

Surety Bond

Bond Number:

WITNESSETH: This Surety Bond given by _____ as Principal, and _____, a corporation organized and existing under the laws of the State of _____, and licensed to transact the business of surety in the State of California, as Surety, are jointly and severally bound unto San Diego Gas & Electric Company, as Obligee, in the amount of _____ Dollars and no/100 (\$_____), for the payment of which Principal and Surety bind themselves, their heirs, executors, administrators, successors, assigns or other legal representatives.

WHEREAS, the Principal and Obligee have entered into various agreements, including but not limited to Principal's application under the Generator Interconnection and Deliverability Allocation Procedures, or under any subsequent *[list applicable agreement]* between Obligee, the California Independent System Operator, and Principal as may be amended from time to time (each hereinafter the "Agreement" or collectively the "Agreements"). Each Agreement is by reference made a part hereof and incorporated herein, and in relation to such Agreements all terms and definitions contained herein shall carry the same meaning as established in such Agreement; and,

WHEREAS, the Principal has promised to pay the Obligee any and all amounts owing or arising from any Agreement when due; and,

WHEREAS, the Surety promises to pay to the Obligee any such amounts under or arising from any Agreement entered into on or before the effective date of termination of this Surety Bond; and

WHEREAS, if Principal does not make such payment, the Obligee shall provide notice to the Surety and the Surety shall render payment to the Obligee within five (5) business days of receipt of such notice.

NOW, THEREFORE, the condition of the obligation is such that if the Principal shall pay or cause to be paid to the Obligee, within the time required under the Agreement, all amounts arising from such Agreement(s) that may at any time hereafter be due and owing to the Obligee by the Principal, then this obligation shall be null and void, otherwise to remain in full force and effect. In consideration of the Obligee's agreement to enter into each of the Agreements with the Principal, Principal and Surety jointly and severally, irrevocably and unconditionally agree to pay to Obligee, its successors and assigns all payments due from Principal to Obligee arising from or relating to any Agreement as follows: If Principal does not pay such amount when due, then Surety shall pay the same by wire transfer of immediately available funds, no later than five (5) business days after Obligee provides notice to Surety, subject to the limitations and conditions herein set forth.

This Bond is subject to the following terms and conditions:

1. Notwithstanding anything herein to the contrary, the term of this Bond shall be indefinite commencing on _____. In no event shall the Bond amount be cumulative from year to year, or exceed the amount stated above.
2. Subject to the provisions of paragraph 3 below, the Surety shall have the right to terminate its liability hereunder at any time by giving notice in writing to the Obligor and stating therein the effective date of such termination which date shall not be less than sixty (60) days after receipt of said notice by the Obligor. Such notice shall not limit or terminate any obligation of Surety arising from or relating to any Agreement entered into prior to the effective date of such termination by Surety, regardless of whether any such obligation is due before or after such termination is effective. Written notice of termination must be sent by certified letter, return receipt requested, to San Diego Gas & Electric, Commercial & Credit Risk, 8326 Century Park Court, San Diego, CA 92123 Attn: Commercial & Credit Risk Mail Code: CP21D.
3. Notwithstanding anything herein to the contrary, any such termination by Surety shall be effective and shall end Surety's liability hereunder only if Principal provides Obligor with replacement security acceptable to Obligor in its sole discretion in an amount equal to the amount of this Bond. If Principal fails for any reason to provide acceptable replacement security before the scheduled termination date, Surety's notice of termination will automatically and without any further notice or action, be deemed rescinded and this Bond shall continue in full force and effect.
4. Multiple draws are permitted under this Bond. Obligor may provide any notice or demand to Surety by fax (with a copy to Principal). For this purpose, Surety's fax number is _____, and Principal's fax number is _____.
5. Surety waives any defense whatsoever to payment of amounts owing by Principal to Obligor other than actual payment by Principal to Obligor (subject to paragraph 6 below), including, but not limited to Surety's failure to receive notice of amendments to any Agreement, Obligor's waiver of, failure to pursue, or election of any right or remedy, any right to require Obligor to first proceed against the Principal, against any other guarantor or surety, or against any other collateral Obligor may hold and all defenses of a surety or guarantor under California Civil Code sections 2787 to 2855, inclusive. Surety's liability hereunder shall not be affected by or impaired by the existence, from time to time of an indebtedness of Principal to Obligor in excess of the amount of this Surety Bond, release of Principal by agreement or by operation of law, the existence of any other surety or guarantor or of any other collateral (including, without limitation, guaranties between Principal and Obligor), or Obligor's taking, amendment to, or release of any additional security, guaranty or surety for Principal's obligations. Surety shall pay all amounts due hereunder without setoff, deduction or counterclaim of any kind whatsoever. Surety agrees that this Surety Bond shall be in effect and shall be binding on Surety regardless of whether it is signed by any other person or persons.

6. In the event that any payment by Principal or Surety to Obligee is rescinded or must otherwise be returned for any reason whatsoever, Surety shall remain liable for such payment under this Bond as if such payment had not been made and whether or not this Bond is otherwise then still in effect. In no event shall Surety be obligated to pay Obligee an amount in excess of the Bond Amount in respect of this Bond (except as provided in paragraph 7 below).
7. In the event any action is brought to enforce the terms of this Bond, Obligee shall be entitled to recover its reasonable attorney's fees (including allocated costs of in-house counsel) and costs, in addition to the amount of this Bond.
8. This Bond shall be governed by and construed in accordance with the internal laws of the State of California, without regard to principles of conflicts of laws. Each party submits to the jurisdiction of the Superior Court of the Counties of Los Angeles or San Diego for any suit, which may be brought to enforce the provisions or remedies of this Bond.

IN WITNESS THEREOF, said Principal and said Surety have caused these presents to be duly signed and sealed this ____ day of _____.

PRINCIPAL: _____

By: _____

Name: _____

Title: _____

SURETY: _____

By: _____

Name: _____

Title: _____