

STATEMENT OF CONSIDERATIONS

REQUEST BY SOUTHERN COMPANY SERVICES, INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC02-05CH11327 ENTITLED "DEVELOPMENT OF THE UPGRADE OF THE GENERATOR VOLT AMPERE REACTIVE RESERVE (GENVARR) SYSTEM;" W(A)-05-051; CH-1338

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, Southern Company Service, Inc. has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above-identified cooperative agreement by its employees and its subawardees' employees, regardless of tier, except inventions made by subawardees eligible to retain title to inventions pursuant to P.L. 96-517, as amended, and National Laboratories.

Referring to item 2 in the Petitioner's waiver petition, the purpose of this agreement encompasses the development of a near real time measurement system to enable power transmission system operators to determine the remaining reactive power capability of the generating plants in the transmission system. This enables the system operators to more accurately control the generating plant with consequent improvement in current performance and in positioning the transmission system for links to other transmission systems.

The work under this agreement is expected to take place over a period of about one year at a total cost of \$663,979. Of that amount, the Petitioner is obligated to cost share \$263,979, or about 40 percent of the total cost of the project.

In view of the cost sharing and other equities between Petitioner and its subawardees, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly, DOE will waive title to all subject inventions made by Petitioner's employees and its subawardees' employees, regardless of tier, except inventions made by subawardees eligible to retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to Petitioner or its subawardees, as mutually agreed by the parties. Except as otherwise approved in writing by DOE Patent Counsel, a party's acceptance of a subaward under this agreement, at any tier, shall constitute Petitioner's certification that it has provided that party with a copy of this Statement of Considerations and that party's notice to DOE that it accepts the terms and conditions of this advance waiver. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

Referring to items 5-9 of the Petitioner's waiver petition, the Petitioner is the parent company of five operating electric utilities with over four million customers in eight states. This, coupled with the Petitioner's cost sharing, clearly demonstrates the likelihood that the Petitioner will continue development and commercialization of the results of this agreement.

This advance waiver of the Government's rights in inventions is subject to the government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause (paragraph t) which requires products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to

do so. The awardee further agrees to make the above condition binding on any assignee, licensee or other entity acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Awardee or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. Rather, the success of this technology can be expected to stimulate investment, not only in this technology, but also in competing technologies as well.


Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver be granted.


Bradley W. Smith
Acting Assistant Chief Counsel
Intellectual Property Law Division

Date: 3/17/06

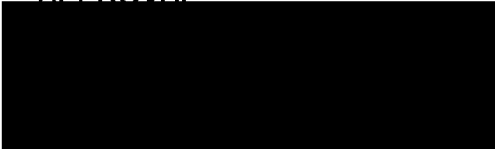
Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver will not apply to any modification or extension of the agreement, where through such modification or extension, the purpose, scope or cost of the agreement has been substantially altered.

CONCURRENCE:


Philip Overholt, Program Manager
Electricity Delivery and Energy Reliability

Date: 4/3/06

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and Intellectual
Property, GC-62

Date: 4-5-06

WAIVER ACTION - ABSTRACT

W(A)-05-051 (CH-1338)

REQUESTOR

Southern Company
Services, Inc. under
Cooperative Agreement
No. DE-FC02-05CH11327

CONTRACT SCOPE OF WORK

Development of the Upgrade of the
Generator Volt Ampere Reactive Reserve
(GENVARR) System

RATIONALE FOR DECISION

40% cost sharing

DISPOSITION