note: This map is not a legal survey and should not be interpreted as such.

